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ICSI Capital Markets Week
July 23-29, 2018

Ethics and Governance

ICSI स्वर्ण जयंती वर्ष

THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

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Motto
सत्यं वद। धर्मं चर।
"speak the truth abide by the law"

The Council

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1. Release of study material for Executive Programme New Syllabus 2017- Standing from Left: CS Banu Dandona, CS Sonia Baijal, CS Dinesh Chandra Arora, CS Vineet Chaudhary, CS Pavan Kumar Vijay, CS Ramasubramaniam, CS Makarand Lele, CS Ahalada Rao V., CS Ashish Doshi & CS (Dr.) Shyam Agrawal.

2. CS Makarand Lele with Shailendra Singh (Additional Secretary, DIPP, MoC, Govt of India) on release of title" report on starting a Business indicator of Doing Business Assessment while other seen from left: CS Samir Raheja, CS dinesh Chandra Arora.

3-5. Addressing at convocation Ceremony 2018 organized by Western region - from Left : CS Makarand Lele, Dr. N.S. Umarani (Pro vice chancellor, Savitribai Phule Pune University) & Prof (Dr) E. B. Khedkar (Vice chancellor, Ajinkya DY Patil University, Pune).

6. Addressing at convocation ceremony 2018 organized by Eastern region: Prof.(Dr.) Minakshi Ray (Pro-vice chancellor for Business Affairs & Finance, University of Calcutta).

7. Addressing at convocation ceremony 2018 organized by Southern region: Prof. S Ramachandram (Vice Chancellor, Osmania University).

8. ICSI GRKF- One day Directors' Orientation Programme: CS Ahalada Rao V. presenting bouquet to Vikram Limaye (MD & CEO, NSE).

9. ICSI-Kochi Chapter organized one day Profession Development Programme at PGS Vendata, Business Hotel, Ernakulam: . Inaugural by Devan Ramachandran, (Hon'ble Justice, High Court of Kerala) and other dignitaries standing on dais.

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10. ICSI delegates meeting with Mr. Raymond Moran (CEO, MG Valuation)-Standing on dais from Left: CS Samir Raheja, CS Ramasubramaniam, CS Ashish Doshi, CS Ahalada Rao V., Mr. Raymond Moran (CEO, MG Valuation), CS Makarand Lele, CS Vineet Chaudhary & Chander Sawhney (Partner Valuation, Corporate Professionals).
11. International Professional Development & Fellowship Programme & International Conference (13 Edition)- Standing from Left: A.K. Srivastava, CS Makarand Lele, Peter Swabey (Policy & Research Director, ICSA UK) and NK Goel.
12. Group photo of participants at International Professional Development & Fellowship Programme & International Conference (13 Edition)
13. International Professional Development & Fellowship Programme & International Conference (13 Edition) Technical Session-from Left on dais: A.K. Srivastava , CS Abhijit Mukhopadhyay (President (Legal) & General Counsel, Hinduja Group), Christopher Jones Warner (Senior Advisor, CISI) and CS Ashok Tyagi.
14. Group photo of ICSI members meet up at Dubai.

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15. Educational course on valuation on securities or financial assets organized by NIRC- Sitting on dais from Left: CS Samir Raheja, CS Vineet Chaudhary, CS Ahalada Rao V.,CS Ranjeet Pandey & CS Dinesh Chandra Arora.

16. ICSI mega placement drive 2018 being conducted at NIRC.

17. ICSI mega placement drive 2018 being conducted at WIRC.

18. Five Days Classroom Series on NCLT & NCLAT – Practice & Procedure organized at NIRC- Sitting on dais from L to R: CS NPS Chawla, CS Pradeep Debnath, Ina Malhotra (Hon'ble Member(Judicial), NCLT), CS Virender Ganda, CS Nitesh Kumar Sinha and CS Manish Gupta.

19-20.Half Day FEMA Workshop for the AD Banks & Company Secretaries to highlight the recent policy developments and practices related to Foreign Trade and Investment organized by Bengaluru chapter.

21-22. Van Mahotsav organised by ICSI offices across India during June month 2018.

23-24. Blood Camp organised by ICSI offices across India during June month 2018.

COMPANY SECRETARIES BENEVOLENT FUND

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साथी हाथ बढ़ाना

The Company Secretaries Benevolent Fund (CSBF) provides safety net to Company Secretaries who are members of the Fund and their family members in distress.

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For more details please visit www.icsi.edu/csbf

यद्यदाचरति श्रेष्ठस्तत्तदेवेतरो जनः।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ।।

(Whatever action is performed by a great man, common men follow in his footsteps. And whatever standards he sets by exemplary acts, all the world pursues.)

~ Shrimad Bhagavad Gita (3:21)

Dear Professional Colleagues,

While each time you find me quoting words of wisdom from renowned authors, or persons of eminence from across the globe, the above shloka may take you all by surprise. With the Institute organising a landmark event in the heart of the 'Spiritual Capital of Andhra Pradesh' (Tirupati), the drift in thoughts, from global to local, and from modern to ancient; is well founded. It would be a reiteration to say that the Institute has been focusing untiring efforts towards altering the governance scenario not only across the length and breadth of the corporate world but also throughout the long and short of the nation in its entirety. And yet seems like plenty more needs to be done and plenty more to be accomplished...

If the modern day corporate world is to be discussed, it is saddening for me, both as a professional and more so as the holder of this designation at one of the most prestigious institutions of the nation with its vision, mission and motto centred upon achieving pinnacles of good governance; the hogging of limelight by plethora of issues... Issues highlighting unethical business conduct, breach of trust, conflict of interest, occurrence of frauds of financial nature; the list definitely is not short. All these and more prove to be the perfect handcuffs and more so shackles pulling back the country while on its progression towards becoming the next global super power as well as shattering the dream of the Hon'ble Prime Minister to witness the nation as 'best governed one'.

With the above scenario in sight, and holding strong the compelling urge to strengthen the existing ethical framework in the economy, the Institute has after much thought and deliberation, developed a 'Code of Business Ethics'. It gives me immense pleasure to share that the Code shall prove to be the much needed game changer in the Indian economic backdrop. While until now, the Codes developed had their applicability firmed upon a certain segment of business entities or corporates or even so other segments of the nation in singularity, this Code in all its uniqueness shall be voluntarily applicable upon all the business entities of the nation, irrespective of their size, structure or formation. While many a companies and corporates have well-chalked out Codes in place, there still exists a longer list of business entities and enterprises which may be working on an unsaid set of rules of conduct but are devoid of an appropriately developed, well-structured Code of Ethics. It is for these entities and more that the Code shall provide a breakthrough to understand the true value of ethics and ethical business conduct for an entity as well as its stakeholders.

Before moving ahead I would like to share a beautiful quote that I came across long ago. It read, *"A stone is broken by the last stroke of hammer. This does not mean that the first stroke was useless".* To summarise, success is the result of continuous efforts. The next achievement that I am about to share with you fits well perfectly within the quotes of this statement.

We as Indians have always cherished our national history, our culture, and have held our religious texts and scriptures very close to our hearts. And why not, for it is these texts and scriptures which give forth teachings, guidance and words of wisdom sans any expiry date. While themselves dating back centuries and more, the texts of the likes of Shrimad Bhagavad Gita, Shri Ramacharitmanas, or Vedas and Upanishads, or even the more recent ones, Kautilya's Arthashastra, Chanakya Neeti, or Manusmriti; all are treasure chests... All of these and more are goldmines of wisdom, knowledge and teachings that not only do we as individuals or even professionals but corporates stand to learn a lot through them. With this thought in hindsight, the Institute plunged deep into these texts to complie them into a code which shall while guiding the corporates of today and tomorrow hold strong roots in the past. The Corporate Governance Code from Ancient Scriptures shall prove to be a pillar of strength as well as a guiding light for the nation treading forth on the path of attaining its Vision for 2022.

While on one had the professional brigade is on its toes to achieve full compliance with the existing legal structure, the Institute while playing multifarious roles is lauded both by the professional fraternity and the Regulatory Authorities alike for according its support and assistance to the lawmakers in strengthening and enhancing the existing governance scenario. Quoting one such occasions, it gives me not just a sense of achievement but pride as well to share with all of you the submission of the report of the Steering Committee on CSR constituted by the Ministry of Corporate Affairs to review the enforcement of CSR and to suggest a uniform approach for its enforcement. Not only was ICSI well represented through its nominee at the meetings of the Committee but also was a key role player in providing logistic support. Not only this, the efforts of the officers of Team ICSI were accorded due recognition and acknowledged by the Chairman in his Report.

The month gone by also witnessed the launch of the Educational Course on Valuation of Securities or Financial Assets of the ICSI Registered Valuers Organisation (ICSI RVO) at the hands of Shri Ashish Chauhan, MD & CEO, Bombay Stock Exchange in the heart of Mumbai. The age old saying *"Well begun is half done"* fits the moment; for adding another beautiful feather in the cap of ICSI, the ICSI RVO has successfully accomplished the completion of the classroom training of its first batch of Valuer Members at New Delhi. I am quite assured that this opportunity shall prove to be a pivotal role player in the professional world of the Company Secretaries.

With the long list of achievements including the culmination of Convocations across the four regions, the release of study material of Executive Programme under the New Syllabus of 2017, the success of the International Professional Development & Fellowship Programme & International Conference at London, the month gone by has not only been satisfying but gratifying as well. The celebrations of the International Yoga day, too, came as a breather from hectic work schedules reminding us about the need to synchronise body, mind and soul...

I am extremely pleased to share with all of you that the Institute is undertaking numerous activities and initiatives to enhance the probable opportunities and the Brand 'ICSI' internationally. To list out, several meetings and engagements were undertaken with our UK counterparts, Industries Industry Leaders, Associations, and above all senior representatives of the Government from India and UK as well as our very own ICSI Members with an intent of strengthening ties with UK Market and to encourage synergies. During one such meetings with the Founder of Indo European Chamber of Commerce & Senior Solicitor Shri Vijay Goel, his statement "India can offer strong and sustained business opportunity for European Union countries" gave me not just a reason to smile but a fresh motivation as a professional.

Meetings with personas like Mr. Manoj Ladhwa - Founder CEO of India Inc., H.E. Sinha - Indian High Commissioner to UK , Ms. Lakshmi Kaul , Head & In-charge CII, UK were the Key People who met President Makarand Lele brought forth a variety of win-win associations that can be established to benefit the Institute in the long-run. all of which were truly and really gratifying !!!

Anna Eleanor Roosevelt, an American political figure, diplomat and activist, once said, "The future belongs to those who believe in the beauty of their dreams". The Institute has held tight onto its dreams and aspirations of building a nation and further a world where best practices thrive under the garb of good governance. The Golden Jubilee Year National Convention of Company Secretaries (46th Edition) deciphering and deliberating upon the **Journey of 50 Glorious years - Connecting from Grassroots to Global** shall be an event to look forward to... For its here that while taking a cue from our past initiatives, activities and practices, we shall all find our way forward into the future with our hopes held high !!!

Happy Reading!!

Best wishes.

Yours Sincerely

CS Makarand Lele
President, ICSI

July 04, 2018
New Delhi

Recent Initiatives taken by ICSI

In furtherance to details published in the Chartered Secretary, we are pleased to share the following further initiatives taken by the Institute during the month of June 2018:

1. **Meeting with Dignitaries**
Taking forward our pursuit for exploring opportunities for the profession and also for joint participation in flagship government initiatives, the Institute met the following dignitaries:
   - Shri P P Chaudhary, Hon'ble Union Minister of State for Law and Justice and Corporate Affairs, Government of India
   - Shri Bhupender Yadav, Hon'ble Member of Parliament (Rajya Sabha)

2. **Golden Jubilee Year – National Convention of Company Secretaries (46thEdition): Registration Open**
The Institute in its pursuit of building capacity of its members and students as the pioneering governance professionals of global repute, organizes every year the National Convention of Company Secretaries capturing the proficient deliberations on emerging trends of compliance and governance. Enduring this practice along with venerating the Golden Jubilee year of the Institute, this year, the Golden Jubilee Year – National Convention of Company Secretaries (46th Edition) is scheduled to be held during August 30-31 and September 01, 2018 at Bhubaneshwar, Orissa. The Convention will begin with the Opening Plenary at 12:00 Noon on August 30, 2018 and conclude with Closing Plenary from 1:00 PM onwards on September 01, 2018. Details about the registration procedure, participation fee along with tentative programme schedule, etc. have been published elsewhere in this issue.

3. **International Yoga Day, 2018**
"Yoga lets people discover the sense of Oneness with yourself, the world and the nature". Pursuant to the inception of International Yoga Day since 2015, it is heartening to note that the cultures and nations across the world are coming forward in relishing a constructive bond of oneness among the people, the world and the nature. The Institute in enduring upon its support to the government towards the welfare of mankind at large has also celebrated the 4th International Day of Yoga, 2018 on June 21, 2018 by organizing yoga sessions Pan India for its members, students, officials and other stakeholders.

4. **ICSI - Golden Jubilee Year International Conference (13thEdition)**
As you are aware that the Institute every year organizes an International Conference on the emergent issues and developments in the field of Corporate Governance and other related issues of the economic sphere. Subsequent to the successful count of twelve such conferences, this year, the Golden Jubilee Year International Conference (13th Edition) was organized on June 20, 2018 at London (UK) on the theme of "Business Responsibility Reporting: An Analysis for Value-Added Governance". The conference was attended by 44 delegates.

5. **ICSI participated at 100 Most Influential in UK-India Relations**
The Institute was represented by its President, CS Makarand Lele in an event '100 Most Influential in UK-India Relations' held at London on June 18, 2018. The event was organized by India Inc., which is a London based media house and produces incisive content and events on investment, trade and policy matters relating to India's increasingly globalized economic and strategic agenda.

6. **ICGN Annual Conference, 2018**
The Institute participated in ICGN Annual Conference held at Milan, Italy during June 25-27, 2018. The Conference, which is hosted by Assogestioni in partnership with UniCredit aimed to attract over 450 investors, companies and capital market stakeholders from around the world. CS Makarand Lele, President, ICSI and CS Ashish Doshi, Council Member, ICSI represented the Institute.

7. **ICSI – Meeting with Members in UK**
The President, ICSI during his visit to UK, hold meeting with members of the Institute based in UK on June 19, 2018.

8. **Educational Course on 'Valuation of Securities or Financial Assets'**
As you are aware that the Educational Course on 'Valuation of Securities or Financial Assets' is a pre-requisite for appearing in the IBBI examination. Hence, with a view to assist the members to gain deep insights and thorough understanding with facts and facets of valuation of securities or financial assets, the Institute launched its Educational Course on 'Valuation of Securities or Financial Assets' on June 11, 2018 in the august presence of Shri Ashishkumar Chauhan, MD & CEO, BSE at BSE International Convention Hall, Mumbai.

9. **ICSI GRKF- Directors' Orientation Programme**
The Institute through its Governance Research and Knowledge Foundation has been consistently organizing the Directors' Orientation Programmes. Subsequent to the huge response and success of previous programmes including the one held at Bombay Stock Exchange, Mumbai on November 20, 2017, the Institute organized one more Directors' Orientation Programme on June 08, 2018 at National Stock Exchange (NSE), Mumbai in the august presence of Shri Vikram Limaye, MD & CEO of National Stock Exchange as the Chief Guest of the Programme.

10. **ICSI – PHD National Conclave on GST**
The Institute joined hands with PHD Chamber of

Commerce and Industry for venerating the occasion of the efficacious completion of one year of GST roll out in India with organizing ‘National Conclave on GST – Growing Stronger Together’ on June 29, 2018 at PHD House, New Delhi.

11. ICSI-ASSOCHAM National Conclave on GST – A Series

In furtherance to our efforts for commemorating the first anniversary of GST roll out in the nation, the Institute as an Institutional Partner joined hands with Associated Chamber of Commerce of India in organizing a series of National Conclave on GST Pan India. The first program in the series aiming at providing ground level feedback to the government and a platform to Industry to have valuable insight into the operation of GST, was efficaciously organized on June 27, 2018 at New Delhi.

12. ICSI Convocation, 2018

The first round of ICSI Convocations (Region-wise) in year 2018 was successfully held in the Eastern and Western regions at Kolkata and Pune respectively. The Convocations witnessed the award of Certificate of Membership to its Associate members admitted during the period October 1, 2017 to March 31, 2018, and to its Fellow members admitted during the period September 6, 2017 to March 31, 2018 along with the award of prizes/ medals to meritorious students and the winners of national level competitions.

- For ***Eastern Region***, the Convocation took place on June 12, 2018 at St. Xavier’s College Auditorium, Park Street, Kolkata in the august presence of Professor (Dr.) Minakshi Ray, Pro- Vice-Chancellor for Business Affairs & Finance, University of Calcutta as the Chief Guest of the day.
- Convocation for ***Western Region*** was held on June 23, 2018 at Vivekananda Auditorium, MIT Engineering College, Kothrud, Pune in the august presence of Dr. N.S. Umarani, Pro Vice Chancellor, Savitribai Phule Pune University, Pune as the Chief Guest for Session – I and in the august presence of Prof (Dr.) E.B. Khedkar, Vice Chancellor, Ajinkya D Y Patil University, Pune as the Chief Guest for Session – II respectively.

13. ICSI Mega Placement Drive – 2018

In order to boost the placement opportunities for its members by bridging the gap between the recruiter and members and in continuation with the initiative to assist its members with job opportunities through the centralized mechanism, the Institute organized a Mega Placement Drive 2018 in all the four regions in India. The drive which commenced on June 11, 2018 and concluded on June 23, 2018 resulted in a good number of candidates being shortlisted by various companies and firms on the spot and with various candidates being called by the corporates for the second level of an interview in their respective organizations.

The drive lists the following details :

Region	Date of Mega Placement	Participating Members	Participating Organizations
NIRO	June 11, 2018	84	18
WIRO	June 12, 2018	52	21
EIRO	June 19, 2018	29	16
SIRO	June 23, 2018	13	16

14. ICSI – Placement Services App

The Institute is persistent in its endeavors to provide support to its members for various career opportunities. In addition to the Pan India Mega Placement Drive, the Institute also launched a Placement App empowering its members to view as well as post the job vacancies at their ease on a click of a button. The app which enables the recruiters to place vacancies on real-time basis, is available to download at the Google play store.

15. CS Olympiad

In view to establish brand CS amongst the student community in the schools, the Institute started this initiative of CS Olympiad with a focus towards involving schools and students of Class 11th & 12th. Persistent upon the success and positive response of the first ever CS Olympiad conducted in year 2016-2017, the Second CS Olympiad was conducted in more than 1300 schools, subsuming the participation of more than 34,000 students from different parts of the country. The results of CS Olympiad have been declared and the Accolades to the Toppers of Second CS Olympiad were awarded in a glittering function held on June 3, 2018 at India Habitat Centre, New Delhi.

16. ICSI - Student Month, 2018

In order to create vibrancy and awareness about social causes among the students, the Institute in year 2016 commenced the exclusive celebration of the month of July as ‘Student Month.’ Continuing with the much stronger cods of achieving the objective of student month in its letter and spirit, the Student Month – 2018 has begun on July 1, 2018 confirming number of activities involving the students, planned across various Regional and Chapter Office of the Institute Pan India. Further in view to facilitate the students with all latest updates on the activities scheduled to be organized, a dedicated page of Student Month, 2018 is also made available at the website of the Institute.

17. ICSI Study Centre Scheme

In registering an efficacious outcome of Institutes’ initiative to break the distance barrier for students belonging to cities / locations in which the representative offices of the Institute are not in existence, 72 Study Centers have been established so far in collaboration with reputed colleges in different locations including the remote areas like Andaman & Nicobar Islands, Lakshadweep and Pondicherry. In the month of June 2018, an additional study center has been opened at Sharda Devi Degree College, Ballampur Road, Bijoli, Jhansi.

GATEWAY TO BUSINESS IN INDIA

An Overview of the London Visit of Shri Makarand Lele , National President ICSI - India

Overview

LONDON VISITS & MEETUPS

- To Strengthen Ties with the UK Market and to encourage synergies
- Participate in the UK INDIA Week and be a part of the top 100 Influencers meet up
- Engagement with the Indo European Business Forum , CII and the London Chamber of Commerce
- Meet up with the ICSI members of UK and discuss the strengthening of the roots in UK & Europe

With ICSI Members From UK

The ICSI Celebrating its Golden Jubilee Year had its important mark to be left on the UK counterparts , Industries and our very own ICSI Members

The List of Meeting Had a varied combination of Industry Leaders , Associations , Prestigious Events and above all senior representatives of the Government from India and UK

ICSI MEETS IEBF

The ICSI Celebrating its Golden Jubilee Year had its important mark to be left on the UK counterparts , Industries and our very own ICSI Members

The Visit began with a meet and greet with the Founder of Indo European Chamber of Commerce & a Senior Solicitor by profession Shri Vijay Goel

Indo European Business forum is promoted as an open forum of like minded people who believe in simple truth:

"India can offer strong and sustained business opportunity for European Union countries".

- Provide platform to share knowledge, experience and opinions related to doing business in India and EU.
- Share information related to resources available on print media and on internet that offer knowledge, Information and expertise of doing business in India and EU.
- Share relevant data amongst various UK, EU and Indian companies who wish to exploit Commercial Opportunities in India and EU and to organise events to share such data amongst interested participants.

During the meeting a Detailed Discussion took place on how the ICSI & their esteemed member can benefit through synergy , knowledge sharing and hand holding with IEBF and create an International Benchmark - Celebrating the 50th Year of ICSI as the Key Theme

ICSI President Makarand Lele with

Vijay Goel Founder & Chairman Indo European Business Forum

UK INDIA MOST INFLUENTIAL 100

India Inc. is a London-based media house that produces incisive content and events on investment, trade and policy matters relating to India's increasingly globalised economic and strategic agenda. Its flagship publication is the fortnightly 'India Global Business'. In addition, India Inc. also organises several high impact events, the latest being the UK India Week 2018

India Inc's UK-India Week 2018, held from 18-22 June in London & Buckinghamshire, is a series of high impact events produced to take the UK-India bilateral relationship to new heights.

Mr Manoj Ladhwa - Founder CEO of India Inc , H.E. Sinha - Indian High Commissioner to UK , Ms Lakshmi Kaul , Head & Incharge CII, UK were the Key People who met President Makarand Lele and Interfaced on various win win associations that can be established

The event was attended with the Who's Who of the Indian and UK Business , Trade and Industry.

with Manoj Ladhwa - Founder India Inc

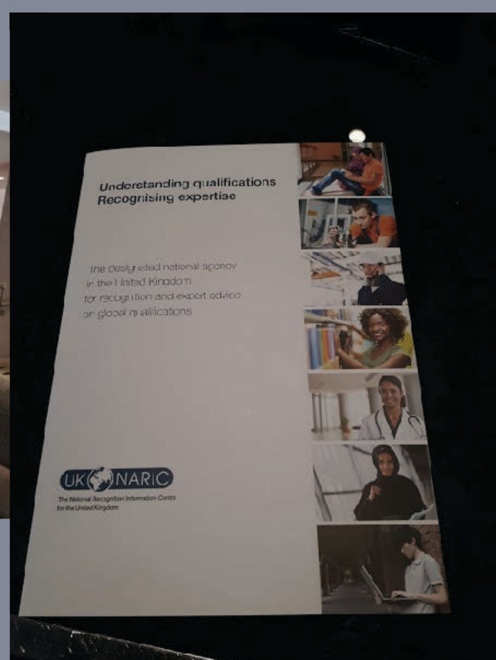
UK INDIA MOST INFLUENTIAL 100

with H.E. Sinha - High Indian High Commissioner to United Kingdom

with Lakshmi Kaul - Head & UK Representative CII

STRATEGIC ALLIANCE MEET | NARIC

with Abgail Jones of NARIC



OTHER MEETUPS AT A GLANCE

Meet up with Ms Shalini Bhargava of Ashford Law

Important Meet up with Leading Business Setup Entrepreneur Aman Singh , A Leading Link Between India UK Business Community

Meet up with Ms Rashmi Mishra , She Inspires an Non Profit Supporting Indian Women in UK

MEET & GREET WITH ICSI MEMBERS IN UK

with Mukhopadhay President Legal , Hinduja Group

with Members from UK , with Mr Wadhwa - the Host for the Meet , Wimbledon

CHARTERED SECRETARY

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(With Effect from 1st April 2012)

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MECHANICAL DATA		
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- The Journal is published in the 1st week of every month and the advertisement material should be sent in the form of typed manuscript or art pull or open file CD before 20th of any month for inclusion in the next month's issue.

For further information write to:
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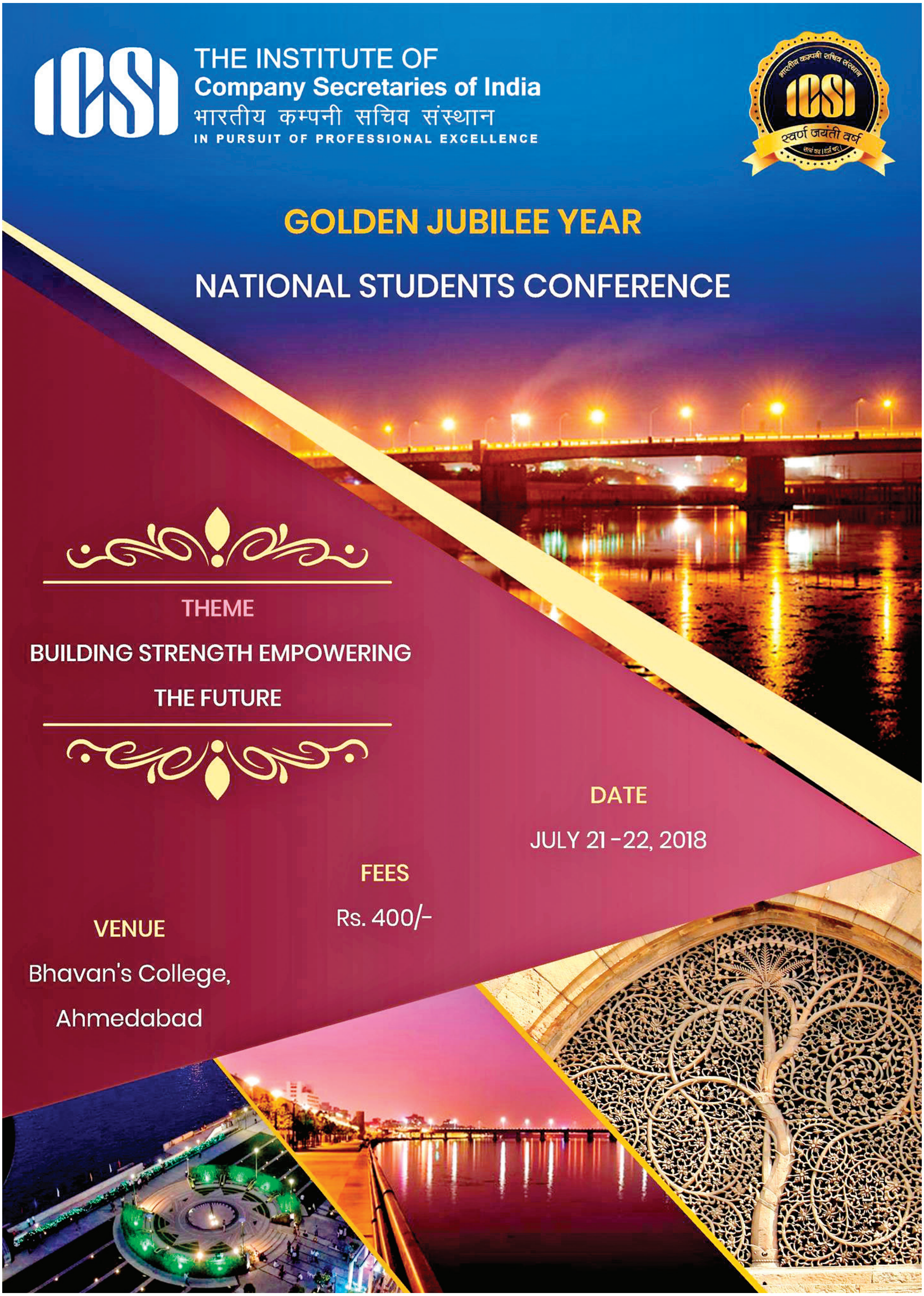
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GOLDEN JUBILEE YEAR
NATIONAL STUDENTS CONFERENCE
THEME
BUILDING STRENGTH EMPOWERING THE FUTURE
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JULY 21 -22, 2018
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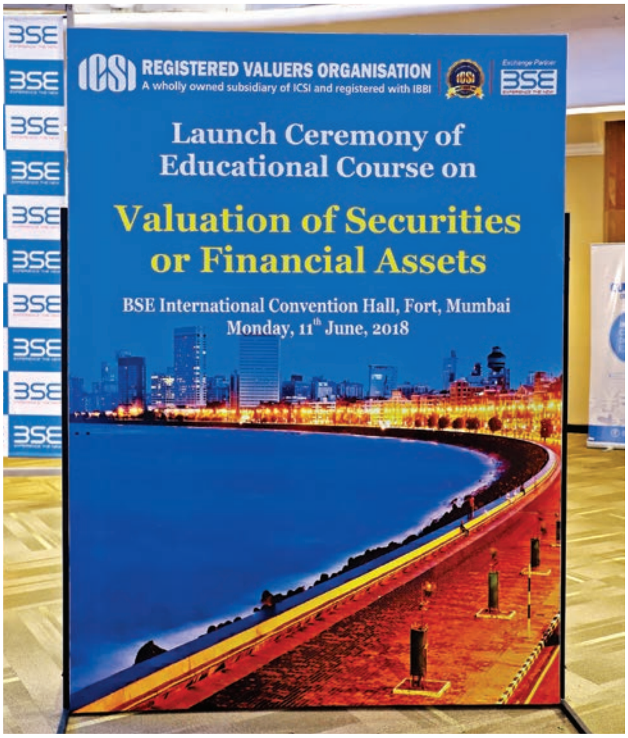
Rs. 400/-
VENUE
Bhavan's College, Ahmedabad

Launch Ceremony of ICSI RVO Educational Course on 'Valuation of Securities or Financial Assets'



Launch Ceremony of ICSI RVO Educational Course on 'Valuation of Securities or Financial Assets'

ICSI Convocation Ceremony 2018 - Western Region

ICSI Convocation Ceremony 2018 - Eastern Region

ICSI Convocation Ceremony 2018 - Southern Region

Visit of Shri Bhupender Yadav, Member of Parliament (Rajya Sabha) at ICSI Headquarter and meeting with Council Members & officers of the Institute

Glimpses of PCS Day Celebrations

Glimpses of PCS Day Celebrations

Pan India Celebrations
4th International Day of Yoga 2018 by ICSI

Pan India Celebrations
4th International Day of Yoga 2018 by ICSI

Articles P-31

Part I
Articles on Ethics & Governance

Ethical Dilemmas in Cross Cultural Management

Om Prakash Dani & M.S.Srinivasan

All ethical or value-laden decisions have to consider two dimensions of ethics: universal and the relative. In terms of corporate decision-making the universal dimension of ethics may be viewed in its two aspects: first are the values related to Truth like integrity, honesty and transparency; second are the values related to Goodness or wellbeing, which include economic, social, ecological and human wellbeing. In general, a company which believes in ethics and values should not compromise on these two universal values. Furthermore, there is at present a growing understanding in the corporate mind that ethical, ecological and social responsibility is not merely a matter of idealism but in the long-term lead to positive results in the bottom-line.

Ethical Values In Corporate Governance – Role of PCS and Disciplinary Proceedings Against them

Delep Goswami & Anirrud Goswami

The article highlights the importance of ethics and good corporate governance and also underlines the need for adequate training for corporate professionals in the areas of Professional Responsibility, Good Governance, Ethical Practices. The article further highlights that strict vigil being exercised by the ICSI as the regulatory body for the profession of Company Secretaries points to the importance and need for Company Secretaries to adhere to provisions of the Companies Act, 2013 and the Company Secretaries Act, 1980 in maintaining ethics and good governance in the management and affairs of companies and also highlights that failure to comply with such provisions of the said Acts and Rules will not only bring disrepute to the ICSI but also to its members.

To Thine Own Self be True

Harshawardhan S. Chindhade,

A variety of forums have seen and observed that there are governance issues leading to ethical dilemmas and questioning ethical leadership styles. The word governance implicitly suggests "good governance" and whenever used, is to be understood in a broader perspective encompassing ethics and values and at times synonymous to these. Thus, governance and ethics can be generalized to mean a set of rules which are socially acceptable practices and protocols for the benefit and moral health of society and nation at large.

Ethical Fluidity and Contours of Governance

Joel Evans

Since the birth of civilization, human race has grappled with the idea of ethics, either in individual behaviour or in collective behaviour. With the progress of human race, the collective behaviour became more prominent in the form of Corporate Entities. After the industrial revolution, interaction of business and society became more frequent and more aggressive. Business thrived with a motive of profit and self-interest. Society expected larger social welfare. This dilemma ultimately led to the evolution of theories of Ethical Behaviour in Business. Ethical conscience pulls on one side, the contractual contours pull on the other side. Between the strong pulls of these two elements, an individual's behaviour becomes fluid. The mind wavers. The mind overpowers the morals and the morals, ethics. Since ages, therefore, there has been a conscious effort in the civil society to induce ethical governance amongst institutions, be they state or organizations.

Governance and Business Ethics

Meenu Gupta

Ethics can be defined as the discipline dealing with moral duties and obligation, and explanation what is good or not good for others and for us. It is the study of characteristics of morals and it also deals with the moral choices that are made in relationship with others. Businesses must balance their desire to maximise profits against the needs of stakeholders. Maintaining this balance often requires trade-offs. To address these unique aspects of businesses, rules - articulated and implicit are developed to guide the businesses to earn profits without harming individuals or society as a whole.

Ensuring Governance – Is it only the Regulator's job?

Mohd. Tabish Siddiqui

The article reflects upon the aspects of "Accountability and Responsibility" and "Good Governance & Professional Responsibility" revolving around the theme of "Ethics & Governance" and attempts to make the readers ponder on the fact that the regulator alone cannot be held responsible to ensure governance. The stakeholders should strive that the guidelines or laws laid down by the regulators are followed in letter and spirit. The article also highlights that professionals like Company Secretaries and Chartered Accountants are equally responsible for upholding the standards of governance. Post the implementation of the Companies Act, 2013, Company Secretaries are Key Managerial Personnel of a company and should ensure that there is no compromise in terms of governance. The article further underscores the important role good governance plays in building the image of a company. A well governed company instils confidence in the minds of institutional investors which in turn helps the company in building a global brand image. The article attempts to lay down the basis that a regulator represents the legislator but the companies, professionals and shareholders being the executioners are equally responsible in ethical management of a company.

Ethics and Governance – Law And Perspective

Pramod S. Shah & Varsha Rohra

The objective of this article is to make readers conversant with the importance of Business Ethics and its advantages to the organization. The core highlight of this article is the relationship between organizational values and organizational climate on ethics; the role of Board of Directors in making the ethical climate of an organization; Their Responsibilities & Accountability to various stakeholders; Ethics training and communication; Framing Ethical code of conduct; Characteristics of a good ethical leadership; Ethical Dilemmas, Current scenario of Frauds & Corruption in India etc. and also to share the advantages of Good corporate governance and the mandatory provisions made by Companies Act, 2013 & SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Corporate Governance and Role Played by Corporate Objectives

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Sandhya Nair

Corporate governance codes today are being drafted with deep understanding of standards followed around the world and focusing at more India centric challenges. Appropriate solutions are being evolved keeping in mind the challenges faced by Indian companies in particular. It is found that in India the agency gap unlike in west is more of that between the dominant shareholders and minority shareholders. In India the problem—since the inception of joint-stock companies—is the stranglehold of the dominant or principal shareholder(s) who monopolize the majority of the company's resources to serve their own needs. While different firms have different goals it is often observed that Indian companies with dominant shareholders lean towards Profit maximization objective instead of Shareholders wealth or value maximization. This is due to the continued belief of earning profits for the dominant shareholders instead of company value maximization. The article is trying to understand the role played by corporate objectives in evolving corporate governance ideology of corporate.

Dealing with Ethical Dilemmas

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Ravina Jaiswal

As we all know, it is not easy to take decision in today's managerial atmosphere when a number of personal, organizational and environmental factors are affecting the decision making process. It is not possible to avoid ethical dilemmas at all. It can only be reduced by improving ethical reasoning. The article defines the various types of ethical dilemmas emerging in day to day life, the practical aspects of ethical Dilemmas, its various types which are generally faced by managers while making day to day business decisions. The article also describes the reasons due to which such type of situations occur in the life of the managers, decision makers, etc. and also talks about the tools and various ways by which managers can resolve and come out of ethical dilemmas.

Values are Valuable – The Mantra of Good Governance

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Dr. S K Gupta

Values are the standards that guide our conduct in an organization in a variety of settings. Individuals express their values through their actions and behaviour. Organizations through their working culture. When it comes to leading a company, which is more important — values or valuables? Too often company executives focus on hitting the numbers for the next quarter and winning at any cost. The focus on near-term 'valuables' at the extent of long-term 'values' can prevent companies from achieving long term sustainable growth to which they are striving. Values really are one of the most important things of a company, it's who you are, it's why customers choose you. Build a great company which you would want to do business with. If you get this right, your culture and values are right.

Practical Ethics

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Srikanth.G & Chanchal Lohia

The philosopher Simon Blackburn writes that ethics takes as its starting point that: "Human beings are ethical animals … we grade and evaluate, and compare and admire, and claim and justify … Events endlessly adjust our sense of responsibility, our guilt and our shame, and our sense of our own worth and that of others. The ethical dilemmas will arise from the questions: What is the goal? What means will we use to get there? And what types of compromises must be made along the way? Addressing these questions will show a way of ethical behaviour to a person in any circumstances. The three pillars of ethical choice, Pluralism; rights and responsibilities; fairness, can guide both individuals and states in making decisions.

Ethical Leadership - Envisaging Ethical Obligations for Organisations

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Sumir Mathur & Saloni Mathur

If there is one term we may call quite bewildering, yet fascinating, it is none other than Ethical Leadership. Ethical leadership in today's scenario is all about exhibiting morals and values in a management position. Ethical leadership can be understood as a holistic concept which encompasses ethical decision making in the scandal-driven corporate culture. With the rising scenarios of fraudulent cases and lack of ethicality in the management in this era, tone at the top is desired. The CEO, CFOs, Company Secretaries, and managers can go a long way in promoting ethical leadership by communicating with the stakeholders, inculcating governance practices in management, and advising the board on the governance matters. This think piece is an attempt to envisage ethical obligations of the organization in the light of ethical leadership, and how ethical obligations can be programmed into leadership styles.

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Anil Murarka

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Dr. Prasant Sarangi

Corporate sustainability is more a business approach that creates long-term shareholder value by embracing opportunities and managing risks arising from three sustainable parameters like economic, environmental and social developments. This paper tries to analyse the experience of Indian corporate houses towards meeting the sustainability in our country through CSR activities. Unlisted companies are observed to be highest contributors when compared with listed companies. Further, non-governmental companies are also recorded as highest contributors than government companies through CSR activities. However, it is observed that the overall performances of Indian companies towards achieving corporate sustainability are noticeable.

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- **LW 48:07:2018** Delhi High Court sanctioned voluntary winding up.
- **LW 49:07:2018** CCI dismisses complaint of the dealer against BMW.
- **LW 50:07:2018** The overall market of private wealth management services is very wide and presence of the Opposite Party would be relatively marginal and the Commission is of the view that the Opposite Party cannot be held to enjoy dominant position in the relevant market. [CCI]
- **LW 51:07:2018** The claim qua LTC and Medical reimbursement as granted vide impugned order, without adjudication of the entitlement of the petitioner for reimbursement in relation thereto, cannot be upheld and is set aside with the matter being remanded to the Labour Commissioner. [Del]
- **LW 52:07:2018** The finding was that a lump-sum figures, which included provident fund contributions, based on total amounts calculated, were charged and recovered from the appellant's clients by it. Given all these factors, this court is of the opinion that the order of the tribunal cannot be characterized as unreasonable or erroneous to such extent as to be interfered with in judicial review. [Del]
- **LW 53:07:2018** Adopting a prima facie view of the matter therefore, since there is nothing in law which causes this Court to find that the Bangalore City Civil Court inherently lacks jurisdiction over the arbitration proceedings between the parties. [Del]
- **LW 54:07:2018** The petitioner having been proved to have taken bribe, it is not possible to say that, in dismissing him from service, the disciplinary authority was unduly harsh. [Del]
- **LW 55:07:2018** Income-Tax Officer Ward 1(1), Noida would not per se lack jurisdiction, albeit he had concurrent jurisdiction with the Income-Tax Officer Ward 36(1)/58, Delhi. [Del]

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- Guidelines for Preferential Issue of Units by Infrastructure Investment Trusts (InvITs)
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- Golden Jubilee Year NATIONAL CONVENTION OF COMPANY SECRETARIES (46th Edition)

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ARTICLES

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Ethical Dilemmas in Cross Cultural Management

There is at present a growing recognition of the need and importance of ethical values in the corporate world. However, there are differences in the ethical standards of nations and cultures which can create conflict and dilemmas for managers in multinational companies. The present article examines such a conflict based on a case study in Harvard Business Review and in the light of integral management.

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THE CASE: ETHICAL RELATIVITY OF CULTURES

Ronald Hudson was recently appointed as President of the Chinese subsidiary of the German firm Waldon Chemicals. There was a sense of brooding concern in his face, because he was expecting a confrontation with his marketing head whom he has to meet in a few minutes. As Hudson was thinking how to put his case, LuChing, Vice-president of Marketing, entered the room. Hudson greeted his Chinese colleagues warmly. After a few pleasant chats about Lus' family and new home, Hudson braced himself for the confrontation and said: "Lu, we have to do something about the dip in our sales. We are losing our market share to our competitors." Lu responded with a face which showed no expression: "Yes, but, Hudson, such ups and downs are part of the challenge we all have to face."

Hudson said with a smile, "I agree. But what are we doing to face the challenge?" Lu, sighed and said,

"Let us face the facts. Our company's strict policies on kickbacks and safety and environmental standards are preventing us from winning the Chinese customers. We must be adaptive and flexible to the conditions and culture of the nation. Kickbacks are an integral part of Chinese corporate environment. Safety and environmental standards are not as high in China as in Germany. We are not cost-effective because we are spending lavishly on recycling waste, treating hazardous chemicals and elaborate safety equipment, which Chinese chemical companies don't make; you have to persuade our top bosses to be flexible." Hudson looked straight at his colleague and said firmly:

"Lu, there can be no compromise on values. I will not compromise on kickback and safety and environmental standards. It is not only a matter of ethics but also an issue of Law. Our German laws do not permit kickbacks for gaining order. And we follow the German and European standards on environment and safety."

Hudson paused and waited for the response from Lu. Lu simply stared ahead. Hudson said in a conciliatory voice: "But Lu, don't you think China's corporate environment is changing. Chinese environment is very conscious and concerned about the environment. And when this change happens we will have the competitive edge." Lu replied: "That may be. But until then you should not complain if we lose market share."

"I concede to your point" said Hudson, "But can we do something to arrest the declining market share." Lu said, "I will think about it. You must also talk to production people." Hudson looked at his watch and said, "Lu, I have another meeting we will discuss the matter further some other time." Lu asked hesitantly, "Can you spare a few more minutes." Hudson simply nodded his head in assent: "Are kickbacks non-negotiable part of our company's values" asked Lu. Hudson muttered impatiently, "What are you driving at?" "We need not give money" said Lu, "But how about small fringe benefits like a trip to Munich, membership of golf clubs, overseas visits." Hudson replied stubbornly, "it's all the same thing Lu. Business bribery".

Is Hudson right in his uncompromising position on values or as Lu thinks, too rigid and inflexible?

THE COMMENTARY: INTEGRAL VIEW

All ethical or value-laden decisions have to consider two dimensions of ethics: universal and the relative. In terms of corporate decision-making the universal dimension of ethics may be viewed in its two aspects: first are the values related to Truth like integrity, honesty and transparency; second are the values related to Goodness or wellbeing, which include economic, social, ecological and human wellbeing. In general, a company which believes in ethics and values should not compromise on these two universal values. So Ronald Hudson is right in his uncompromising stance on values. Bribing not only violates integrity but also harmful to the economic wellbeing of the nation. Similarly, relaxing environmental and safety standards compromises on ecological and human wellbeing.

Furthermore, there is at present a growing understanding in the

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All ethical or value-laden decisions have to consider two dimensions of ethics: universal and the relative. In terms of corporate decision-making the universal dimension of ethics may be viewed in its two aspects: first are the values related to Truth like integrity, honesty and transparency; second are the values related to Goodness or wellbeing, which include economic, social, ecological and human wellbeing.

corporate mind that ethical, ecological and social responsibility is not merely a matter of idealism but in the long-term lead to positive results in the bottomline. Here are two examples which illustrate how a firm and persistent ethical stance ultimately triumphs against forces of corruption.

The first example is from the housing division of a Chennai-based firm, well known for its value-based policies. The company was not able to hand over the flats to the customer at the promised date because of prolonged delays in getting sanction for electrical works from the electricity board. The company was determined not to take the easy and customary path of greasing the government officials. The company wrote letters to the authorities of the electricity board and also explained their principled position to the customer. A small group of understanding and sympathetic customers wrote letters to the highest political and government authorities, demanding immediate action. And finally the moral force behind the company's decision triumphed. The company got the sanction for the electrical works without compromising on its principles. Similarly, Xu Shuibo, former CEO a Chinese Company TNT Hoau gives another example in a response to a case study in Harvard Business Review:

"In regard to ethics, we accept that we may lose some clients because of our refusal to give kickbacks. But we also know that ethics can be good for business. In fact, one of our clients asked our Shenzhen branch for a 10% kickback. The branch general manager declined, saying, "We are now wholly owned by TNT, a Fortune 500 company. We will never offer bribes." The client excitedly responded, "At last I've found a company that refuses." He then placed an order worth millions of yuan."

Hudson display foresight when he says that China's corporate landscape is changing and if Waldon stands firmly on its higher environmental and safety standards, it will gain competitive advantage in the future. In fact this is already happening. At present greening or environmental preservation is one of the top priorities of Chinese government.

However there is also an element of truth in Lu's view that the company must display flexibility in adopting itself to the local or national environment in which it operates. Here comes the importance of the relativistic elements in culture and ethics. This is now very much recognised in the corporate world and studied extensively as a part of international management. The following example illustrates the importance of cultural norms in cross-cultural management. A Japanese venture in Philippines found that employees are listening to music while working, which is allowed in the Pilipino corporate culture. But the management of the Japanese company found the practice objectionable and stopped it. As a result, productivity declined rapidly. The Japanese company realized its mistake and restored the practice.

There is a similar gray area in ethics where what is ethical depends on what we consider as right or wrong. There are companies which are very strict regarding use of company resources by employees. In a well-known Indian software company, if an employee uses the company phone for personal conversation he will be fired. But there are other organisations which are more lenient. For example, a NGO in South India allows its members and employees to use its stationary, phones and internet for personal purpose which includes downloading of films and songs. The management of this NGO regards it as a part of the fringe benefits it offers to its employees. In this sphere of relativism certain amount of flexibility or concessions to accommodate cultural factors cannot be considered as unethical.

The Western corporate culture is predominantly impersonal, individualistic and work-oriented. On the other hand Chinese culture lays a greater emphasis on personal relations, which includes the family, and the professional life of the individual blends harmoniously with his or her personal and family life and relationships are established by knowing one another's families. So if a foreign company spends some of its resources for establishing a personal and trusting mutual relationship with the Chinese client in a Chinese way there was fundamentally nothing unethical in it. However this is a slippery area where serious ethical violations can be justified in the name of change, flexibility, culture, relativity or competitive pressure. A young IT graduate with a strong ethical orientation joined as a trainee in a big well known IT firm highly respected for its values. In a training session, he was shocked to hear a senior executive of the firm justifying bribing as unavoidable in a fiercely competitive environment.

A company which wants to build its culture on the foundation of higher values has to formulate clear norms, principles and guidelines on the two dimensions of its ethics and values - the fundamentals which should not be diluted or compromised under any circumstances and the domain of relatives - can be adopting to a change, culture and environment without compromising on the fundamentals. CS

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Katherine Xin and Wang Haijie." Culture Clash in the Board Room" Harvard Business Review, September,2011 , Pg.107-110.

Ethical Values in Corporate Governance – Role of PCS and Disciplinary Proceedings against them

The article highlights the importance of ethics and good corporate governance and also underlines the need for adequate training for corporate professionals in the areas of Professional Responsibility, Good Governance, Ethical Practices. The article further highlights that strict vigil being exercised by the ICSI as the regulatory body for the profession of Company Secretaries points to the importance and need for Company Secretaries to adhere to provisions of the Companies Act, 2013 and the Company Secretaries Act, 1980 in maintaining ethics and good governance in the management and affairs of companies and also highlights that failure to comply with such provisions of the said Acts and Rules will not only bring disrepute to the ICSI but also to its members.

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PARAMOUNT NEED FOR ETHICAL GOVERNANCE

While inaugurating the ICSI Centre of Excellence at Hyderabad in September 2017[1], the Hon'ble Vice President of India, Sri M. Venkaiah Naidu said that strong foundation in ethical values should be the basis for exemplary corporate governance. He also said that in the wake of globalization and increasing role of corporates in driving the economies, it has become imperative for professionals like company secretaries to acquire cutting-edge knowledge and skills that are not only in tune with the best practices, but also facilitate and promote good corporate governance. He further said that India, with its inherent spiritual strength, rich traditions and strong value systems – which form the core of many family-run businesses – can emerge as a role model for other countries in corporate governance and that the practitioners of corporate governance, like the Company Secretaries, should play a leading role in making India a global leader in their field. He also emphasised that before looking elsewhere for lessons in corporate governance, one should look inwards and what better than Kautilya's *Arthashashtra*, because the principles and practices on economic management written by Kautilya in the 4th Century B.C. are relevant even now. He lauded the role of the Institute of Company Secretaries of India (ICSI) for coming out with a vision "to be a global leader in promoting good corporate governance" and a mission "to develop high calibre professionals facilitating good corporate governance". He further emphasized that the ICSI should ensure that these objectives do not remain as mere slogans and are achieved in the fullest measure.

He also said that the Company Secretary is not only the conscience keeper of an enterprise but he/she also has a larger social responsibility. No doubt, Company Secretaries are key managerial personnel, but they also represent internal and external stakeholders and as such, play a pivotal role in ensuring compliances and implementing principles of good corporate governance. He also emphasized that Company Secretaries should constantly update themselves with the changes in the laws for proper guidance of the management and other stakeholders. The Hon'ble Vice President of India also stressed that money-laundering through "shell companies" is one of the menaces that affect the economy of a country and he commended the decision of the ICSI to sensitize all its members and other stakeholders on the deleterious impact not only of the shell companies, but also of shell NGOs.

While, the speech given by the Hon'ble Vice President of India briefly outlines the expectation of the Government and the society on the professional acumen and good ethical values to be perpetrated by the Company Secretaries for good corporate governance, this article will also highlight some of the observations of SEBI about the role of Company Secretaries and also about the role, responsibility and liabilities of Practicing Company Secretaries (PCSs) by analysing some of the decisions of the Disciplinary Committee (DC) of the ICSI.

It is pertinent to mention that while inaugurating the two-day Golden Jubilee National Conference of Practicing Company Secretaries, on the theme of "PCS – A Value-Driven Professional", organized by ICSI Mumbai on 18th May 2018[2], the Chairman of

1 Source: http://pib.nic.in/newsite/PrintRelease.aspx?relid=170844 ("Press Information Bureau , Govt. of India, Vice President's Secretariat).

2 Source: https://www.governancenow.com/news/regular-story/company-secretaries-are-gatekeepers-of-corporate-governance-sebi-chairman ("Company Secretaries are Gatekeepers of Corporate Governance: SEBI Chairman).

SEBI, Shri Ajay Tyagi pointed out that the Company Secretaries have transformed themselves from secretaries to the board and management, into a key managerial personnel in corporate governance and have made a mark on the corporate landscape by becoming gatekeepers of corporate governance. The said event also discussed and explored utmost adherence to the values of independence, integrity, professional competence and ethical conduct of the role of Company Secretaries. The SEBI Chairman also emphasized that not only shareholders but other stakeholders also become gatekeepers of corporate governance of the company. The SEBI Chairman, however, pointed out that he came across an analysis on secretarial audit standards in companies, which was undertaken by the National Stock Exchange in February 2018 and he was rather disappointed to see that many secretarial audits did not report non-compliances, penalties or compliance of action taken events as pointed out by the stock exchange. Mr. Tyagi, therefore, urged all the Company Secretaries to submit quarterly secretarial audit reports so as to demonstrate commitment and good practices in governance of commercial and financial management of companies.

Mr. Tyagi also spoke on ethics in good corporate governance and said that though all rules and regulations exist, but in the end, it all boils down to good governance. Compliance with regulations and an attitude of integrity has to be developed in operations. A stronger ethical culture will strengthen investors' faith in the capital market, he said. He also emphasized that the Company Secretary, has been recognized as one of the most important pillars of good governance of all corporates and if the CS discharges his/her duties diligently, the quality of good corporate governance can be brought at par with the best in the world.

In the context of paradigm shift in the provisions of the Companies Act 2013 and the stringent rules and regulations made thereunder, onerous duties and responsibilities have been cast upon the board of directors, the key managerial personnel including the CFO and CEO and the Company Secretary, to ensure compliances with the provisions of the Companies Act, 2013, as amended from time to time and the other applicable provisions of the related laws and regulations. A new set of guidelines on the appointment and duties of Independent Directors in all listed companies and in certain companies beyond a particular size, have been made with a view that there has to be an independent evaluation of the functioning of the Board of Directors and the executives who are entrusted with the responsibility for following the company decisions and that legal non-compliances, fraudulent practices, diversion of corporate funds to non-eligible legal entities either in the group company or in the promoter's controlled companies, are pointed out and immediate corrective actions are taken to prevent such mismanagement and misgovernance. However, despite these stringent provisions of the law and the power being exercised by the regulatory authorities, there have been cases after the infamous Satyam scam, scams by companies like Kingfisher Airlines, United Spirits, Ricoh India, Fortis, and Nirav Modi's companies and many such companies which are coming out of the closet in public domain.

The public at large is sceptical of the intention of the legislative changes and the intent of the regulatory authorities in timely detection and intervention and to take steps by arresting the Directors involved and the CFOs and CEOs who certify the financial statement of companies as per the requirement of the Companies Act, 2013. Instance can be made of the arrest of the

In the context of paradigm shift in the provisions of the Companies Act 2013 and the stringent rules and regulations made thereunder, onerous duties and responsibilities have been cast upon the board of directors, the key managerial personnel including the CFO and CEO and the Company Secretary, to ensure compliances with the provisions of the Companies Act, 2013, as amended from time to time and the other applicable provisions of the related laws and regulations.

CFO of Kingfisher has perhaps not yet sent the right signal to the corporate professionals about having the need to display courage in due diligence and identifying and reporting corporate misdeeds and misgovernance.

DUTIES AND RESPONSIBILITY OF CS AND PCS UNDER COMPANIES ACT 2013 AND RULES

In the context of the duties and responsibilities of the Company Secretaries under the Companies Act, 2013 and the Rules made thereunder, some of the important provisions are highlighted hereunder:

1. As per Section 92 of the Companies Act, 2013 read with Rule 11 of the Companies (Management and Administration) Rules 2014, every listed company and companies having paid-up share capital of Rs.10 crore or more and companies having a turnover of Rs.50 crore or more, need to get their annual returns certified by a Company Secretary in Practice (PCS).
2. As per Section 177 and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014, every listed company and every company having paid-up share capital of Rs.10 crore or turnover of Rs.100 crore or more or where the outstanding loans, debentures, deposits exceed Rs.50 crore, are required to mandatorily constitute an Audit Committee and Nomination and Remuneration Committee.

3. As per Section 177 of the Companies Act 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules 2014, every listed company and every company which accepts deposits from the public or whose borrowings from banks and financial institutions exceed Rs.50 crore, is required to establish a vigil mechanism for Directors and employees to report their genuine concerns about unethical behavior/misconduct/actual or suspected frauds/violation of code of conduct.
4. Section 203 of the Companies Act, 2013 read with Rules 8 and 8A of the Companies (Appointment and Remuneration) Rules, 2014, stipulates that every listed company and public companies with paid-up share capital of Rs.10 crore or more shall have a whole time key managerial personnel and a company having paid-up share capital or Rs.5 crore or more shall have a whole time company secretary.
5. Section 204 of the Companies Act, 2013 read with Rule 9 of the relevant Rules mandates secretarial audit of all listed companies and public companies with a paid up share capital of Rs.50 crores or more or with turnover of Rs.250 crores or more.
6. Under Section 205(1), the functions of the company secretary include—
   (a) to report to the Board about compliance with the provisions of the Act, the Rules made thereunder and other laws applicable to the company;
   (b) to ensure that the company complies with the applicable secretarial standards;
   (c) to discharge such other duties as may be prescribed.
7. Further, Rule 10 under authority of Section 205(1)(c) entrusts following duties on a Company Secretary:
   a. to provide to the directors of the company, collectively and individually, such guidance as they may require, with regard to their duties, responsibilities and powers;
   b. to facilitate the convening of meetings and attend Board, committee and general meetings and maintain the minutes of these meetings;
   c. to obtain approvals from the Board, general meeting, the government and such other authorities as required under the provisions of the Act;
   d. to represent before various regulators, and other authorities under the Act in connection with discharge of various duties under the Act;
   e. to assist the Board in the conduct of the affairs of the company;
   f. to assist and advise the Board in ensuring good corporate governance and in complying with the corporate governance requirements and best practices; and
   g. to discharge such other duties as have been specified under the Act or rules; and
   h. such other duties as may be assigned by the Board from time to time.
8. With regard to borrowing of money, Section 180 of the Act stipulates certain procedures that require approval of shareholders by special resolution. With regard to loans and investments in excess of 60 per cent of the paid-up capital and free reserves etc., Section 186 mandates approvals of shareholders by a special resolution.
9. Section 188 mandates prior shareholders' approval in case of "related party transactions" as stipulated therein.
10. Subject to companies meeting the applicable threshold limits prescribed in the following sections:

Secretarial Audit ensures objective evaluation by an independent qualified professional and helps in accomplishing the objectives of the company concerned by evaluating and improving the risk-management, control and governance processes, keeping in view the compliances mandated for the companies.

   (a) Under Section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules 2014, a CS is required to ensure the appointment of internal auditors.
   (b) Under Section 135 of the Act read with the Companies (CSR Policy) Rules 2014, the CS is to ensure that a CSR Committee is constituted.
   (c) Under Section 139 of the Companies Act 2013 read with Rule 5 of the Companies (Audit and Auditors) Rules, 2014, the CS has to ensure rotation of statutory auditors in a company.
   (d) Under Section 149 read with Rules 3 and 4 of the Companies (Appointment and Qualifications of Directors) Rules 2014, the CS is to ensure that the company appoints a woman Director.

SECRETARIAL AUDIT BY PCS

As mandated in Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the companies covered under the prescribed threshold limits therein are mandatorily required to get a secretarial audit carried out by a qualified Company Secretary in Practice (PCS) and such secretarial audit report is to be annexed with the Board of Directors' Report to the shareholders and it has to comply with the format prescribed in Form MR-3, ensuring compliances with the provisions of the Companies Act, the SCRA, the Depositories Act, the Foreign Exchange Management Act, the SEBI Act and Regulations and also to report compliances of "other laws" as may be applicable to the company concerned.

Secretarial Audit ensures objective evaluation by an independent qualified professional and helps in accomplishing the objectives of the company concerned by evaluating and improving the risk-management, control and governance processes, keeping in view the compliances mandated for the companies. Section 448 of the Companies Act 2013 provides that if any return, report, certificate, financial statement, prospectus, statement or other document required by or for the purposes of any of the provisions of the Act or the Rules made thereunder, any person who makes a statement which is false in material particulars, knowing it to be false; or which omits any material fact, knowing it to be material, such person shall be liable for punishment under Section 447 which deals with "Punishment for Fraud".

COMPLAINTS AGAINST PCS AND PUNISHMENT BY DISCIPLINARY COMMITTEE

Since the Institute of Company Secretaries of India (ICSI) has a significant role in controlling the conduct of CS, be they in whole-time service or Practicing Company Secretaries (PCS), it becomes necessary to understand the provisions of the Company Secretaries Act, 1980 and the relevant Schedules attached thereto. As per the

First Schedule in Part I of the Act which deals with professional misconduct in relation to Company Secretaries in Practice, it stipulates that a PCS shall be deemed to be guilty of professional misconduct in certain areas which basically covers how he/she should practice. Part II of the same First Schedule to the Act elucidates professional misconduct in relation to the members of the ICSI in service and it also deems certain misconduct in relation to the Company Secretaries in employment. Part III and Part IV of the said First Schedule deal with professional misconduct in relation to members of the ICSI generally and other misconduct in relation to members of ICSI.

It is only in the Second Schedule to the CS Act, 1980, that Part I thereof stipulates inter-alia, in paras 7, 8 and 9 that the PCS shall be deemed to be guilty of professional misconduct where he does not exercise due diligence or is grossly negligent in the conduct of his professional duties and fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion. If the PCS fails to invite attention to any material departure from the generally accepted procedure related to the secretarial practice, he/she shall be deemed to be guilty of professional misconduct.
Further, a PCS shall be deemed to be guilty of professional misconduct if he/she fails to disclose a material fact known to him/her in his report/statement but the disclosure of which is necessary in making such report/statement, where he/she is concerned with such report/statement in a professional capacity. Further, it is also stipulated that failure of the PCS to report a material misstatement known to him/her, with which such PCS is concerned in a professional capacity, shall be deemed to be professional misconduct and such PCS can be held guilty.

Similarly in Part II of the Second Schedule of the CS Act, 1980, a member of ICSI, whether in practice or not, shall be deemed to be guilty of professional misconduct if inter-alia, he/she contravenes any of the provisions of the CS Act, 1980 or the regulations made thereunder or the guidelines issued by the ICSI or if such members defalcates or embezzles money received in his/her professional capacity. Part III of the Second Schedule of the CS Act, 1980 stipulates that a member of the ICSI, whether in practice or not, shall be deemed to be guilty of other misconduct, if he/she is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding six months.

The CS Act, 1980 and regulations also prescribe the Procedure for Inquiries in Relation to Misconduct of Members of the ICSI and the provisions of appeal therefrom. It is pertinent to note that a complaint can be made under Section 21 of the Company Secretaries Act, 1980 read with Sub-Rule 4 of Rule 3 of the Company Secretaries (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules 2007, against a PCS for not exercising due-diligence or in gross negligence in the conduct of his/her professional duties.

In this regard, it needs to be highlighted that the Disciplinary Committee of the ICSI is conscious of its role in looking into complaints against erring Company Secretaries, be they in service or in practice. Also, as mandated in the CS Act, 1980, an Appellate Authority has also been constituted with retired High Court Judge for considering appeals against the decisions of the Disciplinary Committee of the ICSI. Incidentally, the Disciplinary Committee of the ICSI had, on the basis of complaints received regarding compliance certificate issued by the PCS without exercising due diligence or without complying with the standards and requirements pertaining to compliance certificate, held the PCS liable for professional misconduct. Wherever needed, the Disciplinary Committee has “reprimanded” the erring PCS and also imposed penalty by way of monetary fine. In certain cases, depending on the gravity of the professional misconduct, the Disciplinary Committee had also awarded punishment by way of removal of the name of the concerned PCS from the Register of Members of ICSI for a specified period. These disciplinary proceedings and orders of the Committee act as a deterrent for the PCS and encourages them to be more vigilant and cautious in exercising due diligence while certifying documents for companies.
Such orders of the Disciplinary Committee of the ICSI and its Appellate Authority constituted under the CS Act, 1980, fully demonstrate that the ICSI is committed to ensuring that its members adhere to the ethical code of conduct and exercise abundant caution and due diligence when ensuring/certifying the compliances with the requirements of the law under the Companies Act, 2013 and the rules made thereunder so that a culture of ethical values in corporate governance is not only professed but also seen to be implemented and restored.

DISCIPLINARY ORDERS OF IBBI AGAINST RESOLUTION PROFESSIONALS

On top of it, the implementation of the Insolvency and Bankruptcy Code, 2016, that has led to the filing of numerous applications before the Adjudicating Authority (National Company Law Tribunal) and the cases coming up before its Appellate Authority (namely, the National Company Law Appellate Tribunal), also reveal how the comfort and cushion enjoyed by the corporate borrowers in remaining in control of the debt-ridden company has been shattered due to the provisions of the Code and the stringent orders passed by the Adjudicating Authority divesting the Board of Directors of such debt-ridden borrower company from exercising control over such company till the time the Resolution Professional appointed by the Adjudicating Authority is involved in finalization and approval of the corporate insolvency resolution process by the Adjudicating Authority. Unfortunately, several orders have recently been passed against Insolvency Resolution Professionals (Incidentally, some members of the ICSI are also qualified Insolvency Resolution Professionals) for indulging in corrupt practices and malpractices in misusing the power entrusted to them under the Insolvency & Bankruptcy Code. Fortunately, the IBBI, i.e., the Insolvency and Bankruptcy Board of India, has been keeping a vigilant eye on the conduct of insolvency professionals and the IBBI has taken action against such identified insolvency professionals.

CONCLUSION

Strict vigil being exercised by the ICSI as the regulatory body for the profession of Company Secretaries highlights the importance and need for Company Secretaries to adhere to provisions of the Companies Act, 2013 and the Company Secretaries Act, 1980 in maintaining ethics and good governance in the management and affairs of companies and also highlights that failure to comply with such provisions of the said Acts and rules will not only bring disrepute to the ICSI but also to its members. It is felt that from time to time, regular training courses, seminars and workshops be organized so that corporate professionals can be reminded from time to time about the importance of ethics and good governance and the best practices. CS

To Thine Own Self be True

Ethics, values and good governance are the fundamentals of life which have stood the test of time in all circumstances and have been a matter of respect, be it in individual context or in the corporate world. Business dynamism demands various evils and vulnerable situations which have pointed out the need to imbibe and inculcate the culture for adherence to ethical practices, governance and leadership. The present article is a mélange which tries to touch upon various aspects like ethics, ethical dilemmas, ethical leadership encompassing various human virtues which are ultimately built upon conscience.

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BACKGROUND

India has a very strong history and deep roots of culture, principles and ethics which have come down to us across generations, through the immortal Shrimad Bhagavad Gita which is useful in getting answers to various complex situations and ethical dilemmas. The great epic, *Ramayana* is also a very important document which has thrown light on aspects like values and character. *Niti-shatak* by a noted scholar, Bhartruhari, and the teachings of Arya Chanakya (Chanakya Neeti) cannot be ignored when we talk of character, ethical practices, values and good governance. Aesop Fables, Panchatantra and Hitopadesh are also fictional sources of moral codes.

The modern era in which we live, is full of temptations and distractions driven by greed to earn unlimited profits, market share, market-standing (in terms of numbers), performance, etc., coupled with tremendous pressure and compulsion to remain ahead; wherein organizations alluring individuals working therein to ignore or lose hold on ethical aspects of a business. Our life is dominated by numerical success where *"the ends justify the means"*. Of late, this attitude and temperament believing the philosophy "the ends justify the means" has led to a substantial depletion of good character, ethical standards, practices and good governance. This has led to loss of humanity, and ultimately, happiness of self and society.

Despite the plethora of codes and guiding principles human behavioral patterns point out the fact that there is loss of character, leading to deterioration of ethics, values. This leads to a fundamental question: *Why is it so*? It is a worthy endeavour to consider the issue in some length.

WHAT ARE THE COMMON CAUSES OF LOSS OF ETHICS AND VALUES?

A variety of forums have seen and observed that there are governance issues leading to ethical dilemmas and questioning ethical leadership styles. The word governance implicitly suggests "good governance" and whenever used, is to be understood in a broader perspective encompassing ethics and values and at times synonymous to these. Thus, governance and ethics can be generalized to mean a set of rules which are socially acceptable practices and protocols for the benefit and moral health of society and nation at large.

Of late, corporate ethics, values and good governance are again being publicly talked about in light of the recent TATA *v.* Mistry episode followed by the Infosys case. Going by the above general understanding and implications of the terms governance, ethics and values, it is very evident that there exists some concerns and hence, the same are being talked about time and again. The concern about good governance across all spheres is quite evident.

The point here is, without going into the facts of any of the cases, it has become necessary to understand the common causes which lead to breach of ethical standards, governance norms and values. Therefore, the question "why good governance" needs to be answered first. Some of the prominent or commonly seen evils which could answer the '*why*' are given below -

a) Greed
b) Over-ambition to succeed, to be always ahead at number one position
c) Deviation in the set standards and protocols
d) The tendency to simply flout any rule or regulation
e) Frail or ill-formed character
f) Use of soft options by deviating for getting quick results
g) Flawed/imperfect education and grooming

Mahatma Gandhi had pointed out the seven ethical sins which are as under:

» Politics without principles
» Wealth without work
» Pleasure without conscience
» Knowledge without character
» Commerce without morality
» Science without humanity
» Worship without sacrifice

All the above factors lead to deviation from the set codes and socially accepted norms which we commonly call breach of ethical standards or values.

It is important to understand that what is socially and legally correct is also ethically correct; and is meant for maintaining social and economic equilibrium society. The Gita says, यदयदाचरति श्रेष्ठः,तत्तदेवेतरोजनः *-The common people will follow the foot-steps of the extraordinary.*

COULD THERE BE ANY SOLUTIONS TO OVERCOME THESE EVILS?

All human efforts aim towards making life easy, comfortable and contented. However, the ease, happiness and comfort should not be at the cost of discarding ethical standards and values. A systematic and rigorous approach coupled with efforts is necessary to keep governance standards at the highest level. This needs a lot of good nurturing right from the childhood. It is thus necessary to follow the concept of "catch them young" which is the only solution. This equally applies to organizations, which means that nurturing of ethical values and standards need to be well embedded from inception of an organization. It needs further conscious cultivation during the growth phase. It is equally important to remember that organizations or institutions act through human agency. Technology is only a means — a handmaid available at the disposal of humans and it cannot be a substitute; even in the society of the future where robots will take a dominating and universal position. Therefore, the human beings need proper and rigorous grooming. Thus, it is necessary that any attempt to address ethical issues are to be handled by human beings and not machines.

All the above discussion points to the human traits and characteristics and hence the need has arisen to shape human behaviour. A few probable solutions are explained below:

Satisfaction: If the aim is to achieve happiness it is essential that the culture of 'being satisfied' is developed. After all, the most challenging and unanswerable question is: "How much is Enough? This question is instructively handled by Leo Tolstoy in his immortal story, "How Much Land does a Man Need?" Expectations keep on expanding. A higher level of the "right" goal is automatically set and a new journey to achieve it begins. Being satisfied need not necessarily lead to complacency; but, if satisfaction compromises ethics then complacency will have to be a correct solution. The issue is very difficult to resolve especially in the corporate field where expansion is the prime direction in which it is supposed to move; yet it is the need of the hour to understand and remain satisfied with what is achieved within the validly available means.

Ends not to justify the means (साधन सुचिता Principle): It is often said that the results matter and what was done to achieve the same is of no consequence. The statement may appear encouraging; but reading between the lines it is not the intention to achieve results by compromising ethics and values. The need of compromising ethics and values arises when there is a dearth of valid means to achieve the end-result. The thirst to succeed, vaulting ambition and flawed education are equally responsible elements. It is essential to note that however worth the cause may be, the means to achieve the same should also be equally valid. An irregular or an unethical action leading to a good outcome may not necessarily justify the method of achieving the goal.

Ethical Leadership: To exemplify from the Gita again, Pandavas had Krishna as the leader. He led them to success by guiding them to fight morally. It is the duty of the leader driving the organization to ensure use of proper and ethical means in his conduct. It is equally essential that the leader walks the talk and sets an example of good governance and ethical leadership.

Character: One may be reminded of the old idiom: ***If Character Is Lost Everything Is Lost***. The idiom amply highlights the importance of good character. Character is generally built or earned by virtues like courage, honesty, values and ethics. Great leaders and eminent personalities are judged by their character. A good character is synonymous to reliability. This primarily reverts

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the discussion to "proper" education.

WHAT ARE THE WAYS THAT HELP BUILD ETHICAL AND VALUE BASED CHARACTER?

Having seen what may help adherence of good governance and ethical standards, it is equally important to understand and know how does one inculcate the qualities to build a strong ethical footing. The roots must be strong enough to incorporate various virtues and to stand victorious in all dilemmas.

The most important part is the nurturing of ethical principles and the methodology. While it is very easy to preach, it is equally difficult to develop a character which can incorporate ethical values. All that is said is not so easy to do. A few tools which may help one inculcate values are elaborated below:

Knowledge: To imbibe any good virtue or to inculcate any habit and especially ethical practices, it is very important to understand and know what is an acceptable ethical or governance standard and what amounts to a deviation in the standard. It is equally important that like written law or any other code socially accepted standards which may not necessarily be written need to be adequately conveyed and taught. Imparting adequate knowledge for a better understanding the difference between 'acceptable' and 'not acceptable' is important. Understanding the difference is the first and foremost step and then and then only any corrective action is possible.

Determined Self–restraint: One of the techniques to inculcate and to walk the path of values and governance is to follow self-restraint. There may be situations where not following the ethical standards or values or causing a breach of those standards is easier than its adherence and implementation. Self-restraint is the only virtue by which one can help oneself to overcome the situation to stick to ethical standards and face any dilemma. Determination coupled with self-restraint will help to choose the right path.

Larger interest of the society: One of the guiding principles is the interest of society at large. If one can focus and consider this social aspect, it would help to create a broader vision, empathy and positive impact and help one understand and implement the importance of values. Governance is such a tool which also aims to guard public interest.

Conscience: It needs to be understood that conscience is a virtue which will always act as a lighthouse when it comes to doing a right or wrong. Conscience is a willful exercise of two virtues: a) understanding what is correct, acceptable and unacceptable and b) the discrete choice of an option that is ethically and socially acceptable and right. The rewards in such an action may seemingly show a loss; the loss would be temporary, but the benefits attached will be of long term. It helps in establishing and reinforcing values thereby instilling confidence in the person acting conscience. Any action taken after exercising conscience is always upheld and appreciated.

Character building: As mentioned earlier, it is necessary to have a good character and building a good character is no small task. All the above discussed virtues are essential for building a good character. It is again the need of the time to again teach and demonstrate the importance of good character. Value based education system is the root solution. Early lessons in childhood days with live examples will undoubtedly help to build and sustain good character.

Love and duty towards nation: One of the virtues and important aspects that needs to be stressed upon is the love and duty towards nation. It has become necessary to highlight that the fact ethical and value based actions are a national duty and it is only the love and pride towards own country which will help to imbibe good governance principles. Building a strong bond of love towards one's nation is also a key mode in developing values and ethical practices.

Ethical leadership: Any leader holds a very special position in the hearts of his followers. To give the followers proper direction and ensure that the followers follow the leader in the right perspective it is for the leader himself to set an appropriate example. There is a well- known maxim in Sanskrit which very aptly casts certain duties on a leader, his behaviour and conduct. In fact, the said maxim is suggestive of how a leader should or should not be. The quote reads as under:

"Yathaa Raja TathaaPrajaa"**(yaqaa rajaatqaap`jaa)**

The above maxim means: *The people (subjects) of a country will be like the King.*

The said maxim very rightly points out that it is the duty of the leader to be ethical, honest with good character and a person who can set example by doing himself. Be it the ancient style of character grooming and education or the modern thought and practices of Management training, ethical standards are never overlooked. It is very important to understand that each of us is a leader in our own spheres. Thus, as an individual it becomes our duty to follow ethics and good governance.

Courage to "say No" and "accept No": It is now a very common fact that while we conduct our business or conduct ourselves as business persons we are not ready to accept any negative answer. The point here is, we are so engrossed and used to following appeasement policy while achieving our goals, we have lost the courage to say "no". The leaders or business drivers have also forgotten that there exists a term as "no". As mentioned earlier ethics also require self-restraint, forbearance. A*"no"* to any idea, action or decision is also a part of ethical training and value education. It is therefore important virtue to gracefully say No or accept No to any situation which compromises values and ethics.

Avoid Soft options: It is human nature to select soft options, compromising ethical standards. Ethical conduct, values and good governance practices call for a special and determined effort for the effects and results to be seen. Further, in implementing ethical standards there could be apparent loss of material things and may also lead through a hard and tough path. Soft options by-pass all these and are catalysts in compromising ethical standards. To remain ethical, it is necessary to have training to avoid soft options. At times it may be very much tempting to give in to an unethical act or compromise the good governance than to follow it. This is however a matter of training and self-regulation which is a personal duty.

CONCLUSION

The topic ethics, values, for good governance is a very deep and critical subject to handle. The discussion could continue with a variety of precepts, maxims, examples and fables, from ancient lore, yet leaving it incompletely discussed. As it is evident from the above, the whole discussion revolves round human behavior and character which is the most important aspect of the subject matter. In short to ensure that ethical standards are adhered to and the best possible efforts are made it can easily be emphasized through a statement from Shakespeare's play *Hamlet* where the father is instilling moral lessons into his son who is leaving for higher education in a university. The quote reads as under:

"Lastly, to thine own self be true, and it must follow, as the night the day, Thou canst not then be false to any man."

It would be incomplete without quoting a *Sanskrit Subhashit* which has been a guideline when faced with ethical dilemma. If adhered, one will automatically follow the right path:

श्रुतीर्विभिन्नः स्मृतयश्च भिन्नः
नैकोमुनिर्यस्य वचः प्रमाणं
धर्मस्य अर्थो निहितं गुहायः
महाजनो येन गतः स पंथः

The above Subhashit is explained in the following words:

Shrutis (what is heard) and Smrutis (what is remembered) give a different version

The words of wisdom shared by various scholars describe different views

Dharma (conduct) is a subject which is as deep as a long dark cave

Under such circumstance follow the path travelled by the known and respected persons and the dilemma what is right and what is wrong shall stand resolved.

ARTICLE

Ethical Fluidity and Contours of Governance

Since ages, there has been a conscious effort in the civil society to induce ethical governance amongst institutions, be they states or organizations. This article explores the meaning and scope of ethics, unique phenomenon of 'ethical fluidity' in human behavior and legislative attempts to govern this fluidity so as to achieve the larger and democratic goal of public interest.

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PROLOGUE

Since the times human made their imprints on this earth, the human race has been posed with the complex challenges of its ethical existence. How do we understand this highly nuanced word 'ethics' ?. Let us go back to the etymology of this word. As per the Oxford Dictionary, the word 'ethics' means "Moral principles that govern a person's behaviour or the conducting of an activity." The Cambridge Dictionary defines the word as "the study of what is morally right and wrong, or a set of beliefs about what is morally right and wrong". Dissecting the definition, one can assimilate that ethics means choice. A choice between what is right and wrong. Something which is right from one perception, the same thing may be wrong from another. It is a sharp, double edged sword. Ethics include whole duty of man in relation to both himself and others. Every action of a person has a percolating effect on not only the person but also others associated with him or her. The perennial dilemma one faces is this : What is Right ? What is Wrong ?

Governance is a sphere where one has to constantly make this choice between right and wrong. And here we are talking about ethically right and wrong. Sometimes, legally, an action may seem to be right but ethically the said action may not be correct. Such situations demand how to strike a balance between governance with ethics or ethical governance. If we try to understand the literal meaning of the word , 'governance', as per the Cambridge Dictionary, the word Governance means, "the way in which an organization is managed at the highest level, and the systems for doing this." Similarly as per the Oxford Dictionary, the word 'Governance' means "the action or manner of governing a state, organization, etc." The word 'to govern' finds its roots in the Latin word 'gubernāre' which means to steer (something, may be a ship or an organization/ institution). Thus, governance presumes power, authority and control. Thus, making the right decisions at challenging moments, not only legally but ethically, requires a very high level of commitment from the individuals that command the institutions and organisations.

The very concept of Ethical Governance is paradoxical. Human nature prompts one to act for self-interest. Chances of self-less actions are minimal. Ethical behavior involves moral behavior. Ethics and morals go hand in hand. There is a psychological punch in such situations. The human brain is constantly engaged in attempting to respond to the following three questions:

Is my action legal?
Is my action moral?
Is my action ethical?

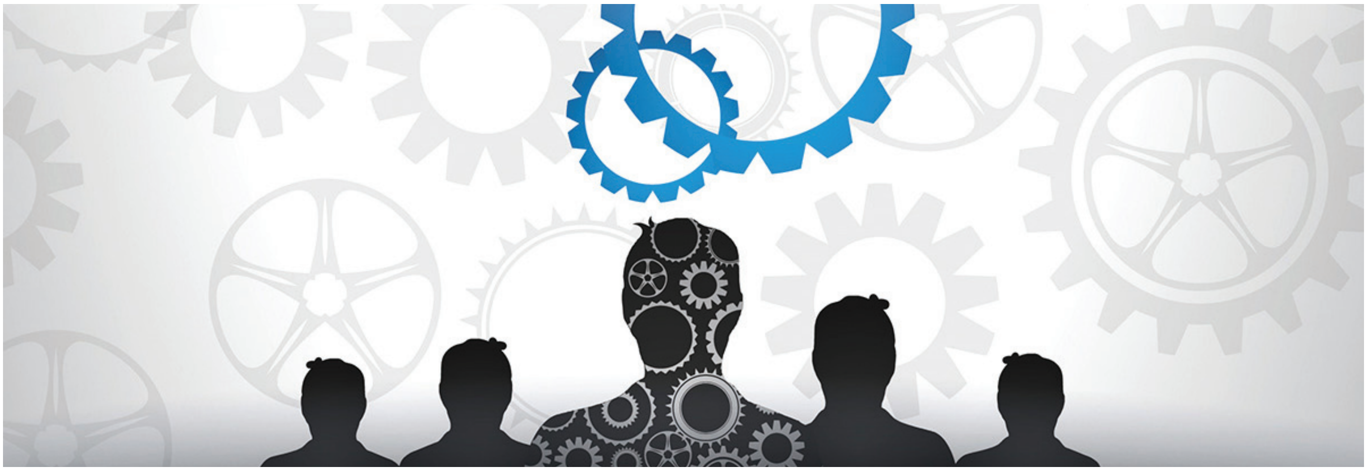
ETHICS AND ETHICAL FLUIDITY

Ethical conscience pulls on one side, the contractual contours pull on the other side. Between the strong pulls of these two elements, an individual's behavior becomes fluid. The mind wavers. The mind overpowers the morals and the morals, ethics. Since ages, therefore, there has been a conscious effort in the civil society to induce ethical governance amongst institutions, be they state or the organizations. Because, the pull is between the personal interest of the governors at the cost of the governed. The subjects are subjugated to extend benefits to the persons at the helm of the affairs. When this situation is evaluated in the larger context, such self- centered actions impact the public interest. When public interest is hampered, it demands for drawing the lines and the boundaries within which actions are to be limited.

BUSINESS AND ETHICS

As civilization progressed, the interaction between business enterprises and society became more frequent, more upfront. This led to the rise of a thought process which leaned on introducing ethics in business decision making. Business and Ethics are intertwined as Business Enterprises primarily indulge into collective action through actions of individual/ individuals. The primary motive of business activity is to earn profit. In this relentless pursuit for profit, business enterprises inculcate a tendency to behave in a way which may jeopardize their stakeholders.

We have seen the case of Volkswagen wherein it came to light that Volkswagen knowingly deceived the United States Environmental Protection Agency (EPA) with respect to nitrous oxide (NOx) engine emission for their TDI engines. The company programmed the vehicles to favourably behave differently during EPA testing. The engines actually exceeded emission test levels during every day use by roughly 40 fold. Instances of such unjust enrichment at the cost of stakeholders find their place in human history and teach us how fluid can be human ethics.



> **In this fast changing and highly dynamic world order, regulatory regimes across the world face the biggest challenge to tackle this ethical fluidity of both the regulators and the regulated. The Regulators prescribe. The Regulated deny. The Regulators make and break. The Regulated break and take. It is a vicious chain of action and reaction. In this action-reaction game, ultimately, the public interest suffers. It is therefore the need of the hour to induce ethical restraint in both the Regulators and the Regulated.**

Even in Indian context, there are similar such instances where circumvention of the governance structure has resulted into huge economic losses. The recent scandalous and callous business behavior in banking sector at multiple levels have once again ignited the discussion and debate, how can we tame this ethical fluidity?

There could be innumerable instances of ethical failures in business dealings, whether at large scale or at small scale, but such failures invariably leaves its indelible mark on the governance history. When we talk about ethics, there could be Philosophical ethics or Normative ethics. Normative ethics focuses on right and wrong. It is generally concerned with applying a framework of moral code on a decision. Descriptive ethics, on the other hand, looks at the understanding of an underlying moral belief. The field of business ethics is principally focused on steering a corporation towards doing right and away from doing wrong. It is principally normative. The field of business ethics attempts to guide corporations through ethically difficult decisions.

ETHICAL FLUIDITY *VIS A VIS* PUBLIC INTEREST

The corporate world is gripped with issues of ethics in corporate governance. Similarly, the public domain of countries across the globe is also gripped with issues of ethics and public interest. The sovereign and the subject, both equally, are responsible for ethical behavior while dealing with the public interest. In recent times, across the globe, instances of ethical fluidity on the part of the highest offices of the country have eroded the mutual trust between these two important stakeholders of the governance in a democratic set up. Consumption of public and private resources demand a high level of discipline and restraint. However, it is observed that generally, the human tendency is to breach the contours of restraint and indulge into unethical practices and behavior, and eventually, inflicting permanent damage on the society, the economy and the environment. In this fast changing and highly dynamic world order, regulatory regimes across the world face the biggest challenge to tackle this ethical fluidity of both the regulators and the regulated. The Regulators prescribe. The Regulated deny. The Regulators make and break. The Regulated break and take. It is a vicious chain of action and reaction. In this action-reaction game, ultimately, the public interest suffers. It is therefore the need of the hour to induce ethical restraint in both the Regulators and the Regulated. Because both are human in nature. Genetically, man breeds the desire to break the set legal and ethical standards. And it is this human desire that leads to whole dilemma by ethical fluidity while adhering within the four corners of the governance framework.

Psychologist Anne Tenbrunsel and colleagues find that innate psychological tendencies often cause us to engage in self-deception, which blinds us to the ethical components of a decision. For example, euphemisms like “We didn’t bribe anyone… we just ‘greased the wheels,’” help people disguise and overlook their own wrongdoing.

Ethical Fading happens when people focus heavily on some other aspect of a decision, such as profitability or winning. People tend to see what they are looking for, and if they are not looking for an ethical issue, they may miss it altogether.
There are following three theories of ethics which has been largely discussed and debated about while dealing with the concept of business ethics:

1. Shareholder Theory
2. Stakeholder Theory
3. Social Contract Theory

All the above three theories have their respective pros and cons.

ETHICS AND STOCKHOLDERS/SHAREHOLDERS

The shareholder theory argues that the primary responsibility of an organization is to maximise the wealth of its shareholders. For attaining the objective of maximization of shareholders' wealth, a business enterprise and its managers who act as agents of suppliers of capital, are expected to carry on the business in an ethical manner. Milton Friedman takes a shareholder approach to social responsibility. This approach views shareholders as the economic engine of the organization and the only group to which the firm must be socially responsible. Most of the global governance structures envisage transparent, timely and detailed disclosure norms for serving shareholders' interests. As far as listed entities are concerned, concerted efforts are made by regulatory communities to arrest the undue enrichment of agents or custodians of corporate entities by indulging into insider trading or earning undue wealth based on unpublished price sensitive information.

ETHICS AND STAKEHOLDERS

The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally detailed by Ian Mitroff in his book "Stakeholders of the Organizational Mind", published in 1983. Later, Edward Freeman in his seminal book Strategic Management: A Stakeholder Approach propounded this theory. In the traditional shareholder view, only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. The Companies Act, 2013, is perhaps the first legislation in the world, to introduce quasi-mandatory provision of Corporate Social Responsibility by entailing the select group of companies to provide for expenditure outlay towards socially relevant and socially responsible projects and programmes which benefit the stakeholders at the bottom of the economic pyramid.

ETHICS AND SOCIETY

Donaldson and Dunfee argue about Integrative Social Contracts Theory. A social contract differs from other contracts because it is hypothetical. Business and Society have never sat down in a room and hammered out a contract outlining their relation. But this hypothetical contract provides a good means of making sense out of the relation that has gradually evolved between society and business. This theory presupposes the existence of a hypothetical contract between business enterprise and communities within which it operates. If we look at the preamble of the Constitution of USA or the Constitution of India, these documents chart out a social contract between the state and the society. The standards of governance of a sovereign state are set by such documents.

> Ethical fluidity of human behavior has given rise to a whole new set of rules. These rules are collectively known as Framework of Corporate Governance. In order to safeguard the public and economic interest, world over, the conceptual framework of Corporate Governance emphasizes on arresting this ethical fluidity and attempts to introduce legal ethics in business behavior and business activities.

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CONTOURS OF GOVERNANCE

Ethical fluidity of human behavior has given rise to a whole new set of rules. These rules are collectively known as Framework of Corporate Governance. In order to safeguard the public and economic interest, world over, the conceptual framework of Corporate Governance emphasizes on arresting this ethical fluidity and attempts to introduce legal ethics in business behavior and business activities. Most often discussed about in this sphere is the Sorbanes Oxley Act, 2002 of the United States. This Act was enacted as a governance reaction to a number of major corporate scandals such as Enron, WorldCom etc. This Act enlists the responsibilities of publicly funded corporate entities and prescribes criminal liabilities for certain misconduct. Similar frameworks have been adopted in various leading economies of the world such as Britain, European Union, Japan, Australia, etc.

Even India has replicated a robust governance framework initially with the implementation of Clause 49 as part of Listing Agreement for listed entities and more recently through introduction of SEBI (LODR) Regulations, 2015 and enactment of Companies Act, 2013. Companies Act, 2013 encompasses even the unlisted entities within its ambit by granting legal validity to the institution of independent director for select companies. Not only, the mechanism of Independent Directors, but also the scope of audit committee has been extended so as to cover the unlisted entities. We cannot say that ethics means law or *vice versa*. However, legal tilt has certainly been there to induce ethical behavior from business enterprises and its top decision makers. The fluidity of the human psychology, makes this challenge of inculcating ethical business practices, all the more formidable. Recent banking scandals in India which has traumatized the banking sector, has once again proved that human mind is always affluent with ideas to garner personal interest at the cost of public interest, keeping all ethics at bay. The result may be whatsoever, but the personal interest outweighs the public interest. Discussion of Corporate Governance vis a vis ethics demands a full attention in itself. However, if we summarise, in general, most of the governance frameworks across the globe focuses on the following four cornerstones:

1. Enhancing Corporate Transparency
2. Protecting Shareholders' Rights
3. Enhancing Board Effectiveness
4. Building Shareholder Engagement

ARTICLE

> Business and Ethics are intertwined as Business Enterprises primarily indulge into collective action through actions of individual/individuals. The primary motive of business activity is to earn profit. In this relentless pursuit for profit, business enterprises inculcate a tendency to behave in a way which may jeopardize their stakeholders.

A Report by CFA Institute, on Corporate Governance in European Union notes that outside of the formal public policy process, focus is also building in many investor, company, and regulatory communities about the role of culture, behaviour, and ethics in terms of shaping responsible corporate governance and investment practices. This focus suggests less reliance on traditional features of corporate governance codes or public policies and raises questions about the extent to which policy initiatives can meaningfully address qualitative or behavioural issues, such as corporate culture and conduct risk, and the degree to which regulators can have confidence in the integrity of the system.

There would be wide range of unethical individual and collective behavior and many a times it may appear that law is an inadequate tool to provide moral and ethical guidance. However, over the ages, democratic societies across the world have tried to influence this collective behavior through legal intervention. Plethora of laws in the field of corporate legislation, environment legislation, labour legislation, economic legislation, sectors of natural resource management and land acquisition, food safety, intellectual property rights, etc. thrive to accomplish the objective of inducing ethical behavior from individuals and corporate entities alike.

Indian Legal Framework has also been aligned to this approach of inducing ethics into business strategies by means of various legal tools. For example, the insertion of provision of Section 135 in the Companies Act, 2013 exhibits this motive of the state and the society. Companies are not only made responsible legally but are also expected to be responsible socially. Society becomes an integral participant of the business operations. Similarly, promulgation of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 also has the motive of social and ethical justice to the socially disadvantaged marginalized land owners. In the same way, passage of Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, (popularly known as Forest Rights Act) concerns the rights of forest-dwelling communities to land and other resources, denied to them over decades as a result of the continuance of colonial forest laws in India. These few examples provide glimpses of regulatory attempts to align ethics into governance. However, ethical fluidity of human agency remains a challenge while implementing such socially relevant legislations.

CONCLUSION

Economic wellbeing of a community and of a nation largely depends upon a strong and reliable governance structure. But as we know, only legislative action, is not the panacea. Highest standards of ethical business behavior is the key to economic and social prosperity. Ethical fluidity needs to be contoured by providing a solid governance structure to achieve this universal utopian objective. CS

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ARTICLE

Governance and Business Ethics

For smooth functioning of corporate governance, business ethics is vital and essential. It is the application of ethical values to business behavior. To face competition in the markets due to new economic policies such as globalization, liberalization, etc. and to get more profit adoption of ethical values in business is important. The present article emphasizes the role and principles of business ethics in ensuring effective governance practices in businesses.

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INTRODUCTION

Strong corporate governance is indispensable to a resilient and vibrant corporate market and is an important instrument of investor's protection. The essence of corporate governance involves the development of a constructive relationship between different constituents of a corporate enterprise based on the principles of fairness, transparency and accountability. However, for the smooth functioning of corporate governance, business ethics is vital and essential. It is the application of ethical values to business behavior. To face competition in the markets due to new economic policies such as globalization, liberalization, etc. and to get more profit adopting ethical values in business is important. Thus, the article emphasizes the role and principles of business ethics in ensuring effective governance practices in businesses.

OVERVIEW OF BUSINESS ETHICS

The word "ethics" is derived from the Greek "ethos" (meaning "custom" or "habit"). Ethics is not limited to specific acts and pre-defined moral codes, but it encompasses the whole gamut of moral ideals and behavioral pattern, that is, every person's philosophy of life. Herein, business ethics is defined as a process for integrating values such as honesty, trust, transparency and fairness into its policies, practices and decision making. It is a kind of applied ethics, an application of moral or ethical norms to business. The term means character or custom - the distinguishing character, sentiment, moral nature, or guiding beliefs of a person, group, or institution. It is a set of principles or standards of human conduct that govern the behavior of individuals or organization.

Ethics can be defined as the discipline dealing with moral duties and obligations, and explanation of what is good or not good for others and for us. It is the study of characteristics of morals and it also deals with the moral choices that are made in relationship with others. Businesses must balance their desire to maximise profits against the needs of stakeholders. Maintaining this balance often requires tradeoffs. To address these unique aspects of businesses, rules-articulated and implicit are developed to guide the businesses to earn profits without harming individuals or society as a whole.

Corporate Governance resides on various cardinal ethical values. There are various codes that highlight the ethical feature of good corporate governance. Some of the values that can be counted upon are the values of Transparency, Responsibility, Accountability and Profitability. Such values should pervade all features of corporate governance and projected in every action of the board [Walker, 2004]. There are various features of corporate governance like functional reporting, disclosure, risk management, etc. that are instrumental in gaining cardinal values of corporate governance. Apart from the values that are underlying in corporate governance, it even contains moral obligations of specific nature that the board, as well as the company needs to follow (Robert, 2009). The noteworthy fact is that the company should act on standards that are high in terms of ethics so that the goodwill of the company will be safeguarded and the rights of shareholders are given due respect. It is to be noted that a strong structure of corporate governance establishes a structure that works for the benefit of everyone and complies with all the ethical standards.

Strong corporate governance is indispensable to a resilient and vibrant corporate market and is an important instrument of investor's protection. The essence of corporate governance involves development of a constructive relationship between different constituents of a corporate enterprise based on principles of fairness, transparency and accountability. It is concerned with establishing a system whereby directors are entrusted with responsibilities and duties in relation to direction of a company's affairs. It helps to improve efficiency of corporate and for the smooth functioning of corporate governance business ethics is essential and vital. Business ethics is nothing but the application of ethical values to business behavior. It is about how a company does its business and how it behaves intrinsically.

Business ethics guides the company and governs them. It is part and parcel of corporate governance and not an optional exercise. Ethics is linked to behaviors and business ethics is related to the behavior in business and the behavior of business (Robert, 2009). The decision making should have an ethical base and that stretch to the boardroom, organization and various other activities. The board and the management have the main task of ensuring ethical behavior. The company's risk profile is determined by the board in consultation with top management by considering the appropriate level of risk. Some companies have a higher risk appetite as compared

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to others. Establishing a defined level of ethics should be a vital part of every organization strategy, policy making and risk management [Gillan 2006]. Often many dilemmas happen in the course of business and it needs to be determined what best course is for the company and those influenced by the actions. Boards need to understand considering the business ethics. The future course of action of corporate governance depends immensely on the development of business ethics [Wills, 2005].

Ethical culture plays an important role in corporates as:

- Attracting talented workforce and employees as well as improved performance of existing employees, increased productivity. People aspire to join organizations that have high ethical values. Companies are able to attract the best talent and an ethical company that is dedicated to taking care of its employees being equally dedicated in taking care of the organization. The ethical climate matters to employees. Ethical organizations create an environment that is trustworthy, making employees willing to rely, take decisions and act on the decisions and actions of co-employees
- Ethics helps to eliminate financial and business risks a company is exposed to due to unclean business negotiation and practices and as more important factor in decision making process
- It is a tool to eliminate fraud, bribery, resolving or removing conflicts of interest and equal treatment of shareholders. Ethical approach helps upholding company's good name and reputation
- Investor Loyalty: Investors are concerned about ethics, social responsibility and reputation of the company in which they invest. Investors are becoming more and more aware that an ethical climate provides a foundation for efficiency, productivity and profits
- Customer Satisfaction: Customer satisfaction is a vital factor in successful business strategy. Repeat purchases or orders and enduring relationship of mutual respect are essential for the success of company. The name of a company should evoke trust and respect among customers for enduring success. This is achieved by a company that adopts ethical practices. When a company because of its beliefs in high ethics is perceived as such, any crisis or mishaps along the way is tolerated by customers as a minor aberration.

Corporate Governance represents the value framework, the ethical framework and the moral framework under which business decisions are taken. In other words, when investment takes place across national borders, investors want to be sure that not only their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or does not involve moral hazards (S.k Verma & Suman Gupta, 2004).

The principles of Ethics or ethical theory is deployed by people for decision making process and lays emphasis on important aspects of dilemma so as to lead them to the most appropriate or correct resolution according to the guidelines within the ethical theory itself. Four broad category of ethical theory includes: deontology, utilitarianism, rights, and virtues.

- **Deontology:** a class of ethical theory which states that people should adhere to their obligations and duties when engaged in decision making where ethics are in play
- **Utilitarianism**: is a normative ethical theory that places the locus of right and wrong solely on the outcome (consequences) of choosing one action/policy over the other. As such, it moves beyond the scope of one's own interest and takes into account the interest of others
- **Rights and Duties:** If one has the right to free speech, then others also have a duty not to stifle their speech; that does not entail that others have a duty to assist you in speaking freely. Rights of individuals tend to anchor moral authority to the individual concerned. Here, moral and legal rights may be distinguished
- **Virtues:** This is currently one of the major approaches in normative ethics. It may be identified as the one that lays emphasis on virtues or moral character, in contrast to the approach that emphasizes duties or rules (deontology) or that emphasizes the consequences of actions (consequentialism).

ETHICAL PRACTICES

- **Beneficence:** The principle of beneficence guides the decision maker to do what is right and good. This priority makes an ethical perspective and possible solution to a dilemma acceptable and resolvable. This is also related to the principle of utility, which states that one should attempt to generate the largest ratio of good over evil possibility. This principle stipulates that ethical theories should strive to achieve greatest amount of good because people benefit from the most good
- **Least Harm:** This theory deals with situations in which no choice appears beneficial. In such cases, decision makers seek to choose to do the least harm possible and to do harm to the fewest people. This principle is mainly associated with the utilitarian ethical theory discussed below
- **Utilitarian:** This is a normative ethical theory that places the locus of right and wrong solely on the outcome or consequences of choosing one action/policy over other. As such, it moves beyond the scope of one's own interest and takes into account the interest of others
- **Autonomy:** This principle states that decision making should focus on allowing people to be autonomous; that is, to be able to make decisions that apply to their own workplace or lives. In other words, people should have control over their own selves as much as possible because they are the only people who completely understand their chosen type of work/life style. Each individual deserves respect because only he/she has had those exact life

experiences and understands own emotions, motivations, and physical capabilities in an intimate manner. In essence, this ethical principle is an extension of the ethical principle of beneficence because a person who is independent usually prefers to have control over his own experiences in order to secure the lifestyle that he/she enjoys

- **Justice:** The justice ethical principle states that decision makers should focus on actions that are fair to all those involved. This means that ethical decisions should be consistent with the ethical theory unless extenuating circumstances that can be justified and exist in the case. This also means that cases with extenuating circumstances must contain a significant and vital difference from other similar cases that justify the inconsistent decision.

Those who exercise principles of integrity in business are guided by a set of Core Ethics that influence their decisions and behavior. People with integrity value virtues, including:

- Accountability
- Commitment to Excellence
- Concern for Others
- Fairness
- Honesty
- Integrity
- Law Abiding
- Leadership
- Loyalty
- Morale
- Keeping Promises
- Reputation
- Respect for others
- Trustworthiness

CORPORATE ETHICS

Companies in the country have begun to fulfill their corporate social responsibility, either voluntarily or in compliance with mandates or statutes, respecting social ethics, thereby, setting up healthy and sensible corporate ethics on the following broad patterns:

- Complying with the laws and rules of the country and regions where business is conducted and engaging in fair practices in the light of social ethics
- Aiming to become a sensible corporate citizen, and striving for harmony with local society
- Disclosing information in a timely fashion, and engaging in honest and transparent communications mode
- Protecting the irreplaceable earth and contributing to the preservation of the environment
- Respecting fundamental human rights and individuality, and building up a corporate culture with a broad vision which fosters the spirit of corporate ethics

CORPORATE ETHICAL STANDARDS

A code or a set of standards of ethics document may outline the mission and values of business of the organization, and explain how professionals are expected to approach problems by deploying ethical principles based on the organization's core values and the standards to which professional is held accountable or responsible.

In this context, it is imperative and vital for each and every key managerial personnel, directors and employees to religiously follow the basic culture stipulated in the Corporate Ethics

Policy and to build and live up to the guidelines for Corporate Ethical Standards that can be broadly accepted by society, as discussed below:

- **Fair Competition -** Carrying out business respecting the "fair, transparent and free competition" which is a fundamental rule of a freely competitive society
- **Fair Procurement** - Carrying out procurement operations in compliance with laws and regulations
- **Intellectual Property Rights** - Complying with the laws on intellectual property rights, and respect rights of third parties; protecting and making full use of company's intellectual property; respecting the originality and hard work of the staff in creating services and products that can be patented and protected
- **Accounting Procedures -** Adhering to the commercial codes, tax laws, rules and regulations, systems and procedures for creating and maintaining financial, cost and inventory accounting records; and submitting reports there about properly and in a timely fashion
- **Restriction on unproductive Expenditure** - Not incurring expenditure on anything that goes against the intrinsic requirements with due diligence to laws and regulations, social ethics, healthy commercial practices; and adherence to all domestic, applicable national and regional laws and regulations on spending
- **Internal Systems** - Creating and maintaining a culture of openness and mutual respect in the workplace where everyone's duties and efforts are valued equally; maintaining an environment where each individual can

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work, report, liaise and consult in a proper and timely fashion, without exceeding the bounds of their authority of duty; and behaving properly in such a way as to not impair either clients' or customers' or the company's interests.

CORPORATE RESPONSIBILITIES

- **Linkage to Society** - Have belief in the importance of country's "culture" that has evolved alongside the development of world civilizations; and in order to develop it further, contribute to a range of activities within the society; contribute also to the improvement and development of society through far reaching time-bound solutions into the ambit of everyday life, health, education, sports, scientific research, agriculture, rural uplift, technology, industry and many such other humanitarian areas

- **Disengagement from Antisocial Forces** - Not to establish contact with antisocial forces or organizations, not to give them room to intervene, and to prevent their influences on the company and its employees before they can occur

- **Donations to Political Parties, etc.** - Not to make political donations that contravene laws and regulations or are not within the bounds of social acceptability; to maintain healthy and fair relations with governmental, quasi-governmental, competent authorities and political organizations

- **Corporate Information** - To treat information handled in the course of business as inherent property of the company, and manage it appropriately; to protect information relating to the other companies, institutions and individuals obtained in the course of business, and which is collected, used and managed properly in accordance with the relevant laws and internal regulations; to prevent any risk of insider trading before it happens; to comply with the relevant laws and regulations, and manage important, unpublished internal information discretely and appropriately

- **Corporate Property** - Every director and employee shall use company assets for legitimate business purposes only; not to provide any benefit to others in exchange for any exercise of shareholders' rights

- **Corporate Communications** - To publicly disclose mandatory corporate information in a proper and timely fashion, in order to avoid misunderstanding among shareholders, customers, employees, business partners, other local communities, groups, media and securities analysts

- **Conservation of the Environment** - To proactively and continually work towards conservation of the Earth's environment which is the basis of a healthy and rich society; and through compliance with laws and regulations follow the accepted standards of Environmental Philosophy and Policies

- **Healthy Working Environment** - Create an environment where business can develop with respect to the fundamental human rights and the highest possible degree of accommodation for every individual's identity and uniqueness; to provide an environment that is healthy and safe, free from unfair discrimination and harassment, to nurture dedication to work; and to protect all directors' and employees' personal data in respect of the right of privacy.

PROFESSIONAL ETHICS

Professionalism is the virtue, conduct, aim, value or quality that characterizes or marks a profession or professional person; it implies quality of workmanship or service. Having a reputation for excellence and being thought of as someone who exhibits professionalism under any circumstances can open doors for him/her in the individual's workplace or personal ambition.
Professionals like the Practicing Company Secretaries are highly valued by organizations and such professionals are in short-supply. Set out below are the plausible Golden Rules of Ethics for Professionals. It is recommended to apply these Golden Rules of Professionalism and enjoy a reputable, professional and prosperous career in providing service to the client/ organization:

- **Strive for excellence**: This is the first step to achieving greatness in whatever endeavor one undertakes; it is the quality that marks one's work to stand-out. Excellence is a quality of service which is remarkably good and so it surpasses ordinary standards, it should be made a habit to make a good impression on clients and colleagues
- **Be trustworthy:** In today's society trust is an issue and one who exhibits trustworthiness is on a fast track to professionalism. It is all about fulfilling an assigned task, not letting down the client's expectations, it is being dependable and reliable when called upon to deliver service. In order to earn this trust, worthiness and integrity it must be sustainably proven over a time-span
- **Be accountable:** It implies that one should be able to stand tall and be counted upon for all actions undertaken; this is also construed as a quality of being credible and responsible for actions performed and their consequences - good or bad
- **Be courteous and respectful:** Courteousness is more

ARTICLE

> **Corporate professionals of today and tomorrow need to practice with a sense of responsibility the evolving principles of good corporate governance across the globe on a continual basis. Excellence can be bettered through continuous up-gradation of research and interaction between the relevant practices and control of respective disciplines of accounting, finance, law and management functions to deliver the highest quality of good corporate governance.**

than being friendly, polite and well-mannered with a gracious consideration towards others. It makes social interactions in the workplace run smoothly; avoid conflicts and earn respect. Respect is a positive feeling of esteem or deference for a person or organization; it is built over span of time and can be lost with one single inconsiderate action; continual courteous interaction is required to be maintained to enhance the respect gained

- **Be honest, open and transparent:** Honesty is a facet of moral character that connotes positive and virtuous attributes such as truthfulness, straightforwardness, good conduct, loyalty, fairness, sincerity, openness in communication and generally operating in a manner for others to notice the perfection with which actions are performed; a virtue highly appreciated and valued by clients, employers and colleagues because it builds trust and personal reputation
- **Be competent and improve continually:** Competence is the core ability of a professional to do a job properly. It is a combination of quality of knowledge, skill, acumen and behaviour used to perform. Competency grows through experience and to the extent one is willing to learn and adapt. Continuous self-development is a pre-requisite in offering professional service at all times
- **Be ethical:** Ethical behavior is acting within certain moral codes in accordance with the generally accepted code of conduct or rules. It is always safe for a professional to "play by the rules" where the rule book is inadequate; and acting with a clear moral conscience is the right way to adopt
- **High Integrity:** Honorable action is behaving in a way that portrays "nobility of soul, magnanimity of person" derived from virtuous conduct and integrity in adherence to the dictum of "wholeness or completeness" of character in line with certain values, beliefs and principles with consistency in action and outcome
- **Be respectful of confidentiality:** Confidentiality is respecting the set of rules or promises that restricts one from further or unauthorized dissemination of information. Over the course of one's career, information will come to be possessed in strict confidence - either from the organization or from colleagues; and it is important to be true to such confidentiality. One gains trust and respect of those confiding and enhances professional credibility within the organization
- **Set Good Examples:** Applying the foregoing rules helps one to improve traits of professionalism by imparting knowledge to those around and below the rank and file. One ought to show and lead by setting good exemplary life all along.

Modern corporate governance rightly demands a comprehensive, interdisciplinary approach to the management and control of companies. Therefore, corporate professionals of today and tomorrow need to practice with a sense of responsibility the evolving principles of good corporate governance across the globe on a continual basis. Excellence can be bettered through continuous up-gradation of research and interaction between the relevant practices and control of respective disciplines of accounting, finance, law and management functions to deliver the highest quality of good corporate governance. In this context the corporate world looks upon Company Secretaries to provide the impetus, guidance and direction for achieving world-class ethical business practices and strategic corporate governance.

Ethics arises from three main factors, moral attitudes as a result of consciousness or awareness-raising, culture as a result of education and the use of know-how and the application of standards as a result of learning and training. Ethics amount to fundamental moral attitudes, binding values and irrevocable standards.

A distinguishing characteristic of a profession is the ability to combine ethical standards with the performance of technical skills. The professionals being exclusive custodian of expertise need to profess high ethical and moral values and to redeem their noble traditions. There is therefore, a need for introspection and a dynamic movement is desired to promote a value revolution with deeper conviction and creative consciousness, leading us to be good professional citizens. Let the collective wisdom prevail to inculcate highest standards of professional ethics and moral values and adherence to code of conduct of Institute in its true letter and spirit. The societal expectations or norms are referred to as 'values' which are nothing but generalized beliefs or expected standards of conduct. The study of what values a society ought to have is the subject of a branch of philosophy known as ethics. The principles which govern the conduct of a professional broadly encompasses

- Integrity
- Professional independence
- Professional competence
- Objectivity
- Ethical behavior
- Conformance to technical standards, if any prescribed, and
- Confidentiality of information acquired in the course of professional work.

The professionals are expected to conduct themselves in such a manned so as to uphold the grace, dignity and professional standing of the institute.

CONCLUSION

Ethical culture can be regarded as the insurance for successful business. So for good governance ethics is essential. It is therefore every company's moral duty to implement the ethical codes in their business. In making ethics work in an organization it is important that there is synergy between vision statements, mission statements, core values, general business principles and code of conduct confers a variety of benefits. An effective ethics programme requires continual reinforcement of strong values. To ensure the right ethical climate a right combination of spirit and structure is required.

Ensuring Governance – Is it only the Regulator's job?

A regulator is responsible for putting in place the requisite legal framework. However, it is the stakeholders who should ensure that it is complied with and all actions of the company fall within the scope of the regulatory framework. A regulator represents the legislator but the companies, professionals and shareholders being the executioners are equally responsible in ethical management of a company. The current market scenario demands contribution from every stakeholder to ensure that the companies are governed more effectively.

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INTRODUCTION

As quoted in the Report of Kumar Mangalam Birla Committee on Corporate Governance *"Strong corporate governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure."*

An organization which is managed ethically will have higher standards of governance as ethical behavior automatically leads to good governance within the organization. In modern times, keeping in view the number of frauds coming to the fore, governance has been at the eye of the storm. Corporates are keen to improve their image by way of developing and strengthening their governance practices through the introduction and implementation of code of ethics within the organization. The code of ethics basically serves a threefold purpose i.e. dealing with stakeholders within the organization, outside the organization and provides a model code of behavior for its employees.

Various Regulations have been introduced by the Regulators to ensure that there is transparency in the functioning of the organizations. The Indian market Regulator i.e. Securities and Exchange Board of India ("SEBI") has through its SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015[1] mandated the listed entities to have a Code of Conduct for its Directors and Senior Management. This puts an obligation on the individuals to conduct their behavior in a manner acceptable in the corporate environment.

Self-governance is the need of the day and corporates must realize that compliance is cheaper than non-compliance and will only help them in building a positive brand image. Regulators penalising corporates for concealing business information or providing misleading information to the shareholders is a reactive approach to a situation and can only mitigate the damage done to the shareholders. Various instances in the recent past only goes on to show that governance has become important than ever for a corporate to sustain in the current scenario. The number of financial frauds, happening in the country simply proves that how lack of proper checks and balances within the system can lead to the downfall of the entire organization. Be it the fraud or conflict of interest in case of any industry, it is always the reputation of the organization that suffers due to unscrupulous acts of some of its officials.

SHAREHOLDERS' ACTIVISM – ENSURING GOVERNANCE WORLDWIDE

An uprising in recent times in the form of shareholders' activism has stunned organizations. Shareholders' activism is a way that shareholders can influence a corporation's behavior by exercising their rights as owners.

Shareholders nowadays are more than interested in knowing and understanding whether the company in which they have invested is functioning ethically? Whether the money raised by the companies through public issues is being utilized for rightful purposes and for furtherance of socio-economic objectives? Off late instances where stakeholders have acted as whistle blowers have increased and one classic example is that of Infosys which reflects the fact that the stakeholders want their companies to grow ethically.

The recent case of the IT Company which had been growing under the able leadership of its CEO came to limelight when its founder raised concerns over the remuneration package of CEO, disproportionate severance package to the company's ex-CFO. Subsequently, an anonymous letter to the market regulator SEBI regarding the unethical activities happening within the organization proved to be a trigger point and opened up a can of worms for the company. The letter alleged irregularities in some of the acquisitions made by the company. The entire episode revolved around governance practices within the company. Questions were raised about the functioning of the Audit Committee in the company. Who is to be blamed? Is it the management for not maintaining strict internal controls? or the Promoters for interfering in the functioning of the company even after handing over the reins of the company to professional management? Whatever be the case, the entire episode did create a dent in the brand image of the company leading to erosion of its market capitalization[2].

1 Clause 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

2 https://timesofindia.indiatimes.com/business/india-business/sikkas-resignation-as-infosys-ceo-wipes-out-rs-22500-crore-investor-wealth/articleshow/60118973.cms

In India, the shareholders have been empowered through Section 245 of the Companies Act, 2013[3] which allows a group of minority shareholders to initiate class action suits against organizations to restrain them from any wrongful acts. Even though permissible, the tribunal while passing an order under this section shall take into account whether the applicant is acting in good faith.

In India, shareholders' activism is at a very nascent stage. As per an article published by InGovern[4], an independent corporate governance research and advisory firm, it had tracked 10,972 proposals at 1,502 companies across various types of shareholder meetings, including annual general meetings and concluded that a number of cases where shareholders dissented over their board and management is unprecedented. The firm also published another report named "India Proxy Season 2017"[5] in which it stated that out of the 100 companies constituting the Nifty 100 index, as much as 45 companies had at least one proposal in their Annual General Meetings that had more than 20% votes against by either the institutional or non-institutional shareholders.

An article by Bloomberg[6] states that the institutional investors including the Mutual Fund companies are taking keen interest in the functioning of the Indian companies. This was concluded on the basis of the drop in abstained voting percentages. As per the article, the percentage of "abstained" votes fell from 25 percent in 2014 to only 12 percent in 2016. This shows that the voting has increased and shareholders have begun voicing their opinions by way of voting at the shareholders resolutions.

A report published by J.P. Morgan in May 2018[7] states that out of the 662 new activism campaigns launched globally i.e. in Europe, Asia and Australia, during 2017, 344 – representing 52% were outside the USA which marked the first year wherein global activism surpassed US campaigns. As per the report, Growth in non-U.S. activism is expected to continue as global institutional investors, who have long supported activism in the U.S., have begun to flex their muscle more actively around the world.

(Statistics reference: Report published by J.P. Morgan in May 2018 on Shareholder Activism in Asia)

3 otified on June 01, 2016
4 https://www.moneycontrol.com/news/business/2017-tipping-point-of-shareholder-activism-in-india-ingovern-report-2448629.html
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Although as per the current trend the activism in Asia is increasing, however it is important that such activism should not hamper the normal functioning of the organization. The members of a company should realize that the tool of shareholders' activism is an important tool in the hands of investors and should not be misused as per the whims and fancies of the shareholders.

A classic example is where a petitioner[8] became a miniscule shareholder of companies and sent e-mail to their subsidiary companies to provide copy of statutory registers for inspection but the subsidiary company did not furnish the same. In the said matter, NCLT found that the petitioner was in the habit of filing frivolous litigation either by subscribing one or two shares of listed companies or by asking inspection of documents by invoking section 163 of the Companies Act, 1956.

Sub-section (2) of Section 163 of the Companies Act, 1956 which is substantially the same as sub-section (2) of Section 94 of the Companies Act, 2013 states that:

"The registers, indexes, returns, and copies of certificates and other documents referred to in sub-section (1) shall, except when the register of members or debenture holders is closed under the provisions of this Act, be open during business hours (subject to such reasonable restrictions, as the company may impose, so that not less than two hours in each day are allowed for inspection) to the inspection –

(a) of any member or debenture holder, without fee……"
In the aforesaid petition, the petitioner became a member and shareholder of Reliance Industries Ltd (RIL) and Reliance Industrial Infrastructure Ltd (RIIL). However, he had no shareholding in subsidiary companies of RIL and RIIL.

The NCLT bench noticed that more than 100 matters under section 163 of Companies Act, 1956 were filed and pending for the last four years solely from this Petitioner.

The Bench noticed that the petitioner is not a qualified person under section 163 of Companies Act, 1956 to seek inspection, and dismissed all the Petitions filed by him and also imposed a cost of Rs. 1000/- each payable to NCLT within 30 days for consuming valuable time of the Bench on such frivolous and vexatious litigation.
Also in the latest case of a debt ridden Telecom company

8 Anilkumar Poddar v. Reliance Corporate IT Park Ltd. (TCP NOS. 25 TO 45, 48 TO 69 & 93-111 OF 2012)

which intended to merge with another company of the same industry, and had also received approval from the Department of Telecommunication[9] could not do so due to wrongful use of shareholders power. A shareholder holding 10 shares of the company, filed a petition with the Bombay High Court seeking restraint on the merger citing that the said merger will impact the shareholders interest.

The learned judge in his judgment[10] quoted that:

"….. I regret that I am unable to grant that stay. Had I found substance in his arguments and then held against him, I might have considered it. I have found no substance from the objections from any of the parties. The application for stay is rejected."

A frivolous objection like this merely creates a hindrance in the inorganic growth of the company.
In should therefore be concluded that in the current scenario, there are 4 bodies that should be held responsible for ensuring governance:

- ***Regulators***
  This is the most common way of ensuring governance wherein the market regulator compels the organizations to uphold governance standards by enforcing it through statutes.
- ***Self-governance***
  Organizations must ensure to have sufficient internal controls in place to keep a check on its activities and behavior of their employees within and outside the organization. This is the opportunity where induction of Independent Directors on the Boards helps to build an effective self-governance code for the organization.
- ***Shareholders' activism***
  As discussed earlier, this is soon becoming an integral part of every developing economy wherein shareholders are compelling for a management which is accountable towards its shareholders and focusses ethically on increasing shareholders wealth.
- ***Professionals***
  It is imperative for the professionals like Company Secretaries, Chartered Accountants etc. to raise a red flag in their independent capacity when they come across any wrongful acts during their performance of their duties. The Companies Act, 2013 has made it obligatory for the statutory auditors of the company to report any frauds within the company. However, be it the case of Punjab National Bank fraud or the Satyam fraud, the Regulators have felt that the professionals did not do enough to report the frauds. In the case of Punjab National Bank, it was also reported that the apex regulatory body of Chartered Accountants i.e. The Institute of Chartered Accountants of India ("ICAI") not only issued show cause notices to the central statutory auditors of the Bank but also asked other Regulators such as SEBI, CBI, ED to share their findings with the ICAI to enable it to accelerate the action against any chartered accountants who have played any role in this fraud.

It is time that stakeholders realize that even if the Regulator puts systems in place to curb wrongful acts done by organizations, it is imperative for the stakeholders to ensure that these are adhered to in letter and spirit. The responsibility lies with the stakeholders as well.

WHATSAPP LEAK CASE - A HI-TECH CRIME

If the stakeholders acknowledge that ensuring governance is not just the job of the Regulator, they should also agree that organizations need to put their best foot forward to comply with the laws enforced.

Do we really think that the statutes enforced by the Regulators are followed effectively? The answer may be negative. The biggest allegation of non-compliance of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") came to the fore when key figures from financials of 12 large corporate houses were allegedly floating in the market even prior to the official announcement of their financial results. For quite some time, the Regulator has been trying to tighten the noose by introducing amendments in the Insider Trading Laws to bring it at par with the Insider Trading Regulations outside India.

Regulation 3 of the PIT Regulations clearly states that:
"No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations."

But what the Regulator did not pre-empt is the digital age that we are living in. Technology is something which needs to be regulated as far as dissemination of information is concerned. The key figures in financials were out in the open and were available to every trader, broker beforehand on their instant messaging app named WhatsApp.

How did this happen? How did this come to light?
It all began with an article published by Reuters[11] which alleged that key figures from financials of 12 Indian companies were out in the open before official announcement on a WhatsApp group named "Market Chatter". This created a furore in the Indian market and the securities market Regulator had to intervene. Communications were sent to the 12 companies by the Regulators asking them to examine the alleged source of leakage.
Companies maintained that they could not find the alleged source of leakage and were committed to uphold highest standards of integrity and have efficient internal controls in place. So how did the information leak?

In the current age of advanced technology, every individual is tech savvy and has means to communicate confidential information to outsiders for unlawful gain. Even more, the privacy laws in USA are so strict that the owners of WhatsApp refused to share their user data with SEBI[12]. SEBI was left with no option and carried out search and seizure operations at the offices of brokers and entities who allegedly gained out of the earnings from the information

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10 In The High Court of Judicature At Bombay Ordinary Original Civil Jurisdiction; Company Scheme Petition No. 147 of 2016 http://www.bombayhighcourt.nic.in
11 https://in.reuters.com/article/india-whatsapp/exclusive-prescient-messages-about-indian-companies-circulate-in-whatsapp-groups-idINKBN1DG0IQ
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> The number of financial frauds, happening in the country simply proves that how lack of proper checks and balances within the system can lead to the downfall of the entire organization. Be it the fraud or conflict of interest in case of any industry, it is always the reputation of the organization that suffers due to unscrupulous acts of some of its officials.

which was made public in advance.

As per a news article published by the Economic Times[13], SEBI has already passed interim orders against HDFC Bank, Tata Motors, Axis Bank, Bata India as it found that their quarterly financial results were matching with the figures that were in circulation on WhatsApp groups prior to the official announcement. Final orders in this matter are still pending.

What is it that the companies or SEBI may have missed in order to control leakage of information?

- Restrict usage of electronic devices by employees involved in preparation of financial results
- Not many companies include in their Insider Trading Code a provision for obtaining periodical confirmations from the employees that they have complied with the provisions of PIT Regulations
- Companies should strictly comply with the doctrine of Chinese wall and no information should be allowed to flow outside the restricted area
- The regulator should entrust the Audit Committee of the companies to oversee periodically the internal controls within the organization
- The Regulator should make it mandatory for the companies to disseminate on the stock exchange websites the details of non-compliances of the PIT Regulations. This will instill fear of loss of reputation by company and will enable the Regulator as well as the stock exchanges to measure the governance standards of each company.

In the aforesaid fiasco, it appeared that not only SEBI but even the companies were helpless in identifying the source of leakage. At present there are various soft wares available to the companies to track the trades of their employees. However there is no concrete answer as to how the companies should restrict the flow of information if an employee shares confidential information to an outsider with malicious intentions.

The Regulator has done its job by putting in place the PIT Regulations. However the companies may have failed to comply with it in terms of data confidentiality citing reasons such as inability to track individuals sharing data. The fact remains that the companies are helpless to a certain extent because it is for the employee to behave ethically. Creating awareness within the company and sensitizing its employees about the repercussions of non-compliance of PIT Regulations should be the prerogative of the companies.

It is vital for the employees to understand the importance of data confidentiality and the consequences they may have to face if caught red handed under PIT Regulations. PIT Regulations states that any violation shall be dealt with in accordance with the Securities and Exchange Board of India Act, 1992.

Regulation 15G of Securities and Exchange Board of India Act, 1992 states that:

If any insider who,—

i. either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or

ii. communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or

iii. counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

Instances where technology is used to commit white collar frauds are substantial. It was recently reported by LiveMint[14] that certain brokers had gained preferential access to the NSE's high-speed algorithmic trading (algo-trading) platform. It reported that:

"Algorithmic trading refers to the use of electronic systems to execute thousands of orders on the stock exchange in less than a second.

Members who co-locate their servers on the premises of the exchange gain because their orders travel faster, giving them a speed advantage over those who are farther away."

NSE has already submitted two forensic audit reports to market regulator SEBI. However, SEBI has initiated its own inquiry to ascertain facts behind allegations against the exchange and has also formed its own internal team of core officials.

Simply put, it is not just the Regulator who is responsible for ensuring governance but also the entities involved in the execution of law, including the employees of the company to behave ethically and have strong internal controls in place to curb the leakage of information and unethical practices within the company.

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3. InGovern Report - India Proxy Season 2017
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6. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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Ethics and Governance – Law And Perspective

Good Corporate Governance goes beyond rules and regulations that the Government can put in place. It is also about ethics and the values which drive companies in the conduct of their business. Good Corporate Governance practices cannot guarantee corporate success, but the absence of such governance definitely lead to questionable practices and corporate failures, which surface suddenly and massively. The objective of this Article is to make readers conversant with the importance of Business Ethics and its advantages to the organization.

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INTRODUCTION

Ethics and governance are core components of the knowledge and skill base of today's professionals. From an individual perspective, the subject provides one with analytical and decision-making skills and knowledge to identify and resolve professional and ethical issues which arise in working environments now-a-days. In last few years good governance and ethical issues have been receiving considerable attention in Corporates and every other field. For better understanding of the topic let us first understand the meaning of few terms.

MEANING OF ETHICS

Ethics means moral principles that govern a person's behaviour or the conduct of an activity. It is the branch of knowledge that deals with moral principles and to recognize between "Right" or "Wrong" conduct. The term ethics has been derived from Ancient Greek word "ethos", meaning 'habit, custom'. Ethics seeks to resolve questions of human morality by defining concepts such as 'good and evil'; 'right and wrong'; 'virtue and vice'; 'justice and crime'.

Few of the ethical principles that can be counted on are Honesty, Integrity, Promise-Keeping, Fidelity, Fairness, Caring for others, Respect for Others, Responsible Citizenship, Pursuit of Excellence, Accountability etc. However, Ethics can also be categorized under different heads pursuant to its types which are elaborated further in the article.

MEANING OF GOVERNANCE

The root of the word Governance is from 'gubernate', which means to steer. Corporate Governance would mean to steer an organization in the desired direction. The responsibility to steer lies with the board of directors/ governing board. Governance can be defined to refer to structures and processes that are designed to ensure accountability, transparency, responsiveness, rule of law, stability, equity and inclusiveness, empowerment, and broad-based participation. Governance also represents the norms, values and rules of the game through which public affairs are managed in a manner that is transparent, participatory, inclusive and responsive. Governance therefore can be subtle and may not be easily observable.

One of our favourite – and one of the shortest – definitions is, to quote Lord Moulton, ***"obedience to the unenforceable"*.**

MEANING OF CORPORATE GOVERNANCE

Corporate or a Corporation is derived from the Latin term *"corpus"* which means a *"body"*. Governance means *"administering"* the processes and systems placed for satisfying stakeholder expectation. When combined, Corporate Governance means a set of systems, procedures, policies, practices, standards put in place by a corporate to ensure that relationship with various stakeholders is maintained in transparent and honest manner. OECD (Organisation for Economic Cooperation and Development) defines Corporate Governance as *"A system by which business Corporations are directed and controlled"*.

Mervyn King (Chairman: King Report) defines Corporate Governance as ***"****Good Corporate Governance is about 'intellectual honesty' and not just sticking to rules and regulations, capital flowed towards companies that practiced this type of Good Governance."*

MEANING OF ETHICAL GOVERNANCE

"Ethical Governance" is a relatively new term that is used to describe the performance issues in management and policy making in business, government, politics, International relations, health care, etc. However, the principles of Ethical Governance, are not new. Ethical Governance is, in short, anti-corruption whereas authority and its institutions are accountable, effective and efficient, participatory, transparent, responsive, consensus-oriented, and equitable. These are the major characteristics of good governance as outlined by the United Nations.

TYPES/BRANCHES OF ETHICS

The four main branches of ethics include descriptive ethics,

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normative ethics, meta-ethics and applied ethics. They have been discussed hereunder:

Descriptive Ethics deals with what people actually believe (or made to believe) to be right or wrong, and accordingly holds up the human actions acceptable or not acceptable or punishable under a custom or law. Descriptive Ethics is also called comparative ethics because it compares the ethics or past and present; ethics of one society and other.

Normative Ethics deals with “norms” or set of considerations how one should act. Thus, it’s a study of “ethical action” and sets out the rightness or wrongness of the actions. It is also called prescriptive ethics because it rests on the principles which determine whether an action is right or wrong.
The Golden rule of normative ethics is *“Doing to other as we want them to do to us”.*
Aristotle’s “virtue ethics”, Kant’s “deontological ethics”, Mill’s “consequentialism (Utilitarianism)” and the Bhagwad Gita’s “Nishkam Karmayoga” are some of the theories in Normative Ethics.

Meta-Ethics or “analytical ethics” deals with the origin of the ethical concepts themselves. It does not consider whether an action is good or bad, right or wrong. Rather, it questions – what goodness or rightness or morality itself is? It is basically a highly abstract way of thinking about ethics.

Applied Ethics deals with the philosophical examination, from a moral standpoint, of particular issues in private and public life which are matters of moral judgment. This branch of ethics is most important for professionals in different walks of life including doctors, teachers, administrators, rulers and so on. There are six key domains of applied ethics viz. Decision ethics {ethical decision making process}, Professional ethics {for good professionalism}, Clinical Ethics {good clinical practices}, Business Ethics {good business practices}, Organizational ethics {ethics within and among organizations} and social ethics.

Business Ethics is one of the branch of Applied Ethics which is mostly used in various organizations & Corporates. It can be defined as, “The application of a moral code of conduct to the strategic and operational management of a business.”

CORPORATE GOVERNANCE ETHICS

Business ethics and Corporate Governance of an organization go hand in hand. In fact, an organization that follows ethical practices in all its activities will, in all probability, follow best Corporate Governance practices as well.

Corporate Governance is meant to run companies ethically in a manner such that all stakeholders including creditors, distributors, customers, employees, the society at large, governments and even competitors are dealt with in a fair manner. Good Corporate Governance should look at all stakeholders and not just the shareholders alone.

Corporate Governance is not something which regulators have to impose on a management, it should come from within.

> Good Corporate Governance goes beyond rules and regulations that the Government can put in place. Corporate professionals of today and tomorrow must imbibe in themselves the evolving principles of good Corporate Governance across the globe on a continual basis.

Case law

- ***PNB Fraud Case: How Nirav Modi’s employees colluded with bank officials to create fake LoU (Letter of Undertakings):***

While the country was busy exchanging diamonds on Valentine’s Day, Punjab National Bank revealed that it has been affected by a corporate fraud running into ₹11,300 crore that benefited fashion jeweller Nirav Modi and Gitanjali Gems. The PNB fraud, by far the most massive one ever detected by an Indian bank, comes to light at a time when we realised that transparency in Corporate Governance is essential for the growth, profitability and stability of any business. Whereas now, lenders— especially the state-run banks — are hobbled by ₹10 trillion in bad loans on their books, a problem that has choked new lending and hurt the country’s economic recovery.

In light of these events, it is necessary to realise that a company that has good Corporate Governance has a much higher level of confidence amongst the shareholders associated with that company. Active and independent directors contribute towards a positive outlook of the company in the financial market, positively influencing share prices. It is one of the important criteria for foreign institutional investors to decide on which company to invest in. Companies need to adhere to three key principles of Corporate Governance: Transparency, Accountability, and Independence.

To avoid scams like PNB in future, good Corporate Governance that safeguards not only the management but the interests of the stakeholders as well should be practised. What is necessary should be done in order to foster the economic progress of India in the roaring economies of the world.

LEGAL PROVISIONS OF CORPORATE GOVERNANCE

Corporate Governance under Companies Act, 2013

There has been a sea change in companies Act, 2013 which has waved its way from principle of Corporate Governance practices as the new key change in the Act. The Companies Act, 2013 has taken a similar footing with SEBI (LODR) Regulations, 2015 by introducing provisions in the Companies Act, 2013 which promotes Corporate Governence Code in such a manner that it will no longer be restricted to only listed public companies but also unlisted public companies. The Companies Act, 2013 has introduced various key provisions which have changed the corporate regime to run the corporate machinery in alignment with the globalised corporate world.

❖ **Few of the important areas of Corporate Governance introduced in Companies Act, 2013 are:**

✓ Appointment of Independent Director (Section 149(4) read with Rule 4 of Companies (Appointment and Qualifications of Directors) Rules, 2014

✓ Constitution of Audit Committee (Section 177 of the

Companies Act, 2013 and Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014

- ✓ Constitution of Nomination & Remuneration Committee & Stakeholder relationship Committee
- ✓ Internal Audit (Companies Act, 2013 has mandated internal audit for certain classes of companies as specified under Section 138 of the Companies Act, 2013
- ✓ Serious Fraud Investigation Offence - SFIO (Section 211(1) of the Companies Act, 2013
- ✓ Corporate Social Responsibility: The concept of CSR rests on the good corporate citizenship where corporate contributions to the societal growth as a part of their corporate responsibility for utilizing the resources of the society for their productive use. (Section 135 and Schedule VII of the Companies Act as well as the provisions of (CSR Rules) which has come into effect from 1 April 2014)

CORPORATE GOVERNANCE UNDER REGULATION 27 OF SEBI (LODR) REGULATIONS, 2015

According to Regulation 27(2)(a) the listed entities shall submit a quarterly compliance report on Corporate Governance in the format as specified by the Board from time to time to the recognised stock exchange(s) within fifteen days from close of the quarter.

- ❖ *Recently Kotak Mahindra Bank has also submitted its Corporate Governance Report in its Annual Report for Financial Year 2017-18 to SEBI according to the above mentioned SEBI (LODR) Regulations, 2015.*

GOOD CORPORATE GOVERNANCE AND PROFESSIONAL RESPONSIBILITY

Good Corporate Governance is about 'intellectual honesty' and not just sticking to rules and regulations - capital flowed towards companies that practiced this type of good governance. Good Corporate Governance is a relationship pattern between management with its stakeholders, management with board of commissioner and with members of management itself. This relationship is based on ethics, corporate culture and corporate value and supported by system, process, working procedures and organization in achieving maximum performance.

Good Corporate Governance goes beyond rules and regulations that the Government can put in place. Corporate professionals of today and tomorrow must imbibe in themselves the evolving principles of good Corporate Governance across the globe on a continual basis.

Company Secretaries are the primary source of advice on the conduct of business. This can take into its fold everything from legal advice on conflicts of interest, through accounting advice, to the development of strategy/corporate compliance and advice on sustainability aspects.

WHAT DOES GOOD CORPORATE GOVERNANCE MEAN FOR VALUE INVESTORS?

Good Corporate Governance systems attract investment from global investors, which subsequently leads to greater efficiencies in the financial sector. Whether you run a large public company or are an investor in one, knowing good Corporate Governance best practices is vital for the success of the company. When you are analyzing a management team as a value investor (Warren Buffett's third investing principle), you should also be analyzing the company's Corporate Governance. Before you invest, you should ask yourself these questions:

1. Is management obsessed with hitting their quarterly earnings forecasts? Or are they more concerned with long-term profitability?
2. Is the company's financial reporting clear and transparent? Is management forthcoming with information? Or does it seem like management is trying to obscure numbers in order to mask or hide poor performance?
3. Who is on the Board of Directors? Is the Board balanced in terms of diversity, background, and experience? Or is the Board comprised of the CEO's golf buddies and sister-in-law?

ACCOUNTABILITY AND RESPONSIBILITY

The board of directors holds the ultimate responsibility for the firm's success or failure, as well as for the ethical climate and practices of the company. Reference can also be drawn from Section 134(5) of the Companies Act, 2013 which says that Directors need to give "The Directors' Responsibility Statement" referred to in clause (c) of sub-section (3) and shall state the Reliability of the Accounts, Accounting policies followed, Disclosures made, internal financial controls, etc.

Organisation for Economic Co-operation and Development (OECD) has in **"**Principle VI. The Responsibilities of the Board" states "The Corporate Governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders."

Board members have a fiduciary duty, i.e., a position of trust and confidence. Due to globalization and enhanced role of media and technology, the demand for accountability and transparency has increased greatly. This calls for ethical decision-making as well as an ethical decision-making framework.

OPENNESS AND TRANSPARENCY IN ORGANISATION

Openness means that people can discuss ethics and values with openness and without any fear, and that ethics and values are integrated into business decision-making.

In difficult economic times, openness is crucial in building an atmosphere of trust between employers and employees. Establish a few key strategies to improve communication through openness at work.

Coming to the Transparency it is an evergreen concept that members and the public demand. It is the way an organization and its leaders think and behave. It is how an organization grows trust that is rewarded by loyalty.

An authentic, transparent organization intentionally shares information (Insensitive) beyond the board room with members and non-members alike. Organizational transparency encourages, honours and engages with public input. It doesn't ignore it. It doesn't hide behind the membership wall.

Transparent procedures include open meetings, financial disclosure statements, freedom of information legislation, budgetary review, audits, etc.

Organisation for Economic Co-operation and Development (OECD) has also described various principles on "Corporate Governance" one of which is "Principle *v.* Disclosure and Transparency" which states "The Corporate Governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company."

✓ An Organization Transparency Checklist includes the below mentioned traits:
Which of the following items does your organization have?

- Board meetings
  (Dates, times and locations of Board meetings are conveyed at least one week in advance of the meetings)
- Financial disclosure statements
  (Non-profits should consider posting their audited financial statements on their website)
- Freedom of information legislation
  (Rules that guarantee access to data held by the state; they establish a "right-to-know" legal process where requests can be made for government-held information)
- Budgetary reviews
- Annual audits
- Annual Reports
  (Posted on the organization's website for easy access)
- Strategic plans and priorities
- Board of Directors and names of key staff as well as their contact information (Posted on the organization's website)
- Straight talking leadership
- Open culture and operations
  (many voices on behalf of the organization)
- Disclosed partnerships
- Frank, open communications including the good and bad
- Core values & Code of conduct
  (That are easy to understand and posted on the organization's website)

ETHICS AND VALUES

Organisations often have a set of values or principles which reflect the way they do business or to which they aspire to observe in carrying out their business. As well as business values such as innovation, customer service and reliability, they will usually include ethical values which guide the way business is done - what is acceptable, desirable and responsible behaviour, above and beyond compliance with laws and regulations.

Individually or organizationally, values determine what is right and what is wrong, and doing what is right or wrong is what we mean by ethics. To behave ethically is to behave in a manner consistent with what is right or moral.

Trustworthiness, respect, responsibility, fairness, caring, and citizenship — are six core ethical values. Using core ethical values as the basis for ethical thinking can help detect situations where we focus so hard on upholding one value that we sacrifice another.

> An ethical dilemma or ethical paradox is a decision-making problem between two possible moral imperatives, neither of which is unambiguously acceptable or preferable. The complexity arises out of the situational conflict in which obeying one would result in transgressing another. Sometimes called ethical paradoxes in moral philosophy.

ETHICAL DILEMMA – ITS MEANING, FEW OF THE COMMON EXAMPLES OF ETHICAL DILEMMA & SOLUTION THEREOF

Meaning

An ethical dilemma or ethical paradox is a decision-making problem between two possible moral imperatives, neither of which is unambiguously acceptable or preferable. The complexity arises out of the situational conflict in which obeying one would result in transgressing another. Sometimes called ethical paradoxes in moral philosophy.

In a perfect world, businesses and their employees would always do the right thing. Unfortunately, in the real world, ethical dilemmas are a common occurrence in the workplace.

Examples

❖ ***Pressure from Management:*** *Each company's culture is different, but some companies stress profits and results above everything else. In these circumstances, management may turn a blind eye to ethical breaches if a worker produces results, given the firm's mentality of "the end justifies the means." Whistle-blowers may be reluctant to come forward for fear of being regarded as untrustworthy and not a team player. Therefore, ethical dilemmas can arise when people feel pressurized to do immoral things to please their bosses or when they feel that they can't point out their coworkers' or superiors' bad behaviors.*

❖ ***Ambition and Discrimination:*** *Individual workers may be under financial pressure or simply hungry for recognition. If they can't get the rewards they seek the same through accepted channels. They may be desperate enough to do something unethical, such as falsifying numbers or taking credit of another person's work to move ahead.*

Though diversity is an important part of business, some people may not be comfortable with people from different backgrounds and possibly be reluctant to treat them fairly. This kind of discrimination is not only unethical but illegal and still remains common.

❖ ***Negotiation Tactics:*** *While these factors can cause ethical dilemmas for workers within their own companies, doing business with other firms can also present opportunities for breaches. Pressure to get the very best deal or price from another business can cause some workers to negotiate in bad faith or lie to get a concession. Negotiators may also try to bribe their way to a good deal. While this is illegal in the U.S., it still happens sometimes in other nations - more common, and sometimes even expected, which can put negotiators in a difficult situation.*

Solutions

Strong business ethics starts at the top level of the company and works its way down to every level of operations. A code of ethics for business is the foundation of the guiding principles, both legal and value-oriented that companies use to keep their moral compass. If an ethical dilemma arises, you should consider what is legal, what is in the code of ethics and what is the best for the people involved and the company.

❖ **Company may follow this process for ease of solving such dilemmas**

Start With the Legalities of the case
↓
Review the Code of Ethics
↓
Get an input from it
↓
Consider the Pros and Cons

ETHICAL LEADERSHIP

Ethical leadership is leadership that is directed by respect for ethical beliefs and values and for the dignity and rights of others. Ethical leaders always know how to do the right thing. It may be difficult to define exactly what "right" is, but a leader who is ethical is not afraid to do what they truly believe to be right – even if it is unpopular, unprofitable, or inconvenient.

The ten (10) ethical leadership characteristics listed below if followed in true letter and spirit will take the Companies to new heights.

- Justice
- Humane
- Leadership by example

- Respect others
- Honesty
- Values awareness

- Focus on teambuilding
- Value driven decision-making
- Encourages initiative
- No tolerance for ethical violations

CODE OF ETHICS

A code of ethics is a set of principles designed to help professionals conduct business honestly and with integrity. A code of ethics document may outline the mission and values of the business or organization, how professionals are supposed to approach problems, the ethical principles based on the organization's core values and the standards to which the professional is held. A code of ethics, also referred to as an "ethical code" or "Code of Conduct," may encompass areas such as business ethics, a code of professional practice and an employee code of conduct.

The Institute of Company Secretaries of India (ICSI), Medical Council of India, Bar Council, All India Management Association (AIMA) and other professional bodies have their own professional codes.

The code of conduct may include the following:

(a) Company Values.
(b) Avoidance of conflict of interests.
(c) Accurate and timely disclosure in reports and documents that the company files before Government agencies, as well as in the company's other communications.
(d) Compliance of applicable laws, rules and regulations including Insider Trading Regulations.
(e) Maintaining confidentiality of the company affairs.
(f) Standards of business conduct for the company's customers, communities, suppliers, shareholders, competitors, employees.
(g) Prohibition for the Directors and senior management from taking corporate opportunities for themselves or their families.
(h) Review of the adequacy of the Code annually by the Board.
    (i) No authority to waive off the Code should be given to anyone in any circumstances.

❖ **CREDO**

Credo is a Latin word which means "a set of fundamental beliefs or a guiding principle". For a company, a credo is like a mission statement. A good credo gives the company a reason to exist; it develops the spirit of employees motivating them at all times. It is a statement of common values that allows employees to understand the importance of the stakeholders and services provided. It is the force which makes them work together to achieve a consistent high standard.

- *Sam Walton, founder of Wal-Mart, established the "Three Basic Beliefs" as his company's credo. They are:*
  – Respect for the Individual
  – Service to our Customers
  – Strive for Excellence
- *Johnson & Johnson*

The overarching philosophy that guides business in Johnson & Johnson is their Credo termed as 'Our Credo', a deeply held set of values that has served as the strategic and moral compass for generations of about Johnson & Johnson leaders and employees.

The Credo challenges Johnson & Johnson to put the needs and well-being of the people they serve first. It also speaks the responsibilities it has to its employees, to the communities in which the company thrives and works and the world community, and to its shareholders. Johnson and Johnson believes that its Credo is a blueprint for long-term growth and sustainability that's as relevant today as when it was written.

CONSENSUS ORIENTED

Consensus is most useful as a term describing the process of making decisions collaboratively. Thus, a consensus-oriented process is one in which people work together to reach as much agreement as possible. Unanimity (or unanimous consent) is more specific. Good governance mediates differing interests to reach a broad consensus on what is in the best interests of the group and, where possible, on policies and procedures.

UNWAVERING ETHICS

Unwavering Ethics means the steady, stable and unfluctuating ethics with all Integrity and adherence to the code of moral and ethical principles.

Ken Stinson, former CEO, private equity principal and member of multiple corporate boards had the following to say at a corporate meeting several years ago,

"Real life temptations are not always so clear-cut. They more often come in seemingly small and minor ethical shortcuts. True leaders understand that these temptations are constant, but that their careers and the company's fortunes are best served by taking the honest and honorable course in both word and action."

CORRUPTION AND CORPORATE GOVERNANCE

It is widely accepted that corruption, be it corporate or political, petty or grand, has become a worldwide problem. This acceptance is attested to by the host of international conventions and efforts designed to stamp it out. However, opinions vary as to who ultimately bears responsibility for that corruption, how that corruption can be reduced, and who will take the lead in its eradication.

One way of addressing this dilemma and others is the establishment of strong Corporate Governance. It is increasingly emerging not only as a tool that increases efficiency, improves access to capital, and ensures sustainability — it is also emerging as an effective anti-corruption tool. Simply put, on the day to day transaction level it makes bribes harder to give and harder to conceal. At the decision-making level, it injects transparency and accountability, so that it is very clear how decisions are made and why. And, underlying the very roots of Corporate Governance, and providing its moral compass, is ethics.

Moreover, ethics, as a concept and as a practice, extends far beyond individual business transactions — it underlies much of our daily life as private citizens. The Universal Declaration of Human Rights has over time established a global consensus on the applicability of universal moral principles across all types of cultures and nations. These principles are now reflected in today's landmark documents of business ethical behavior: OECD Anti-Bribery Convention; UN Convention against Corruption; World Economic Forum's Partnering Against Corruption Initiative - Principles for Countering Bribery; Transparency International's (TI) Business Principles for Countering Bribery; International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery; and the UN Global Compact Principle 10 on Anti-Corruption, among others.

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CONCLUSION

In making ethics work in an organization it is important that there is synergy in vision statement, mission statement, core values, general business principles and the code of ethics. A commitment by corporate management to follow an ethical code of conduct confers a variety of benefits. Organisations are challenged with the task to make their employees live and imbibe their ethical codes and values. To ensure a right ethical climate, a right combination of spirit and structure is required.

Good Corporate Governance goes beyond rules and regulations that the Government can put in place. It is also about ethics and the values which drive companies in the conduct of their business. Good Corporate Governance practices cannot guarantee corporate success, but the absence of such governance definitely lead to questionable practices and corporate failures, which surface suddenly and massively.

Corporate Governance and Role Played by Corporate Objectives

In this era of globalization when India's businesses seek to expand worldwide, the move towards global harmonization of regulatory standards and accounting principles has intensified the perceived need by India's thought leaders to rationalize Corporate Governance with Corporate objective.

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Corporate Governance is cited as the pillar of the most important differentiators of a business that has impact on the viability, growth and even sustainability of business. Over the years various researchers have put forth the importance of organization's culture, its policies, values and ethics, especially of the people running the business and the way it deals with various stakeholders as the value creator for businesses. Business has to create value but it also has to be sustainable in long-term keeping stock of interest of all stakeholders. This means that the business has to run and be seen to be run with degree of ethical conduct and good governance where compliance with code has to be in spirit.

As rightly pointed out by supporters of Corporate Governance, today India is at Crossroads of reform. Today Corporate Governance codes are being drafted with deep understanding of standards followed around the world and focusing at more India centric challenges. Indian companies in particular are evolving appropriate solutions keeping in mind the challenges faced.

As understood by many the major challenges to Corporate Governance reforms in India are:

- Power of the dominant shareholder(s)
- Lack of incentives for companies to implement Corporate Governance reform measures (no direct correlation between putting expensive governance systems and corresponding returns)
- Under-developed external monitoring systems
- Shortage of real independent directors
- Weak regulatory oversight including multiplicity of regulators.

In most of the western countries the problem that is most challenging for Corporate Governance is that of 'agency gap' - The divorce between the management and ownership. Most of the western Corporate Governance philosophy is aiming at solving this gap. And since most of the codes in Indian Corporate Governance are based on western understanding of governance we see a lot of disciplining the management.

We as practitioners find that in India the agency gap is more of that between the dominant shareholders and minority shareholders. In India the problem, since the inception of joint-stock companies, is the stranglehold of the dominant or principal shareholder(s) who monopolize the majority of the company's resources to serve their own needs. It is also seen that much of global Corporate Governance norms focus on boards and their committees, independent directors and managing CEO succession. In the Indian business culture, boards are not as empowered as in several western economies and since the board is subordinate to the shareholders, the will of the majority shareholders prevails. Therefore, most Corporate Governance abuses in India arise due to conflict between the majority and minority shareholders. This applies across the spectrum of Indian companies with dominant shareholders - PSUs (with government as the dominant shareholder), are led by bureaucrats rather than professional managers. Several strategic decisions are taken at the ministerial level, which may include political considerations of business decisions as well. Therefore, PSU boards can rarely act in the manner of an empowered board as envisaged in Corporate Governance codes.

This makes several provisions of Corporate Governance codes merely a compliance exercise. Multinational companies (where the parent company is the dominant shareholder) are perceived to have a better record of Corporate Governance compliance in its prescribed form. However, in the ultimate analysis, it is the writ of the large shareholder (the parent company), which runs the Indian unit that holds sway, even if it is at variance with the wishes of the minority shareholders.

Moreover, the compliance and other functions in an MNC are always geared towards laws applicable to the parent company and compliance with local laws is usually left to the managers of the subsidiary who may not be empowered for such a role. Private sector family-owned companies and business groups as a category are perhaps the most complex for analysing Corporate Governance abuses that take place. The position as regards family domination of Indian businesses has not changed; on the contrary, over the years, families have become progressively more entrenched in the Indian business milieu.

But having said that in an era of globalization when India's businesses seek to expand worldwide, their ability to pursue acquisitions overseas and attract foreign capital depends on their adoption of the West's approach. The move towards global harmonization of regulatory standards and accounting principles has intensified the perceived need by India's business leaders to adopt Western best practice. Pragmatism and the pace of economic change are also helping expedite this process.

CORPORATE GOVERNANCE AT COMPANIES

"What's good, right, and just for everyone?" The purpose of business, executives still believe, is business, and greed is good so long as the SEBI doesn't find out. The gulf between theory and practice of ethics exists in business for several reasons: There is a big difference between what top management preaches and what frontline people do. There is vested interest to be served which do not match theory. Philosopher Plato once stated that, if a theory isn't working, there must be something wrong with reality. People behave less ethically when they are part of organizations or groups. Individuals who may do the right thing in normal situations behave differently under stress. And common rationalizations, such as that you are acting in the company's best interest, or justifications, such as that you will never be found out, lead to misconduct.

DIFFERENT FIRMS HAVE DIFFERENT GOALS

The firm's investment and financing decisions are unavoidable and continuous. In order to make them rationally, the firm must have a goal or an objective, which will lead to how the firm decides. In most cases, the objective is stated in terms of maximizing some function or variable, such as profits or growth, or minimizing some function or variable, such as risk or costs. If an objective is not chosen, there is no systematic way to make the decisions that every business will be confronted with at some point in time. If we choose multiple objectives, we are faced with a different problem. A theory developed around multiple objectives of equal weight will create quandaries when it comes to making decisions.

There are a number of different objectives that a firm can choose between when it comes to decision-making. How will we know whether the objective that we have chosen is the right objective? A good objective should have the following characteristics.

a. It is clear and unambiguous. An ambiguous objective will lead to decision rules that vary from case to case and from decision maker to decision maker. Consider, for instance, a firm that specifies its objective to be increasing growth in the long term. This is an ambiguous objective because it does not answer at least two questions. The first is growth in what variable - Is it in revenue, operating earnings, net income, or earnings per share? The second is in the definition of the long term - Is it three years, five years, or a longer period?
b. It comes with a timely measure that can be used to evaluate the success or failure of decisions. Objectives that sound good but don't come with a measurement mechanism are likely to fail.
c. It does not create costs for other entities or groups that erase firm-specific benefits and leave society worse off.

To make the right decisions, managers need to understand why a company exists - its raison d'être. While different firms have different goals it is often observed that Indian companies with dominant shareholders lean towards Profit maximization objective instead of Shareholders wealth or value maximization. This is due to the continued belief of earning profits for the dominant shareholders instead of company value maximization. The objective of a company specifies what a decision maker is trying to accomplish and by so doing provides measures that can be used to choose between alternatives.

Profit Maximization Objectives: In the 19th century when the characteristic features of business structure were self-financing private property and single entrepreneurship the concept of profit Maximization was evolved. The only aim of single owner then was to enhance his or her individual wealth and personal power, which could easily be satisfied by profit maximization objective. This

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could be one primary criteria in India why Corporate Governance codes are difficult to implement. Though the modern businesses are financed by public shareholders and lenders the business is still controlled and directed by dominant shareholders who are patriarchy and run it as family business. If the objective of firm is profit maximization the codes of Corporate Governance ensuring transparency and accountability by definition itself will not be upheld. For instance from a Corporate Governance standpoint, as stated by Rajesh Chakrabarti,
William Megginson, and Pradeep K. Yadav family business groups involve "significant pyramiding and evidence of tunneling activity that transfers cash flow and value from minority to controlling shareholders." Related-party transactions may be the norm, with social dynamics constraining directors from challenging the patriarchs, matriarchs, and their offspring who run the companies. Prevalent are inbred, insular decision-making processes in which family issues are inextricably intertwined with business matters. Beverley Jackling and Shireenjit Johl identify
another possible dominant factor as blind loyalty - an attitude that directors work for those who brought them onto the board. These situations all run counter to Corporate Governance's foundations of transparency, accountability, and boards' effective stewardship - foundations that "go a long way in building trust of the shareholders." Further the said objectives focuses on profitability rather than value. The rationale for this is that profits can be measured more easily than value, and that higher profits translate into higher value in the long run. But as evident there are at least two problems with this objectives. First, the emphasis on current profitability may result in short-term decisions that maximize profits now at the expense of long-term profits and value. Second, the notion that profits can be measured more precisely than value may be incorrect, given the leeway that accountants have to shift profits across periods. In its more sophisticated forms, profit maximization is restated in terms of accounting returns (such as return on equity or capital) rather than rupee profits or even as excess returns (over a cost of capital). It is feared that profit maximization behaviour in a market economy may tend to produce goods and services that are wasteful and unnecessary from society's point of view. Also it might lead to inequality of income and wealth.

Shareholders Wealth Maximization: Shareholders Wealth Maximization means maximizing the net present value of a course of action to the shareholders. Net present value or wealth of a course of action is the difference between the present value of its benefits and the present value of its costs. A financial action that has positive NPV creates wealth for shareholders and therefore is desirable. A financial action resulting in negative NPV should be rejected since it would destroy shareholders wealth. Between mutually exclusive projects the one with the highest NPV should be adopted. Further to this NPV of a firms projects are additive and therefore the wealth will be maximized if NPV criterion is followed (principle of value-additive). It is seen that Shareholders

Wealth Maximization is an appropriate and operationally feasible criterion to choose among the alternative financial actions. It is important that wealth maximization calculates time value for money and hence the future cash flows are discounted at an appropriate discount rate to represent present value. Thus risk and uncertainty factors are considered while deciding the discount rate.

Potential Drawbacks of Value Maximization: If the objective when making decisions is to maximize company value, there is a possibility that what is good for the company may not be good for society. In other words, decisions which are good for the company, insofar as they increase value, may create social costs. If these costs are large, we can see society paying a high price for value maximization, and the objective will have to be modified to allow for these costs. This is a problem likely to persist in any system of private enterprise and is not peculiar to value maximization. When dominant shareholders are the decision makers, there is the potential for a conflict of interest between promoters and minority interests, which in turn can lead to decisions that make dominant holders better off at the expense of minority shareholders. When the objective is stated in terms of shareholders wealth, the conflicting interests of shareholders and lenders have to be reconciled. Since dominant shareholders are the decision makers and lenders they are often not completely protected from the side effects of these decisions. One way of maximizing shareholders wealth is to take action that expropriate wealth from the lenders, even though such actions may reduce the wealth of the company. Finally, when the objective is narrowed further to one of maximizing share price, inefficiencies in the financial markets may lead to misallocation of resources and to bad decisions. For instance, if share prices do not reflect the long-term consequences of decisions, but respond, as some critics say, to short term earnings effects, a decision that increases shareholders wealth (which reflects long-term earnings potential) may reduce the share price. Conversely, a decision that reduces shareholders wealth but increases earnings in the near term may increase the share price.

MULTIPLE STAKEHOLDERS AND CONFLICTS OF INTEREST

The modern publicly traded companies in India is a case study in conflicts of interest, with major decisions being made by dominant shareholders whose interests may diverge from those of minority shareholders. Put simply, Corporate Governance as a sub-area in finance looks at the question of how best to monitor and motivate dominant shareholders to behave in the best interests of the company including minority shareholders.

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In this context, a company where managers are entrenched and cannot be removed even if they make bad decisions (which hurt minority shareholders) is one with poor Corporate Governance. In the light of accounting scandals and faced with opaque financial statements, it is clear investors care more today about Corporate Governance at companies and companies know that they do. In response to this concern, it is often seen that companies have expended resources and a large portion of their annual reports to conveying to investors their views on Corporate Governance (and the actions that they are taking to improve it). But the larger question still prevails in letter or in spirit. Some may be short sighted in believing that a business only has responsibility to its primary owners but the fact is business are owned and operated by shareholders and lenders. Investors in financial markets respond to information about the firm revealed to them by the managers, and firms have to operate in the context of a larger society. By focusing on maximizing stock price, corporate finance exposes itself to several risks. Each of these stakeholders has different objectives and there is the distinct possibility that there will be conflicts of interests among them. What is good for dominant shareholders may not necessarily be good for minority shareholders, and what is good for shareholders may not be in the best interests of lenders or debenture holders and what is beneficial to a company may create large costs to society. These conflicts of interests are exacerbated further when we bring in two additional stakeholders in the firm. First, the employees of the firm may have little or no interest in shareholders wealth maximization and may have a much larger stake in improving wages, benefits, and job security. In some cases, these interests may be in direct conflict with shareholders' wealth maximization. Second, the customers of the business will probably prefer that products and services be priced lower to maximize their utility, but again this may conflict with what shareholders would prefer.

CONCLUSION

Thus in conclusion it may be sighted that the Corporate Governance of a company is majorly influenced by its objectives. Indian companies should be moved from the narrow objective of profit maximization to broader perspective of shareholders wealth or value maximization. Of course there is an underside to value maximization and in Indian context market mechanism is also at question. Still it is the versatile goal of the company and highly recommended parameter for assessing the performance of a business organization. Japanese companies have often been criticized for not being sufficiently capitalistic - that is, not returning enough capital to investors, not maximizing shareholder value in the short term, not moving quickly with offshoring, not laying-off employees to reduce costs, not paying compensation that will incentivize top management. But the flip side is a continuing belief that the best Japanese companies live in harmony with society, have a social purpose in earning profits, pursue the common good as a way of life, have a moral purpose in running a business, and practice distributed prognosis.

Companies often behave as though they're willing to do anything to survive, even if that means destroying the world in which they operate. Businesses would do better to pursue the common good - not because it is right or fashionable but to ensure their sustainability. No company will survive over the long run if it doesn't offer value to customers, create a future that rivals can't, and maintain the common good. That is why Corporate Governance has an important role to play.

ARTICLE

Dealing with Ethical Dilemmas

The purpose of this Article is to foster on the Concept of Ethical Dilemma, which is generally faced by the Managers while making Decision & the ways to reduce them.

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INTRODUCTION

Dilemma means a situation in which a difficult choice has to be made between two courses of action, either of which entails transgressing a moral principle. An ethical dilemma or ethical paradox is a decision-making problem between two possible moral imperatives, neither of which is unambiguously acceptable or preferable. The complexity arises out of the situational conflict in which obeying one would result in transgressing another. Sometimes called ethical paradoxes in moral philosophy, ethical dilemmas may be invoked to refute an ethical system or moral code, or to improve it so as to resolve the paradox. Ethical Dilemma is the situation where a person's view regarding selecting an object or the alternative includes series of outcomes, which is very confusing. Each outcome has a serious overlapping outcome, which cannot be at a time wrong for one person but the same may be ethically wrong for the other. An "absolute" or "pure" ethical dilemma only occurs when two (or more) ethical standards apply to a situation but are in conflict with each other. In ethical dilemma if we obey one decision then it would bring about disobeying another. Ethical dilemma is also known as moral dilemma. Ethical dilemmas make the situations too difficult. A person has to choose only one way from two of them - a moral or an immoral way. Ethical dilemmas can be seen everywhere in our daily lives. However everybody has their own particular experience towards ethical dilemma. Ethical dilemmas assume that the chooser will abide by societal norms, such as codes of law or religious teachings, in order to make the choice ethically impossible. There are three conditions that must be present for a situation to be considered an ethical dilemma. The first condition occurs in situations when an individual, called the "agent," must make a decision about which course of action is best. Situations that are uncomfortable but that don't require a choice are not ethical dilemmas. For example, students in their internships are required to be under the supervision of an appropriately credentialed social work field instructor. Therefore, because there is no choice in the matter, there is no ethical violation or breach of confidentiality when a student discusses a case with the supervisor. The second condition for ethical dilemma is that there must be different courses of action to choose from. Third, in an ethical dilemma, no matter what course of action is taken, some ethical principle is compromised. In other words, there is no perfect solution.

Ethical dilemmas are especially important in the medical and criminal justice fields, and in careers such as social work and psychology. In addition, most public servants have to undergo ethics training to address common dilemmas they may come across while working with the public. Recent advancements in science have also brought forward interesting and uncharted ethical dilemmas. Some examples of ethical dilemmas include:

- A secretary discovers her boss has been laundering money, and she must decide whether or not to turn him in
- A doctor refuses to give a terminal patient morphine, but the nurse can see the patient is in agony
- A teacher, who is also the volleyball coach, asks her athletes to give her their cell phone numbers so she can get in touch with them quickly; however, according to district policy, teachers are not supposed to have contact with students on their phones
- While responding to a domestic violence call, a police officer finds out that the assailant is the brother of the police chief, and the police chief tells the officer to "make it go away"
- A government contractor discovers that intelligence agencies have been spying on its citizens illegally, but is bound by contract and legalities to keep his confidentiality about the discovery.

REASON FOR ETHICAL DILEMMAS

1. **Unclear Policies**
   In some cases, managers and employees exhibit poor ethical behaviour because the company does not offer a clear model of ethics. Some businesses have no formal ethical policy documents and offer no guidance at all. Others have policies that are unclear, vague, inconsistent or not consistently enforced.
2. **Conflict Between Organisational & Individual Goal**
   When the Organisational & Individual Goals overlap, it becomes difficult to balance things. The problem arises when one thing has to be sacrificed for the sake of others. To achieve Organisational goal, Individual goal, has to be compromised and *vice versa* so this leads to Ethical Dilemma.
3. **Cultural Value & Background**
   Every individual decision is based on background. For some people it may be ethical to give priority for self and then decide about others but for some others it may be other way round. Thus background & value system creates the ethical Dilemma.
4. **Situation**
   When a decision is taken by a manager, it may be so that situation demands him to decide on certain things which

> Each company's culture is different, but some companies stress profits and results above all. In these environments, management may turn a blind eye to ethical breaches if a worker produces results, given the firm's mentality of "the end justifies the means."

are not beneficial for all but will benefit the company alone. Example - Automation of a plant.

5. **Dynamic & Different Human Nature**
Ethical Dilemma arises due to difference of the opinion among the group of people. Whatever is ethical for one person, may be unethical for another.
6. **Ambition and Discrimination**
Individual workers may be under financial pressure or simply hunger for recognition. If they can't get the rewards they seek through accepted channels, they may be desperate enough to do something unethical, such as falsifying numbers or taking credit for another person's work to get ahead. Though diversity is an important part of business, some people may not be comfortable with people from different backgrounds and possibly be reluctant to treat them fairly. This kind of discrimination is not only unethical but illegal and still remains common.
7. **Pressure from Management**
Each company's culture is different, but some companies stress profits and results above all. In these environments, management may turn a blind eye to ethical breaches if a worker produces results, given the firm's mentality of "the end justifies the means." Whistle-blowers may be reluctant to come forward for fear of being regarded as untrustworthy and not a team player. Therefore, ethical dilemmas can arise when people feel pressurised to do immoral things to please their bosses or when they feel that they can't point out their co-workers' or superiors' bad behaviours.
8. **Negotiation Tactics**
While these factors can cause ethical dilemmas for workers within their own companies, doing business with other firms can also present opportunities for breaches. Pressure to get the very best deal or price from another business can cause some workers to negotiate in bad faith or lie to get a concession. Negotiators may also try to bribe their way to a good deal. While this is illegal in the U.S., it still happens sometimes in other nations, it is more common, and sometimes even expected, which can put negotiators in a difficult position.

Lack of Integrity
The atmosphere of any company should reflect a belief in treating customers with the highest respect and honesty. Many companies offer a 24-hour hotline that customers and employees can use to report any unethical behaviour. New laws are being passed to protect consumer's personal and financial information from being shared with other companies or stolen by hackers.

9. **Conflicting Values**
Ethical dilemmas may occur because of conflicting values between two or more people in an organization. One manager may value product quality over quantity while another may value thriftiness. These managers may discuss changing to a cheaper supplier for a material used in production because of the potential to save money. However, the first manager may object because he knows the cheaper material will produce a product of lesser quality, which is not good for customers. Without a culture of shared values, the least ethical choice may be approved.

HOW TO RESOLVE ETHICAL DILEMMA

1. ***Think about outcomes***
If you find yourself in a situation when this approach doesn't work, you can resolve a right versus right dilemma by finding the highest "right." Kidder wrote that there are three ways to make the best choice when faced with these types of dilemmas:
   - Ends-based: Select the option that generates the most good for the most people.
   - Rule-based: Choose as if you're creating a universal standard. Follow the standard that you want others to follow.
   - Care-based: Choose as if you were the one most affected by your decision.

   Once you've identified an ethical right versus right dilemma, lay out your options according to these three principles. One approach will immediately present itself as the "most right".
2. ***Keep the group committed to the decision***
No matter what decision-making approach makes the most sense for a given situation, it's important to keep the group committed to the decision. To do this, adopt a working definition of consensus as the group tries to resolve these dilemmas. Instead of using the traditional definition of consensus where everybody is expected to agree with everything, switch it up to use the following definition:
   - Was the process to make the decision deemed rational and fair to all involved
   - Was each person involved in the discussion treated well and listened to
   - Assuming the group is satisfied with No. 1 and No. 2, can they live with and commit to the outcome? (Notice it does not say agree with the outcome.)

   Listen carefully when people unknowingly argue about right versus right. Often it's not apparent to the people involved. Point it out and they will begin to think about these situations differently. And make sure they are using the working definition of consensus when forging their agreements.
   Using these skills, you will become intensely important to the vitality of the company you keep the group moving forward in spite of their inevitable encounter with ethical dilemmas.
3. ***Solve ethical dilemmas by adopting "and "***
Peak performers recognize collisions of "rights" and move the group away from making each other wrong and towards resolving the dilemma. To do this, invite the group to design a solution that embodies the magic of "and." The narrative then becomes:
   - Good for the unit AND good for the whole
   - Good for the long term AND good for the short term
   - Truth AND loyalty

> Ethical dilemmas may occur because of conflicting values between two or more people in an organization. One manager may value product quality over quantity while another may value thriftiness.

- Justice AND mercy

When leaders can get the group to use this powerful orientation, they will most likely resolve the dilemma.

4. ***Awareness about pros & cons of each other***
Before selecting any alternative a manager should be aware of the result of the possibility of the effect, so that he can decide in the light of the effect.
5. ***Neutral attitude***
One should have the neutral attitude without any partiality so that he or she does not favour any alternative but will select only one, which is more practical and acceptable.
6. ***Seeking assistance of experts***
If experts provide assistance, then to a certain extent, the problem of dilemma can be solved. Now-a-days a lot of expert advice is available through counseling and one can easily access that, this can reduce ethical dilemma.
7. ***Review the Code of Ethics***
Some ethics violations are less straightforward. Review the code of ethics and see how you have defined the situation, as it pertains to the stated action. For example, an employee might be accused of lying to clients about product benefits. In the course of your investigation, you find out that the employee is using analogies that suggest the product does more than it really does, but isn't directly lying about the product. However, you agree that the practice is misleading and creating unhappy customers.
If the code of ethics clearly states that all employees are required to be honest and represent the company with a high sense of integrity, you have a basis for disciplinary action. Don't jump to excessive disciplinary action before you speak with the employee about the behavior. It could be that he innocently thought it was a valid analogy. Explain what violates the code of ethics and upsets customers. Document the warning and observe the employee to see if the pattern continues. If it does, further action is needed to prevent negative branding from occurring.
8. ***Set Expectations***
Develop a workplace policy based on your company's philosophy, mission statement and code of conduct. Incorporate the policy into your performance management program to hold employees accountable for their actions and alert them to their responsibilities to uphold professional standards throughout their job performance and interaction with peers and supervisors. Revise your employee handbook to include the policy and provide copies of the revised handbook to employees. Obtain signed acknowledgement forms from employees that indicate they received and understand the workplace ethics policy.
9. ***Put Someone in Charge***
Designate an ombudsperson in charge of handling employees' informal concerns pertaining to workplace ethics. Consider whether your organization also needs an ethics hotline, which is a confidential service employees may contact whenever they encounter workplace dilemmas that put them into uncomfortable or threatening positions. Confidential hotlines are an effective way to assure employees' anonymity, which is a concern for employees whose alerts are considered "whistle blowing" actions.
10. ***Be Fair***
Apply your workplace policy consistently when addressing workplace issues and employee concerns about workplace ethics. Use the same business principles in every circumstance, regardless of the perceived seriousness or the level of employees involved. Communicate the same expectations for all employees – whether they are in executive positions or front-line production roles – and approach every issue with equal interpretation of the company policy.

If it is not possible to avoid or remove ethical dilemma from the decision making process, then the only alternative is to find out the ways through which one can control the ethical dilemma or one can reduce it to a certain extent.

EXAMPLE OF ETHICAL DILEMMA

In the routine course of life when we think of conflict, we generally think of stress, which is quite common due to imbalance in personal & professional lives. As per the survey conducted among CEOs, it shows that most of them are struggling with the issue. They have passed through severe stress and they are experiencing ethical dilemma.

Another incident/experience that all of us generally face is the dilemma between personal and organisational objectives. Once we commit ourselves for the individual objectives, we feel that somewhere we are compromising on the ground of organisational objectives like searching the job opportunity in the working hours, etc.

So, in many matters truth versus loyalty, individual versus community, short-term versus long-term, justice versus mercy arises in the way of decision making and one has to balance it by reducing ethical dilemma and by improving ethical reasoning.

CONCLUSION

While writing an ethical dilemma paper or when attempting to resolve an ethical dilemma in practice, social workers should determine if it is an absolute or approximate dilemma; distinguish between personal and professional dimensions; and identify the ethical, moral, legal, and value considerations in the situation. After conducting this preliminary analysis, an ethical decision-making model can then be appropriately applied.

To conclude, one can say that it is not easy to take decision in today's business environment when a number of personal, organizational and environmental factors are affecting the decision making process. At the same time, the government also expects the company to be transparent, lest its goodwill is lost and government may take some serious steps against it, so, for this reason, all the decision should be ethical and manager with proper understanding and knowledge can take the right as well as balanced decision.

Values are Valuable – The Mantra of Good Governance

Company values provide the framework which an organization engages with employees, customers, stakeholders and ultimately influences and shapes the company culture. Companies that have integrated their core values into their business plans have found that they can improve relations and effectively address the concerns of external stakeholders such as investors, financial and local communities, and the general public.

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Values really are one of the most important things of your company, it's who you are, it's why customers choose you. Build a great company which you would want to do business with yourself. If you get this right, your culture and values are right." - Richard Branson

When it comes to leading a company, which is more important - values or valuables? Too often company executives focus on hitting the numbers for the next quarter and winning at any cost. The focus on near-term 'valuables' at the extent of long-term 'values' can prevent companies from achieving long term sustainable growth to which they are striving. It's obvious that values are not necessarily associated with long-term thinking, nor are valuables necessarily connected to the short-term. However, in life and in business, when you focus on values and apply their associated principles to every aspect, you tend to concentrate on more long-term consequences. You have to be patient, especially in difficult economic times. But the patience pays off in the long run.

Business has become the most powerful institution on the planet. The dominant institution in any society needs to take responsibility towards its stakeholders. But business has not had such a tradition. This is a new role, not well understood or accepted. Built on the concept of capitalism and free enterprise from the beginning was the assumption that the actions of the companies, responding to market forces and guided by the "invisible hand" of Adam Smith, would somehow deliver desirable outcomes. But in the last decade of the twentieth century, it has become clear that the "invisible hand" is faltering. So business now has to adopt a tradition it has never had throughout the entire history of capitalism: to share responsibility for creating and enhancing value for stakeholders. Every decision that is made, every action that is taken, must be viewed in light of that responsibility.

Organization is just like a human; it makes decisions, does what it thinks is right, has legal limitations on what it can do, has moral limitations, cerates and implements its own rules and beliefs, it advances on the basis of its decisions, creates myths, legends and habits and so on. We can say that organizational values are integrated into personality of a company thus playing a similar role as values do in lives of individuals; directing behavioral patterns, influencing relationships within the organization and influencing how company perceives its customers, suppliers and competition. The importance of organizational values for organizations is shown even strongly now in the time of economic uncertainty than even before.

THE CENTRAL ROLE OF VALUES

Vision and mission statements provide direction, focus, and energy to accomplish goals. Values express the integrity that individuals and organizations believe in. They serve as a decision-making tool in daily interactions that guide behavior. Values are deeply held principles that people adhere to when making decisions. Individuals express their values through their actions and behavior Organizations through their working culture.

There are four critical issues preoccupying the boardrooms of large and small companies around the world. How do we increase profits and shareholder value, how do we attract and retain talented people, how do we build brand loyalty, how do we ensure that ethics permeates the corporate culture, and how do we build a resilient and sustainable organization. Value driven organizations are most successful organizations on the planet. The reasons for this are simple to decipher - Values and behavior drive culture, Culture drives employee fulfillment, Employee fulfillment drives customer satisfaction. Customer satisfaction drives shareholder value.

In Corporate Culture and Performance John.P. Kotter show that companies with strong adaptative cultures based on shared values outperform other companies by a significant margin. They found that over an eleven year period companies that cared for all stakeholders grew four times faster than companies that did not. They also discovered that these companies had job creation rates seven times higher, stock prices grew twelve times faster, and a profit performance that was significantly higher than companies that did not have shared values and adaptative culture. In Built to Last: Successful Habits of Visionary Companies, Jim Collins and Jerry Porras show that companies that consistently focused on building strong values driven culture over a period of several decades outperformed companies that did not by a factor of six.

organizational values are integrated into personality of a company thus playing a similar role as values do in lives of individuals; directing behavioral patterns, influencing relationships within the organization and influencing how company perceives its customers, suppliers and competition. The importance of organizational values for organizations is shown even strongly now in the time of economic uncertainty than even before.

MEANING OF VALUES

Organizational values are beliefs held by organizational members regarding the means and ends that organizations 'ought to' identify in the running of the enterprise. values are something we hold dear, something that reflects an ideal or an ethic. Values are a broad tendency to prefer certain states of affairs over others. Values can be defined as broad preferences concerning appropriate courses of actions. Values are the standards that guide our conduct in an organization in a variety of settings. An organization's values might be thought of as a moral compass for its business practices. While circumstances may change, ideally values do not. Values have a dynamic nature in the sense that they can have various levels of worth at a specific point in an individual organizations life: they can be subdued and only surface in certain scenarios or may feature very strongly if the situation warrants it. There are primarily three sets of values that guide individual and organizational behavior: "values for personal wellness, values for collective wellness and values for relational wellness". The literature also refers to various types of values. These include values such as: personal values (values that define who we are and how we act, that which makes us unique); relationship values (values that empower and care about others); organizational values (values that guide the perspective and actions of the organization); societal values (values of a specific community that dictate social conduct); human rights values (establishing shared values in diverse environment that is grounded on integral moral nature); and cultural values (group of people who have the same values about certain cultural aspects.

TYPES OF VALUES

Some of the commonly accepted Values are - Commitment, Accountability, Caring, Respect, Mutual Respect, Trustworthiness, Tolerance, Curiosity, Courage, Making a Difference, Innovation, Cooperation, Team work Result Orientation, Societal Contribution. Values may be divided into Core, Aspirational and Accidental values. Core values are the deeply ingrained principles that guide all of a company's actions; they serve as its cultural cornerstones. Collins and Porras succinctly define core values as being inherent and sacrosanct; they can never be compromised, either for convenience or short-term economic gain. Core values often reflect the values of the company's founders— Hewlett-Packard's celebrated "HP Way" is an example. They are the source of a company's distinctiveness and must be maintained at all costs. Aspirational values are those that a company needs to succeed in the future but currently lacks. Aspirational values need to be carefully managed to ensure that they do not dilute the core. Accidental values arise spontaneously without being cultivated by leadership and take hold over time. They usually reflect the common interests or personalities of the organization's employees. Accidental values can be good for a company, such as when they create an atmosphere of inclusivity. While many companies find their values revolve around a few simple topics (employees, clients, professionalism, etc.), the originality of those values is less important than their authenticity.

LEVERAGING VALUE OF "VALUES" FOR GOOD GOVERNANCE

The process of defining, measuring, and living values can be an excellent vehicle for improving organizational culture as - The process defines a shared set of beliefs and commitments to the way we want to behave and treat each other, The process guides decisions and emphasizes what's important to us as we change and improve the organization, values provide a common language to address unacceptable behaviors in a less threatening way, The process of defining, measuring and discussing values engage Board and employees in talking about what we want and how we can improve. Companies that have integrated their core values into their business plans have found that they can improve relations and effectively address the concerns of external stakeholders such as investors, financial and local communities, and the general public. Improved performance in these areas generates intangible assets, such as employee commitment and customer brand loyalty that leads to improved financial performance. The Board needs to proactively define the purpose of the company • Identify the values that should guide the company • Communicate company values and purpose to all stakeholders. Following are the key mantras for leveraging value of "Values" for good governance.

VALUES MUST FURTHER THE MISSION OF THE ENTERPRISE

With such energy and enthusiasm devoted to corporate values it's astounding that they so often become nothing more than empty platitudes. After all, what's the point of spouting meaningless bromides that end up looking ridiculous. The problem as I see it is that values are often confused with beliefs. When you're sitting around a conference table, it's easy to build a consensus about broad virtues such as excellence, integrity and customer service. True values, on the other hand, are idiosyncratic. They represent choices that are directly related to a particular mission. So the best way to define values that will stick is to focus on choices rather than beliefs. Will you follow what your heart tells you or wait for the data to come in. And that's why an organization's values—or lack thereof—define it in a way that nothing else does. They determine how an enterprise will pursue its purpose.

BUILDING A VALUES DRIVEN ORGANIZATION

Intangibles can represent as much as 65% to 85% of a company's valuation. One of the ways to improve company valuation is to focus on improving the culture. Whatever you focus on and measure gets done. Many of the organizations manage their values by measuring their performance annually against specific targets, such as reducing the number of potentially limiting values, reducing the level of cultural entropy, and increasing the number of matching current and desired culture values. These targets can be set for the company as a whole as well as for each business unit, office or factory location and each functional team. In this way, individual leaders, managers and supervisors can be held accountable for the culture of their units.

VALUES ARE TOUGH TO LIVE

Make no mistake: Living by stated corporate values is difficult. After all, it's much harder to be clear and unapologetic for what you stand for than to cave in to politically correct pressures. And for organizations trying to repair the damage caused by bad values programs, the work is even harder. Values can set a company apart from the competition by clarifying its identity and serving as a rallying point for employees. But coming up with strong values - and sticking to them - requires real guts. Indeed, an organization considering a values initiative must first come to terms with the fact that, when properly practiced, values inflict pain. They limit an organization's strategic and operational freedom and constrain the behavior of its people. They leave executives open to heavy criticism for even minor violations. And they demand constant vigilance. If you're not willing to accept the pain real values incur, don't bother going to the trouble of formulating a values statement. You'll be better off without one. But if you have the fortitude to see the effort through, you can learn some important lessons from the few companies that have adopted meaningful corporate values.

MORE THAN JUST BEHAVIOR

Implementing values is not just about individual behavior. Making values stick also requires changes to the way the organization operates. For example, if an organization has a value around trust, then it is inappropriate to require lower level managers to require multiple signoffs before spending relatively small amounts of money. Trust has further implications in areas such as reporting expenses, as another example. Simply put, policies, procedures, processes, information flows, decision making, metrics, and incentives must reinforce the new corporate values and desired behaviors. For new corporate values and behaviors to become truly embedded in the fabric of the organization, employees have to believe there will be positive consequences for adopting them and negative consequences for not doing so.

COMMUNICATING VALUES

It is important to recognize that these values, these underlying beliefs, attitudes and behaviors aren't just words written in a company handbook, that gets dusted off when a new employee joins the organization. They need to be consistently communicated internally to ensure they are lived and breathed by everyone within the organization. Values are hard to teach, unlike skills and techniques, and if they are not shared by the people within your organization, there can be conflict and disconnect within your team. Communicating can be especially challenging in Multinational companies. It is important that everyone understands the expected behaviors of the organization and the principles against which decisions will be made. Values need to be articulated in a manner that transcends nationality - for example, the concepts of honesty and trustworthiness are universally acknowledged. Nevertheless, it is important to recognize that cultural differences will influence how messages are heard and interpreted, and adjustments may need to be made in training, employee onboarding, and performance reviews.

BE AGGRESSIVELY AUTHENTIC

Many companies view a values initiative in the same way they view a marketing launch: a onetime event measured by the initial attention it receives, not the authenticity of its content. For a values statement to be authentic, it doesn't have to sound like it belongs on a Hallmark card. Indeed, some of the most values-driven companies adhere to tough, if not downright controversial, values. Siebel Systems, for instance, adheres to a set of authentic values that flagrantly counter the culture of Silicon Valley, where the company is headquartered. Professionalism, which tops Siebel's list of values, sets it apart from the frivolous cultures of many technology companies where pizza boxes, foosball tables, and sandals are de rigeur. Siebel's employees are barred from eating at their desks or decorating their walls with more than one or two photographs. As unacceptable as this may seem within Silicon Valley's playground-like corridors, it distinguishes Siebel from competitors. Intel, likewise, takes pride in the pricklier aspects of its culture. Employees are pushed to embrace the value of risk taking by challenging the *status quo* and engaging in constructive confrontation.

LEADERSHIP AND VALUES

The values that make up the culture of an organisation are either a reflection of the underlying beliefs of the current leaders - particularly the chief executive - or are the reflection of the past leaders. Most organizations operate with "default "cultures. There is a lack of alignment between the values of the culture of the organization and the personal values of employees, the result is low performance.Ultimately, the culture of an organization is a reflection of the personality of the leader or the personalities of

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ARTICLE

> Companies that have integrated their core values into their business plans have found that they can improve relations and effectively address the concerns of external stakeholders such as investors, financial and local communities, and the general public. Improved performance in these areas generates intangible assets, such as employee commitment and customer brand loyalty that leads to improved financial performance.

the leadership group. Therefore, organizational transformation always begins with the personal transformation of the leaders.

OWN THE PROCESS

What's the first thing many executives do after they decide to embark on a values initiative? They hand off the effort to the HR department, which uses the initiative as an excuse for an inclusive feel-good effort. To engage employees, HR rolls out employee surveys and holds lots of town meeting to gather input and build consensus. That's precisely the wrong approach. Values initiatives have nothing to do with building consensus - they're about imposing a set of fundamental, strategically sound beliefs on a broad group of people. Most executives understand the danger of consensus-driven decision-making when it comes to strategy, finance, and other business issues, yet they seem oblivious to the problem when it comes to developing values. Top managers also need to understand that a good values program is like a fine wine; it's never rushed. It is far more important for a values team to arrive at a statement that works than to reach a decision it may later regret. Executives should discuss values over a number of months; they should consider and reconsider how the standards will play out within their organization.

WEAVE CORE VALUES INTO EVERYTHING

So let's say you've nailed down the right values. What now? If they're going to really hold in your organization, your core values need to be integrated into every employee-related process - hiring methods, performance management systems, criteria for promotions and rewards, and even dismissal policies. From the first interview to the last day of work, employees should be constantly reminded that core values form the basis for every decision the company makes. Given all the hard work that goes into developing and implementing a solid values system, most companies would probably prefer not to bother. And indeed they shouldn't, because poorly implemented values can poison a company's culture.

BATTLING VALUES FATIGUE

While ongoing communication is essential, organizations should avoid delivering exactly the same message again and again. This is because messages can get stale, causing employees to ignore the underlying values and principles. Communicating values is much like a marketing campaign - it needs to capture people's attention and use different content, formats, and communication channels to remain fresh. One way to achieve this level of interest is through the power of stories. Stories cannot only make values concrete, they connect people to those values in ways other forms of communication cannot.

REINFORCING CULTURE AND VALUES

Create listening posts: Conduct cultural assessments that get at the core of how people behave and what they think. Maintain a healthy mood in the middle: Much hinges on middle management's ability to translate tone at the top into the policies and practices that drive everyday behavior. Keep it interesting: Find new and innovative ways to communicate cultural values and reward values-based behavior. Encourage storytelling to bring values to life. Play fair: Reward the right behaviors and penalize the wrong ones. Don't play favorites. Shout it from the rooftops: Leaders tend to under communicate values and expectations. In this case, more is better.

VALUES COST SOMETHING

In an article in Harvard Business Review, management expert Patrick Lencioni writes that, "If you're not willing to accept the pain real values incur, don't bother going to the trouble of formulating a values statement." Make no mistake, values cost something".

CONCLUSION

Organizational culture is the new frontier of competitive advantage. Company values should provide the framework which an organization engages with employees, customers, stakeholders – all of its audiences - and ultimately influences and shapes the company culture. There are a number of themes running through various company core values that place importance on things like 'team', 'excellence', 'integrity', 'ethics' and so on, and more often than not there will be an aspect that addresses corporate social responsibility and recognizes issues facing the wider community. By understanding the things that you value as a business, you can determine what direction you should take in everyday situations, but also during times of uncertainty. For example, laying down best practice for things like recognizing and rewarding potential for your employees, to deciding whether to work with a client if their business practices seem slightly unethical but they have lots of budget to spend with you. CS

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Practical Ethics

The discipline of ethics begins with Socrates' question: How should one live? Ethics is about choice. What values guide us? What standards do we use? What principles are at stake? And how do we choose between them? An ethical approach to a problem will inquire about ends (goals) and means (the instruments we use to achieve these goals) and the relationship between the two.

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During the Yaksha Prasna in Mahabharata, Yaksha asked Yudhishthira why he had chosen to give relief to Nakula instead of mighty Bhimasena who is very dearest to him and Arjuna who is ambidextrous archer. Yudhishthira said "….Let men know that the king is always righteous! I will never depart from my duty. Let Nakula, therefore, revive! My father had two wives, Kunti and Madri. Let both of them have children. This is what I wish. As Kunti is to me, so also is Madri. There is no difference between them in my eye. I desire to act equally towards my mothers. Therefore, let Nakula live." An example of how ethics need to be followed in the great epic of Mahabharata.

WHAT IS ETHICS?

Oxford Dictionary defines ethics as "Moral principles that govern a person's behaviour or the conducting of an activity." Ethics is concerned with what is good for individuals and society and is also described as moral philosophy. The term is derived from the Greek word ethos which can mean custom, habit, character or disposition. Ethics are often summed up in what is considered the "golden rule" which says do unto others what you want them to do unto you.

Philosophy, which is derived from two Greek words "philo" means "love" And "sophy" means "wisdom", means "love of wisdom" has four main branches which are metaphysics (Metaphysics is the branch of philosophy that considers the physical universe and the nature of ultimate reality), Epistemology (Epistemology is the branch of philosophy that considers how people come to learn what they know), Logic (Logic is the branch of philosophy that seeks to organize reasoning. Students of logic learn how to think in a structurally sound manner) and Axiology - the branch of philosophy that considers the study of principles and values. These values are divided into two main kinds: ethics and aesthetics. Ethics is the questioning of morals and personal values. Aesthetics is the examination of what is beautiful, enjoyable, or tasteful.

The Code of Ethics explains the standards of behaviour that a Company expects of us in our daily activities and dealings with others. It is imperative that no Code can anticipate every situation that might arise during the course of business and make a Code for such situation. Rather, it identifies guiding principles to help us to make such decisions consistent with Company's values and reputation. We should also familiarize ourselves with various corporate policies that provide more detailed guidance on specific issues that may affect our work.

CORPORATE GOVERNANCE AND ETHICS

The definition adopted by the Organization for Economic Cooperation and Development (OECD) – "Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions in corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance.

From this definition, we see that corporate governance includes: the relationship of a company to its shareholders and to society; the promotion of fairness, transparency and accountability; reference to mechanisms that are used to "govern" managers and to ensure that actions taken are consistent with the interests of key stakeholder groups. The key points of interest in corporate governance therefore include issues of transparency and accountability, the legal and regulatory environment, appropriate risk management measures, information flows and the responsibility of senior management and the board of directors. Corporate governance is therefore about what the board of a company does and how it sets the values of the company, and it is to be distinguished from the day to day operational management of the company by full-time executives.

Business ethics, defined as the application of ethical values to business behaviour, is essentially the practices that are set to deliver the duties as set under law and demanded by the shareholders and stakeholders of the Company.

The recent example of ethical failure at Corporate Governance level is Volkswagen. The recent Volkswagen 'Diesel gate' or scandal proves that business ethics is still of high importance and should be addressed in the journey to maximize profits. It recently came to light that Volkswagen knowingly deceived the United States Environmental Protection Agency (EPA) with respect to nitrous oxide (NOx) engine emission for their TDI engines. The company programmed the vehicles to favourably behave differently during EPA testing. The engines actually exceeded emission test levels

> Corporate governance includes: the relationship of a company to its shareholders and to society; the promotion of fairness, transparency and accountability; reference to mechanisms that are used to "govern" managers and to ensure that actions taken are consistent with the interests of key stakeholder groups. The key points of interest in corporate governance therefore include issues of transparency and accountability, the legal and regulatory environment, appropriate risk management measures, information flows and the responsibility of senior management and the board of directors.

during every day use by roughly 40 fold. The number of affected vehicles is not small – approximately 11 million cars worldwide.

LAW AND ETHICS

The law and ethics are not one and the same. Although the law can guide ethical behaviour by laying out a framework through Law, complying with the law and behaving ethically are not necessarily synonymous. Ethics comes from people's awareness of what is right and what is wrong and may vary from person to person, while law is written and rigid and convey only one meaning to all the persons. It describes clearly what is legal and what is illegal, no matter how people peruse and argue. Nobody will be punished when they violate ethics; but whoever violates laws is going to receive punishment carried out by relevant authorities. Ethics emphasizes more on positive aspects while laws are more concerned with negative actions.

ETHICS – CHARACTER AND INTEGRITY

Ethical reasoning is the process of raising awareness of moral claims and applying principles to arising circumstances. Ethical reasoning implies an interrogation of the moral claims that surround us rather than a mere listing of dos and don'ts. In a word, ethical inquiry is proactive rather than passive.

Developing character and integrity requires time and investment. It is exactly like laying a strong foundation before a structure is erected. The foundation forms the basis of the entire structure. We can erect a most amazing structure, but if the foundation is weak, it is only a matter of time before a minor tremor can cause the structure to completely collapse, causing severe damage to life and property. A good engineer spends ample time designing the foundation for the worst possible threat. And it is usually the main structure that gets the glories. No one looks at a nice structure and admires the foundation. And yet, the structure cannot exist and be fortified without a strong foundation. An untrained mind is very weak and unstable; as a result even a small obstacle coming on its way may make it lose ingenuity. The ethical principles have to fight so many opposing elements, which makes it certainly very difficult to control mind. It is essential that a leader uses his intelligence in an effective way to control the mind and achieve the equality of mind or mindedness. The intelligence give power to the leader to discriminate and decide what is good for and what is not.

Bhagavad Gita stresses the importance of self-leadership for ethical leaders, first before leadership of other. Self-leadership includes all aspects of management of oneself such as managing life, time, stress, anger, fear and self-control.

WHAT PROMPTS DEVIATION FROM ETHICS?

As the medieval theologian St. Thomas Aquinas argued: "Human actions are good [morally right] or bad [morally wrong] according to the circumstances." No moral decision can be judged outside of its context. The well-worn example is, "one man's terrorist is another man's freedom fighter." We must always reflect upon the whole set of circumstances while attempting to make a value judgment in the context of surrounding circumstances.

It is imperative that covetousness is the root cause of the Leaders for unethical practices. When the leaders are in crisis, they often tend to rush into decisions without proper reflection, rely too heavily on data and analytics, and demonstrate an inability to decide based on subtle, intangible and often very important elements like emotion, intuition and spiritual discernment thus missing the moral issue. While morals affect your stance on certain issues, ethics dictate how you deal with them. Morals are values that we attribute to a system of beliefs, be they religious, political or philosophical. Ethics are how we apply those beliefs in short and long-term business decisions. As a result, these concepts inevitably are intertwined and must be applied carefully to maintain an image of professionalism and accountability.

An example is on 7th January 2009, The Chairman of the Satyam Computers Limited issued a letter to the Board of Satyam Computers Limited and Indian stock exchanges confessing the books of Satyam reflected non-existent cash and bank balances and fictitious interest accrued, an overstated debtor position and understated liability in an aggregate amount of Rs 71360 million (Approximately US$1.5 Billion). This multi-crore Satyam Computers corporate scam is an example for the missing ethics on the pressure of targets. As rightly said by Mr. Ramalinga Raju "It was like riding a tiger, not knowing how to get off without being eaten."

Defective moral reasoning is a major concern while coming to the deviation in ethics. Moral reasoning can be defined as being the process in which individuals try to determine the difference between what is right and what is wrong by using logic. Moral reasoning can be culturally defined, and thus is difficult to apply. These cultural differences demonstrate the influences that can have on an individual's moral reasoning and decision making. Since moral reason is more based on personal experiences no two reasoning can be identical and making it resulting in deviation from ethics and resulting into moral dumbfounding, the fact that people often reach strong moral conclusions that they cannot logically defend. Further, our moral judgment on a given scenario may keep changing as more and more information is brought in. Therefore, moral reasoning cannot be correctly performed until what is sought and the surrounding world-wide environment is fully understood. An example: is it "right" to use foetal stem cells? Only by first deciding "what" the use is intended to accomplish and if the way of accomplishing this is understood could such a question be answered.

Insufficient moral motivation is another reason for deviation from ethics. Whenever, we make a normative judgment that something is good for us, or that we have a reason to act in a particular way, or that a specific course of action is the rational course, we also tend to be moved we have a specific motivation to do so. This is known as moral motivation which has a motivating force towards doing an act. The answer to the question "Why should I do the right thing?" is the source of moral motivation.

In 2015 Australian Open tennis tournament in Melbourne, in the match between third ranked Mr. Rafael Nadal and Mr. Tim

Smyczek , just as Mr. Nadal was about to serve, one of the fans in the gallery shouted some indiscernible remark, startling Mr. Nadal and causing him to deliver a bad serve. Mr. Smyczek approached the umpire at center court and suggested that Mr. Nadal should get a second chance because of the disruptive fan. Mr. Nadal was granted permission to repeat his first serve and went on to win the point, the set and the match. Afterwards Mr. Smyczek was interviewed and his comment was, “It was just the right thing to do”. Mr. Smyczek could have easily taken the opportunity in an effort to break Mr. Nadal and extend the match. He did not.

ETHICAL DILEMMA

An ethical dilemma involves a situation that makes a person question what the ‘right’ thing to do is. Ethical dilemmas make individuals think about their obligations, duties or responsibilities. It is through a dilemma that most employees experience business ethics. These dilemmas can be highly complex and difficult to resolve. More complex ethical dilemmas involve a decision between right and right. If a patient discussed a sensitive matter about his disease with a nurse, who promises not to tell the patient’s family that the matter was discussed. The next day a family member directly asks the nurse if this matter was discussed. Thus perfect duty to tell truth seems to come into direct conflict with a perfect duty to keep promise. This creates an ethical dilemma.

As any sailor knows, when in a sail boat, you cannot head directly into the wind. If you try to sail straight into the wind, the sails flap around uselessly, the boat stalls, and you are unable to move forward what sailors call as “irons.” Same way, in ethical dilemma there needs to be a compromise necessary to maintain headway against the headwinds that would mercilessly take a toll on the professionals and push them off track from an ethical behaviour.

The Institute for Global Ethics also proposed the following ethical dilemma to promote a global understanding of ethics and to promote ethical decision making:

“The mood at Baileyville High School is tense with anticipation. For the first time in many, many years, the varsity basketball team has made it to the state semi-finals. The community is excited too, and everyone is making plans to attend the big event next Saturday night. Jeff, the varsity coach, has been waiting for years to field such a team. Speed, teamwork, balance: they’ve got it all. Only one more week to practice, he tells his team, and not a rule can be broken. Everyone must be at practice each night at the regularly scheduled time: No Exceptions. Brad and Mike are two of the team’s starters. From their perspective, they’re indispensable to the team, the guys who will bring victory to Baileyville. They decide—why, no one will ever know—to show up an hour late to the next day’s practice. Jeff is furious. They have deliberately disobeyed his orders. The rule says they should be suspended for one full week. If he follows the rule, Brad and Mike will not play in the semi-finals. But the whole team is depending on them. What should he do?”

> Company Secretaries are ideally placed to align the interests of different parties around a boardroom table, facilitate dialogue, gather and assimilate relevant information, and enable effective decision-making. They are often the only people to know first-hand how the decisions made have been reached. In cases of regulatory non-compliance or misconduct, especially when senior managers are involved, company secretaries face an ethical dilemma.

ETHICS IN CORPORATE WORLD – COMPANY SECRETARY

The Company Secretary acts as a pivotal contact for board members, offers appropriate knowledge and possesses highly valued judgement. Doing this effectively requires an ability to command dignity and respect from other team members negotiate individual discretion and align the team. Company Secretaries are ideally placed to align the interests of different parties around a boardroom table, facilitate dialogue, gather and assimilate relevant information, and enable effective decision-making. They are often the only people to know first-hand how the decisions made have been reached. In cases of regulatory non-compliance or misconduct, especially when senior managers are involved, company secretaries face an ethical dilemma. Despite they have a clear professional and fiduciary duty to take appropriate steps against such cases, some company secretaries have chosen to stay silent about the malpractice rather than speaking out against it. In some extreme cases, some were even beguiled into joining the scams of corruption, fraud or other malpractices and were prepared to compromise their ethical standards.

The question of why reveals a lot of issues that is required to be addressed by us personally. The some of the major reasons are as follows:

It is believed that it is unsafe to speak up against the management of the Corporates due to the feeling of futility or speaking up will lead to retribution and harsh reactions that may lead to the loss of job. Another reason for such compromise is conflicting goals, which will provoke a sense of unfairness and once a sense of injustice in the mind of any person is provoked, the stage is set for compromise. Intellectual honesty is always a big challenge and we need to acknowledge how easy it is to justify dishonesty by claiming compassion or some other good when, in fact, we merely want to avoid unpleasant confrontations. Our capacity for rationalization is remarkable: “Everyone does it,” “I’ll do it just this one time,” “It’s for Company’s own good,” “It’s none of my business,” and on and on.

ETHICAL DILEMMA - CORRECTIVE MEASURES

Professional boundaries are an important consideration in the relationship between any professional and his/her client/ Management. Understanding the self as responsible is an important part of the bridge between knowing the right thing and doing it. Mahabharata warns against focusing solely on rewards of doing your duty. Lord Krishna exhorts the warrior Arjuna not to fight for his own benefits of greed or desire. Rather, Arjuna must fight for the good of others.

Knowledge and Skills

To be strong on ethics, one shall have the right set of knowledge, skills, tools and attitude to win the battle of wits. Articulation, right words and proper action are all part of the corporate life that will earn your respect. A small example to quote here is a thought like this is likely at work behind the idea that one can avoid moral wrong involved in lying by instead exploiting conversational implications. Peter Geach, for example, appeals to the following story of St. Athanasius: “If you read the lives of saints, we see how they managed to avoid lying crisis. St. Athanasius was rowing on a river when the prosecutors came rowing in the opposite direction “Where is the traitor Athanasius?” “Not far away” the saint gaily replied and rowed past them unsuspected.

Self-Questioning

The law and ethics are not one and the same. Although the law can guide ethical behaviour by laying out a framework through Law, complying with the law and behaving ethically are not necessarily synonymous. Ethics comes from people's awareness of what is right and what is wrong and may vary from person to person, while law is written and rigid and convey only one meaning to all the persons. It describes clearly what is legal and what is illegal, no matter how people peruse and argue. Nobody will be punished when they violate ethics; but whoever violates laws is going to receive punishment carried out by relevant authorities.

Whenever we come across a dilemma we need to question our behaviour and think of the consequences of our actions before making any big or small decisions. Bombardier Inc. ask the employees to ask themselves, when in doubt about a decision that involves workplace ethics, the following questions. If the answer(s) makes you feel uncomfortable, the proposed action might not be appropriate.

1. Is my action in line with the Bombardier Code?
2. Is my action legal?
3. Is my action honest and fair?
4. How would my family, friends and neighbours react if they knew about my action?
5. Would customers or shareholders approve of my action?

If even something is extremely desirable, it should only be accepted if attained in a right manner, without hurting or affecting anyone else in an unfair and unjust way. To know whether something is "right" or "wrong" one must first know what that something is intended to accomplish. Thus, to know if "this direction" is the right direction to follow to get to a coffee shop, one must first know where one is, where the coffee shop is, and the terrain between here and there to avoid blocks, etc.

The End does not justify the Means

Classical philosophy and the major world religious traditions have upheld the principle that having a good end (goal or purpose) does not justify the use of evil means (method) to achieve that end. For example, if you run a foot race, you want to be the fastest runner so you will win. If you decide to trip two runners or use performance enhancing drugs to make you faster than normal, it is cheating if you win. The means by which you achieved your win were unethical. Therefore, the end was not justified by the means because you won by harming others and by deception. Being professionals, we tend to take the works out of survival instincts, either from others or on offering, without completely verifying the credentials and do work for the Corporates by trusting but not verifying. Such failures on the part of us will be leading to the failure in compliances from the corporates that in turn resulting in ethical failures.

Fear of Failure

Fear of failure creates a reason for compromising ethics to ensure being successful. Federal regulators reveal Wells Fargo employees secretly created millions of unauthorized bank and credit card accounts without their customers knowing it. The bank is hit with a $185 million fine. Wells Fargo says 5,300 employees were fired for related reasons. Perverse incentives played a large role in the Wells Fargo fake account scandal. The New York Times explained it clearly: "Under intense pressure to meet aggressive sales goals, employees created sham accounts using the names—and sometimes, the actual money—of the bank's real customers, and in some cases the customers did not discover the activity until they started accumulating fees."

It is important to accept failure for being ethically strong. You should believe that when the reason of your success is based on your inherent talent, why is not your failure a result of your incompetency? If you go on blaming the cause of your failure to be some external factors, you will never achieve success in life. The most basic thing that you need to execute when you fail is to make an assessment of self, of your team and combined capabilities. When some failure happens we must make self-introspection of where we lacked, what we were incompetent in and so on. We should understand that Success can lead to an inflation of our belief in our personal ability to manipulate outcomes. This can translate into greed which can lead to a loss in perspective and unethical behaviours being rationalized.

Know and Accept the Ground Realities

When you are exposed to different situations and people from different walks-of-life you are supposed to broaden your knowledge. Knowing people of different strata, working with people having different problems, understanding differing cultures, adapting to differing workplaces etc. not only enhances your knowledge but also strengthens your adaptability skills which is really relevant as a trait for a successful person. We need to give slack to people with whom we disagree. Inasmuch as the problems posed by everyday ethics are genuine dilemmas but do not allow the luxury of lengthy, careful analysis, decent people for decent reasons can reach opposing conclusions.

Art of Decision Making

Decision making is really a difficult task. At each decision making point we are confronted with ethical issues as we are supposed to make a careful analysis of the calculated risk of each decision, the trade-off of the result of the decision and if another decision was made and so on. As such decision making is difficult and at each time is perceived differently by different people based on his or her individual point of view. Thus while making any decision one must take into account of the repercussions of the decision to be made. Also he/she should have a valid point to back the decision. Most of the time decision made are not rational but needs to be rationalized. Ethical decision-making refers to the process of evaluating and choosing among alternatives in a manner consistent with ethical principles. In making ethical decisions, it is necessary to perceive and eliminate unethical options and select the best ethical alternative. The process of making ethical decisions requires:

- Commitment: The desire to do the right thing regardless of the cost
- Consciousness: The awareness to act consistently and apply moral convictions to daily behaviour
- Competency: The ability to collect and evaluate information, develop alternatives, and foresee potential consequences and risks.

Finally Bhagavad-Gita states - renounce momentary happiness that is derived from selfish behaviours. Seek happiness that is long lasting and beneficial to all. Renounce negative thoughts, words, and actions. Renounce selfish desires and exercise self-less service. Renounce indiscipline, dishonesty and lazy attitude, and exercise integrity and pro-activeness. Renounce arrogance and ignorance and be open-minded.

Failure to ethics is like a burning wood, if touched, it burns while it has its own fire. Even if it is doused it leaves a scar mark of coal. CS

Ethical Leadership - Envisaging Ethical Obligations for Organisations

An attempt has been made in this article to discuss the concept of Ethical leadership, its evolution and the role that can be played by Key Managerial Personnel to programme ethics in the leadership style of the senior management personnel.

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"The respect that leadership must have requires that one's ethics be without question. A leader not only stays above the line between right and wrong, he stays well clear of the gray areas"- G. Alan Bernard

INTRODUCTION

In the words of Mr. Jim Collins," Greatness is not a function of circumstance. Greatness it turns out, is largely a matter of conscious choice and discipline."

If there is one term we may call quite bewildering, yet fascinating, it is none other than Ethical Leadership. The great Jim Collins in his book, 'Good to Great - Why some companies take the leap?' has richly explained the concept of level 5 leadership. The level 5 leadership builds enduring greatness through a paradoxical blend of personal humility and the professional will. One may relate this personal humility to ethical characteristics while exhibiting leadership styles in the organization.

Be it a Chief Executive Officer, or any compliance officer personal humility and professional will is desirous to attain organization's objectives and to maximize the value of the entity. To be ethical, one has to have a strong moral and integrity while exhibiting the role model for the organization. Thus, by practising and preaching ethical and effective leadership the key managerial personnel like the CEOs and the compliance officers are discharging their duties in the best interests of the organization and its stakeholders.

UNDERSTANDING ETHICAL LEADERSHIP

Ethical leadership in today's scenario is all about exhibiting morals and values in a management position. An ethical leader demonstrates character, morals and integrity in work, focusing on the needs and the rights of their employees. The term 'ethics is derived from the ancient Greek word 'ethos' meaning a habit or a custom. Leadership is the ability of a company's management to set and achieve challenging goals, take swift and decisive actions, outperform the competition, and inspire others to perform well. Ethical Leadership can thus be summed up as an effective leadership in the light of morals, values and one's own integrity to take the organization on the path of success.

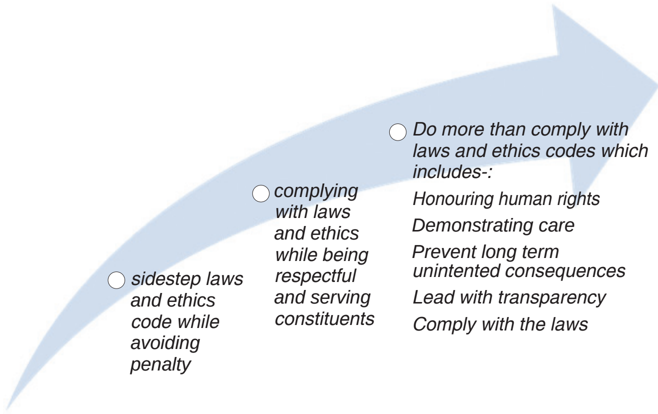
Today, in times of corporate scandals and moral lapses the broader public interest groups in a corporation ask themselves the pertinent question, who are corporate managers and are they ethical? It is only in recent years that managers and researchers have turned their attention to Ethical management.

Ethical leadership can be viewed as a radical departure from the traditional leadership. Ethical leadership can be understood as a holistic concept which encompasses ethical decision making, governing own choices by giving due consideration to moral values and considering societal influences at large. It is needless to say that ethical leadership in this world of corporate scandals and moral laxities is indispensable to the organizations as the current situation desires the tone at the top.

THE ROADMAP FOR ETHICAL LEADERSHIP

Some researchers think that ethics is something intimate, a confidential matter that an individual and his subconscious share; the way we behave or reach goals might not seem important which have nothing to do with management while others believe that Ethics has a lot to do with management / leadership and their behavioral standards are the crucial part of corporate climate and culture. Findings suggest that Ethical leaders think about long-term consequences, drawbacks and benefits of their decisions they make in the organization. They are stereotyped as humble, concerned for greater good, strive for fairness and show respect for each individual; influencing ethical values of the organization through their behavior.

Every Ethical Leadership comes with a choice as well as a chance. Ethical leadership is primarily vested in the top management. It varies from person to person and reaches its apex when the management does more than complying with the laws and the ethics code. The following figure depicts the movement of a leader to an 'ethical leader'.



LEADERSHIP ETHICS- TRAITS OF AN ETHICAL LEADER

In the words of Mr. Bill Donahue a leadership strategy without ethical clarity produces moral and economic bankruptcy. An ethical leader acknowledges the complexity of running a responsible business, yet tries to do it anyway. In this era of lack of corporate ethics, an ethical leader comes out as someone who is judicial, honest, respectful, value driven, prudent, and rational. The following table depicts the characteristics of the ethical and an unethical leader:

The Ethical leader	The unethical leader
Is humble	Is arrogant and self-serving
Is concerned for greater good	Excessively promotes self interest
Is honest and straightforward	Practices deception
Fulfills commitments	Breaches agreements
Strives for fairness	Deals unfairly
Takes responsibility	Shifts blame to others
Shows respect for each individual	Diminishes other's dignity
Encourages and develops others	Neglects follower development
Show courage to stand up for what is right	Withholds help and support

STRUCTURE OF ETHICAL LEADERSHIP - LEADING IN AN ETHICAL WAY

Ethical leadership has a structural component and a substantive character component. There shall be a strong character for ethical leadership. The elements for ethical leadership can be discussed as under:

Ethical Communication

By Ethical Communication, one means truthful communication as a primary value in top down approach. Leaders need to first identify the wrongdoings and trace the crux of the issue.

Ethical Quality

Ethical quality requires a leader to focus on a quality product, a quality customer service, and a quality delivery. It should involve focusing on the quality at all levels and use innovations to highlight the quality.

Ethical Collaboration

Ethical collaboration shall include collaboration at different levels of the management to reduce risks at different levels and ensure best practices at every level of the organization. With the ethical and clever group of advisors, ethical leaders will usually ensure plausible solutions, with practical actions and procedures.

Ethical Succession planning

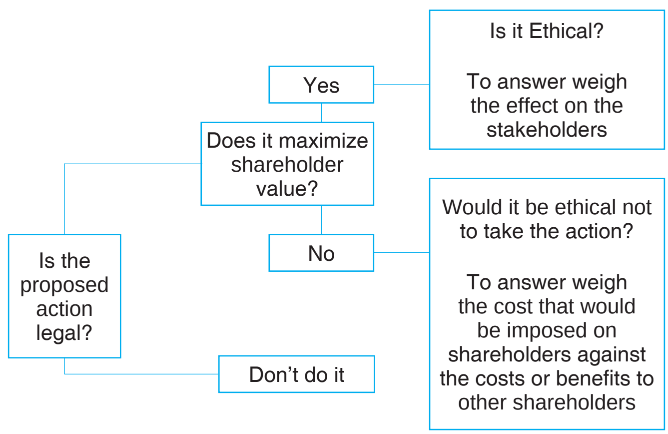
There shall be a strong leadership succession programs for over-all long-term success of the organization. The leaders should make and mentor other future leaders.

Ethical Tenure

The leaders shall ensure ethical tenure and shall be concerned with the shelf-life of the leader that helps him develop into an ethical leader.

Ethical Leader's decision tree

An Ethical Leader's decision tree is a complex structure of decisions and choices as may be made by a leader from time to time. An Ethical leader's decision tree is governed by choices as well as chances. An ethical leader takes decision in the light of innumerable circumstances that leads him to a decision. This decision is a balance between stakeholder considerations and the interest of the organization. The following figure represents an Ethical Leader's decision tree:



Source: Harvard Business Review

ETHICAL LEADERSHIP- THE GUIDING PRINCIPLES

Ethical leaders respect others

Leaders who respect others also allow them to be themselves, with creative wants and desires. They approach other people with a sense of their unconditional worth and valuable individual differences. Respect includes giving credence to others' ideas and confirming them as human beings.

> The movement of business ethics has not remained confined to the United States. Other countries are embracing and adopting the legislation similar to that of the United States and it seems more and more are feeling the pressure to become signatories and abide by the required standards. A very good example of good and ethical businesses are increasing in India due to changed expectations of multinational corporations.

Ethical leaders serve others

Leaders who serve are altruistic, they place their followers' welfare foremost in their plans. These behaviors can be observed in the activities such as mentoring, empowering behaviors, team building, and citizenship behaviors.

Ethical leaders are just

Ethical leaders are concerned about issues of fairness and justice. They make it a top priority to treat all of their subordinates in an equal manner. As a rule, they ensure that no one shall receive special treatment or special consideration except when his or her particular problem demands that.

Ethical leaders are honest

To leaders there is one sole lesson, "To be a good leader, one must be honest." When leaders are not honest others come to see them as undependable and unreliable. People lose faith in what leaders stay and stand for, and their respect for leaders is diminished. Being honest is not just about telling the truth, rather it has to do with being open with others and representing reality as fully and completely as possible.

Ethical leaders build community

Leadership is a process whereby a person influences a group of individuals to achieve a common goal. This definition has a clear ethical dimension because it refers to a common goal. A common goal requires that the leaders and followers agree on the direction to be taken by the group. An ethical leader thus takes into account the purposes of everyone involved in the group and is attentive to the interests of the community and the culture.

EVOLUTION OF THE ETHICAL LEADERSHIP

The contemporary society has caused ethical leadership to function in a different capacity. One can see that the masses are enlightened with the new-found moral consciousness and virtues that insist the leaders to get utopian and unblemished. The advent of social media has brought about a wave of unveiling corporate scandals and unethical activities in different arenas.

Across the globe one may feel and see the 'strong vigil mechanism' that has rooted a strong foundation for Ethical leadership. The wrong-doers in the organization are strictly watched and their behaviors are reported.
The governing laws in different countries have made this concept even stronger. The imposition of penalties under different regulations and the fear of stringent punishment associated with it has revolutionized ethical leadership across organizations.

ETHICAL LEADERSHIP ACROSS THE GLOBE

The movement of business ethics has not remained confined to the United States. Other countries are embracing and adopting the legislation similar to that of the United States and it seems more and more are feeling the pressure to become signatories and abide by the required standards. A very good example of good and ethical businesses are increasing in India due to changed expectations of multinational corporations.

Majority of the good firms resolved by the top management are making it possible for business organisations to behave ethically in its interface internally as well as with the government. Use of information technology has made it possible to bring in great transparency in the systems and has annulled corruption at many levels. India is slowly marching towards better democracy, improved governance and fewer restrictive laws and simplified tax regime. Externally, India is matching pace with businesses from the advanced countries that are ahead in ethical behaviour.

United Kingdom

United Kingdom has a very radical approach to Ethical leadership. The current developments in this field primarily focuses upon building strong ethical leadership programs across all levels of the organization. Some of the recent programs that have been introduced into this arena have been joint venture between the CFA UK and the Duke Corporate Education to launch the Ethical Leadership Programme aimed at current and future leaders across the investment profession. The programme provides leaders, who take daily business decisions that impact on clients, with the skills and techniques and experience to deal with the ethical issues.
'**Initiatives of change**' is one perfect example of a holistic ethical leadership programme that works for good governance at every level, through promoting a leadership culture based on moral integrity, compassion and selfless service. The programs covered under this include Trust and Integrity in the Global Economy that encourages 'conscience-based decision making' in business and economic life and a shared commitment to personal integrity.
'**School for changemakers**' is a residential leadership development initiative for young people with high potential who want to explore inner and outer dimensions of change.

United States

The compliance and Ethics in the United states has totally taken a new dimension. With the emergence of a strong Code of Conduct that reflects the need and importance of the Ethical Leadership the United States of America has a lot in store.

The center for Ethical leadership in United States is a national non-profit center that cultivates leadership and change capacity that advances social change. The mission of the programme is to cultivate leadership and build capacity for change, helping communities tap collective wisdom in service of the common good.
With a strong vigil mechanism framework and the growth of the corporate culture in the United States, Ethical leadership has become the need of the hour. There has been a swift growth in the ethical leadership programmes in the light of various legal regulations.

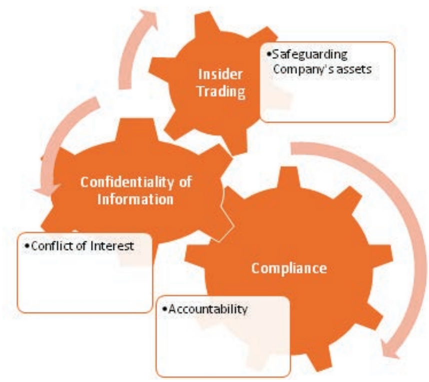
THE CASE OF ETHICAL LEADERSHIP IN INDIA

One can say that ethical leadership has its roots from the SEBI Regulations. These Regulations throw more light on the ethical obligations of a leader. The scope of these instances in the SEBI Regulations goes beyond the general Code of Conduct. They somewhere emphasize upon the need of ethical and effective leadership in the organization.

Pursuant to the revised clause 49 of the Listing Agreement, and in the interest of the good governance the board of directors are required to formulate a Code of Conduct for its board members and the senior management.

The relevant sections of the revised clause 49 of the Listing agreement stipulates as under:

- ✓ It shall be obligatory for the board of the company to lay down the Code of Conduct for all the board members and the senior management of the company, which shall then be posted on the website of the company.
- ✓ All board members shall affirm compliance with the Code on an annual basis.
- ✓ The annual report of the company shall contain a declaration to this effect signed by the Chief Executive Officer.
- ✓ Senior management comprises all members of management one level below Executive Directors, including functional heads.



Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") stipulates that the Board of Directors of every listed company shall lay down a Code of Conduct for all the Board Members and Senior Management personnel of the company.

This code shall apply to the independent/Non-Executive Directors to the extent that it does not conflict with or is prejudicial to the interest of the company.

Instances from the SEBI Code of Conduct that regulate Ethical Leadership

1. **Accountability -** The directors/Senior Management personnel shall discharge their duties in good faith and integrity in business judgment and in the best interests of the company and its stakeholders.
2. **Conflict of Interest -** Directors or the senior management personnel shall not engage in any business, relationship or activity, which may be in conflict with the interests of the company. Some common circumstances that may lead to conflict of interest, actual or potential include:
   - ✓ They should not engage in any activity or employment that interferes with the performance or responsibility to the company or is otherwise in conflict with or prejudicial to the company
   - ✓ They and their immediate families should generally refrain from investments in such companies/ entities whereby their responsibility to the company is compromised
   - ✓ They should avoid conducting company business with a relative or with firm/company in which a relative/ related party is associated in any significant role.
3. **Compliance -** The directors shall disclose their directorship, committee membership on the Board of the Companies and substantial shareholding in other companies to the board on an ongoing basis.
4. **Confidentiality of information -** Any information concerning the company's business, performance, and its customers which is not in the public domain and to which the management has access shall be considered confidential.
5. **Insider Trading -** A director/senior management personnel shall not derive benefits or assist others to derive benefits by giving investment advice based on unpublished price sensitive information.
6. **Equity -** All attempts shall be made to maintain equity and fair justice while dealing on behalf of the company. The leaders shall strive for maintaining a safe workplace by following safety rules and healthy practices.
7. **Consumer/Investor focus -** The directors/Senior management shall focus on customer/investor satisfaction.
8. **Team Work/Spirit -** The principles of mutual trust, teamwork and the spirit shall be appreciated and maintained.

One can say that ethical leadership has its roots from the SEBI Regulations. These Regulations throw more light on the ethical obligations of a leader. The scope of these instances in the SEBI Regulations goes beyond the general Code of Conduct. They somewhere emphasize upon the need of ethical and effective leadership in the organization.

9. **Corporate opportunity -** The senior management shall not take any personal opportunity directly or indirectly that belongs to the company or are discovered through the use of the Company's property.
10. **Safeguarding Company's assets -** The use of the Company's assets for illegal or non-ethical business purposes shall be strictly prohibited**.**
11. **Financial record keeping and reporting** - It is critical to ensure that all transactions are properly identified, analyzed and recorded.

ETHICAL LEADERSHIP IN FINANCIAL SERVICES

Financial services sector is not about making money, rather providing value-added services. If we consider the case of banks and Non-banking financial companies worldwide, we can witness an era of fair and just regulations that are promoting an environment of trustworthiness and better management. Instances from the RBI's NBFC Ombudsman Scheme can be cited.

In the wake of rising discrepancies and deficiencies witnessed in the implementation of NBFCs general services, the Reserve Bank of India("RBI") came up with The Ombudsman Scheme for Non-Banking Financial Companies, 2018 (hereinafter referred to as the "Scheme") to address and target any complaint by any party aggrieved by any discrepancy in the service obligation of the NBFC. The ethical dimension can be witnessed in this policy as the policy makers are widely concerned about the interest of various stakeholders.

For Example, Reserve Bank of India ("The RBI"), is the monetary authority, regulator of banking and non-banking financial companies, the financial markets, and the regulator of the entire payment and the settlement system. What guides RBI in fulfilling this broad mandate is a set of institutional values and the professional integrity. An ethical leader has a wide role to play here.

Role of the RBI in promoting Ethical Leadership

1. One of the core aims of the monetary policy is to maintain price stability. If the leaders fail in it, there would be inflation which is a pernicious regressive tax that hurts the poor the most. Thus, by maintaining that price stability the leaders are acting ethical.
2. Considering the important guideline for regulation and protection of the interests of the depositors, ethical leaders ensure that the banks are well capitalized, prudently managed, and that they have adequate and appropriate internal controls.
3. Only the Ethical management can ensure that borrowers get credit at remunerative rates of interest and that they are not disadvantaged by information asymmetries. Thus, by advising banks not to charge exorbitant rates of interest on non-priority sector personal loans or the credit card dues.
4. It is only the Ethical leadership that can ensure that financial services reach to the remotest of the areas in our society. Not only should the poor have an account but shall also get the benefit of having that account by way of credit and other financial transactions.

ETHICAL LEADERSHIP - THE PRACTICAL ASPECTS

Ethical Leadership as one may say and feel is a relative concept. It is not just a phrase, but a habit that has to be inculcated from the top-level management into the company through all its processes, codes and the business practices. At Indian Offices we may see a trend where the top executives are using religion and spirituality to make ethical decisions.

For instance, Tata Steel has already started with its programme to reward all its employees, including contract workers as much as Rs.one lakh for whistleblowing. Mahindra and Mahindra group has set up an externally managed hotline for employees to ensure no complaint is suppressed and is objectively attended.

International Whistleblowers - Rewards from Confidential US programs

The United States Whistleblower reward programs are open to all nationalities and residents of all countries. Whistleblowers from any country - Britain, Canada, India, China, and elsewhere can participate in any of the four US whistleblower reward programs. Under the US Whistleblower programs, the Securities and the Exchange Commission ("The SEC") will reward Whistleblowers ten percent to thirty percent of the amount that all government enforcement agencies recover, if the amount recovered based on the whistleblower's information exceeds one million.

The case for Wipro Limited

One may say that Ethical Leadership comes with Effective leaders, and Wipro does much justice to this statement. The Think-tank has been publishing the 'World's Most Ethical Companies' List 'annually since 2007 and according to the institute Wipro has been one of the organizations that recognizes its critical role to influence and drive positive change in the business community and the societies around the world and work to maximize their impact wherever possible. The recognition underscores the commitment to leading ethical business standards and practices, ensuring long term value to key stakeholders, including customers, employees, suppliers, regulators and investors.

The case for Starbucks

Critics of Starbucks blamed the company for creating environmental problems all over the United States in 2007 and 2008. Starbucks used inordinate amount of water to make drinks for customers when the country was experiencing severe drought. The leaders were quick to take actions. The company soon addressed the issue by designing new low-flow machines for drip stations that radically reduced water usage.

We can see a strong case for the commitment towards the environment and ethical leadership. The programs had cost Starbucks money in the short-term but built a solid foundation for growth.

The Sonalika Group

Sonalika International Tractors Ltd. stands strong as the third largest tractor manufacturing company in the country with the bestselling tractors ranging from 20HP-120HP. The company is well recognized in the domestic and the international market. One can witness the tone at the top. The Senior management is religiously contributing to the CSR activities and every day one may witness an emergence of a new concept that would promote ethical wellbeing of our country. Their environmental health programs like Clean & Green, Jeevan Utsav, Swach-Dhara are the epitome for many.

HOW MANAGERS AND THE CEOs CAN PROGRAMME ETHICS INTO THEIR LEADERSHIP STYLES?

Ethics Is Not Just About Following Laws And Regulations

> Whistleblowers from any country - Britain, Canada, India, China, and elsewhere can participate in any of the four US whistleblower reward programs. Under the US Whistleblower programs, the Securities and the Exchange Commission ("The SEC") will reward Whistleblowers ten percent to thirty percent of the amount that all government enforcement agencies recover, if the amount recovered based on the whistleblower's information exceeds one million.

Leaders need to think and take action and show consumers and other stakeholders that they are actively engaged with the ethical issues that matter. They shall prove that they are committed to ethical issues including human rights, social justice and sustainability.

Caring about people before profits

Managers and the CEOs need to realize that the triple bottom line of the people, planet and profit, is not only about prioritizing people over profits, but also thinking about how our company affects the planet and adopting environmental friendly ways of doing it.

Ensure that Ethical behavior is reciprocal

Managers need to understand that employees are more likely to reciprocate when their managers exhibit trustworthy behavior, so it is important to demonstrate fairness and transparency in all your decisions.

Democratizing decision making

Asking for feedback and suggestions from the staff will show trust and respect for their opinions.

Sharing and Delegating

By sharing information with and delegating tasks to the team will empower and motivate them yielding tremendous value for the organization.

Communication

By communicating people about the acceptable behavior at various levels and hierarchy and ensuring employees of the open-door policy, managers can reap innumerable benefits to maintain an environment of trust and integrity in the organization.

Clear Code of Conduct

A holistic code of Conduct is a prerequisite for any Organization. The Taj group, Tata Group have well defined Codes of Conducts that are strictly adhered to. Codes of Conducts are required to help employees discern the different shades of grey in the ethical continuum.

THE ETHICAL LEADERSHIP AND ROLE OF THE COMPANY SECRETARIES

The company secretaries are designated as the Key managerial personnel of the company, and their role in promoting ethical leadership is indispensable for the organization. Ethical leadership shall be vested in the top management and it is needless to say that a company secretary has to be a major player in it. From supporting the board in decision making and ensuring good information flow within the board, facilitating induction and director's professional development, and communicating corporate governance, a Company Secretary can do a lot in promoting Ethical Leadership.

The company secretaries have the power to go beyond overseeing board effectiveness and general corporate compliances. Other dimensions which could be focused upon include social productivity, measuring and reporting ethical and the compliance culture, culture audit, and handling recession and the downturn.

The Company secretaries can go a long way in promoting ethical leadership by communicating with the stakeholders, communicate governance practices in the integrated report, and advising the board on the governance matters.

CLOSING REMARKS

With the growing advent of corporate scandals and malpractices in corporate culture, the Ethical Leadership can act as a savior. It goes with the adage, "Prevention is better than cure". Thus, by inculcating effective ethical behavior in the leadership styles, better management of organizations' resources can be practiced.

Ethical leadership in today's scenario is the need of the hour. Focus thus shall be upon the development of programs across regions that promote ethical leadership. A wave of such programs can be witnessed across regions emanating from a strong vigil mechanism and whistleblowers development across the organizations.

Ethical leadership, since is linked to a person's morals, spirituality and character, can definitely go a long way in creating a scandal free corporate culture and consequently a healthy organization.

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Secretarial Standards: A Panacea

Secretarial Standards are guiding FORCE in the most compliant manner in executing Corporate Secretarial Functions.

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INTRODUCTION

Secretarial Standards revolves around 3 (three) core issues such as legal, governance and procedural. Secretarial work is a procedure and the Standards streamline the procedure in the best interest of the Company and all its Stakeholders. The works which were termed earlier as procedure oriented & ignored somehow has become the real cause of litigation in some cases and are now being addressed through Standards. Standards have tried to put the language which the Board understands. Secretarial Standards are required to be linked with Board effectiveness. Secretarial Standards aim to facilitate compliance of laws keeping in mind the governance as well as elaborating the informative procedure. ICSI after recognizing the need for integration, harmonization & standardization of diverse secretarial practices formulated the Secretarial Standards which have the legal recognition under the Companies Act, 2013. Standards are culmination of the best practices followed by different Corporate Houses and seek to supplement the existing legal framework.

NEED

It creates Harmony between diverse Practices.

A question has been raised in several quarters as to why Secretarial Standards. Why imposing one more regulation? But those people while raising these questions tend to ignore the Fact that – besides various Advantages to the stakeholders, it addresses the gap between Intention and Interpretation, the gap in understanding the Law. It takes care of a situation where law is Silent or prone to Multiple Interpretations. The basic idea behind Secretarial Standards is to Integrate, Harmonize & Standardize the divergent practices and bridge the gap. The Secretarial Standards address various NEEDS—

- Unique & Pioneering Step
- Standardization of Diverse Secretarial Practices
- Better understanding of Existing Laws
- To Promote Uniformity & Consistency
- More transparency, More compliance
- Clarity –as Law may have Multiple Meaning/Silent
- Rise in Investors Faith
- Less Frauds
- Results – Good Corporate Governance

* Past President of The Institute of Company Secretaries of India and Corporate Secretaries International Association, Geneva.

"Good Governance means at least Honest to yourself".

COMPOSITION OF ICSI- SSB

The Secretarial Standards Board of ICSI comprises of-

- Company Secretary in Employment representing good corporate houses
- Company Secretary in Practice representing eminent corporate and appearing before various regulatory authorities
- Representatives from Chamber of Commerce such as CII, ASSOCHAM, FICCI, PHDCCI
- Representatives from Regulators such as MCA, RBI, IBBI, SEBI, NSE, BSE
- Representatives from Professional Institutes such as ICAI, CMA.

BENEFICIARIES

Directors:

- The Board of Directors of a Company comprises of internal Directors such as Promoter Directors and Executive Directors and also external Directors such as Non-Executive Directors, Independent Directors, Nominee Directors and Small Shareholders Directors
- Their duties, role, responsibility and liabilities are prescribed in the Companies Act and other laws and in case, they fail to perform, they have to face the legal action and penalties
- Their performance is dependent on the information which they receive from the management through Board processes
- The Board of Directors of the Company has the overreaching responsibility of ensuring transparent & ethical governance of the Company. It becomes equally important that the Board processes and compliance mechanism of a Company are robust
- Independent Director & Non-Executive Director, who is neither a Promoter nor a Key Managerial Personnel, is equally liable for any act of omission or commission, provided he has knowledge about the same and such knowledge commences from the Notice, Agenda, Notes on Agenda being received by the Directors
- All information about the company is always available to internal Directors but external Directors get only those

information which the management provide to them. They are always dependent on the discretion of the management

- The management decides what should be shared with external directors, when to be shared and in what form and mode to be shared
- If the information provided to external directors is not correct, complete and timely then the opinion or advise of the external directors may not be correct and also not in the interest of all the stakeholders
- On the one hand the external directors are required to perform their role efficiently and effectively and on the other hand they are dependent on the management for the required information
- The Secretarial Standards enable the Directors to seek sufficient and required information in reasonable time to discharge their duties and responsibilities.

Banks and Financial Institutions

- The Banks & Financial Institutions who are important stakeholders have been found to be under stress
- They are funding the companies and taking huge risk which is now evident with the amount of NPAs and number of defaulters
- The compliance of Secretarial Standards will give them timely signals of any wrong practice or non compliance by the Company
- They may timely intervene and take corrective actions well in time.

Shareholders

- The Standard on General Meeting has put to rest ambiguity on procedures involved in convening and holding general meetings
- Shareholders are further assured of transparent working of the company as the external directors on the board are taking care of their interest with the help of implementation of Secretarial Standards.

Investors

- The investor community now has more faith in the companies as they know that Board processes and General meeting processes are more robust and transparent
- Standards help the Foreign Institutional Investors, Domestic Institutional Investors and Small Investors to take informed decisions
- The Compliance of laws with best of practices results in adequate disclosures which have boosted the confidence of investors, thereby created a good atmosphere for enhanced FDI in the country.

> ICSI after recognizing the need for integration, harmonization & standardization of diverse secretarial practices formulated the Secretarial Standards which have the legal recognition under the Companies Act, 2013. Standards are culmination of the best practices followed by different Corporate Houses and seek to supplement the existing legal framework.

Regulators and Government

- The Government Agencies and Regulators were always on their toe to monitor and scrutinize the working of the companies. With the introduction of Secretarial Standards now they feel assured and need lesser efforts to monitor the corporates
- The Compliance of law especially the Secretarial Standards is reflected in the Secretarial Audit Report which is carried out by an independent professional and non-reporting of non-compliance by the Secretarial Auditor will also make him liable
- It helps the regulators and law enforcing agencies to take timely action.

Company Secretary

- The function of a Company Secretary in terms of Section 205(1) (b) is to ensure that the Company complies with the applicable Secretarial Standards
- The compliance of statutory obligation in general is different from compliance of Secretarial Standards and the same creates a very important position for a Company Secretary in the entire Corporate Governance System
- A Company Secretary along with the Directors are in attendance at the Board Meetings and all others are invitees. Company Secretary attending the General Meetings of the company is required to be seated with the Chairman
- If there is no Company Secretary in the Company then any Director or Chairman or any other authorised person, as the case may be, will be responsible to carry out all such functions which are required to be performed by a Company Secretary. This helps in bringing the position of Company Secretary at par with the Board
- Secretarial Standards have made Company Secretary custodian of all important documents of the meeting like Minutes, Attendance Register, etc.
- Secretarial Standards have enhanced the position of a Company Secretary.

Society at Large

- It is not only the individual stakeholders but society at large which gets benefit if the corporates are dealing in fair and transparent manner
- The resource which belongs to the society should be properly utilised for the betterment of one and all
- The Secretarial Standards may give a feeling of trust about the functioning of the Company and effective decision making by the Board for utilisation of such resources
- Companies following good governance command respect from the Society for maintaining the high standard.

SECRETARIAL STANDARDS ARE ALSO BENEFICIAL TO OTHER CLASS OF PERSONS SUCH AS-

Employees:

- The employees of the company who are the real contributor to the performance of the company are now feeling more assured about the good corporate governance practices being followed by the company
- They know that the Board of Directors are better placed now to protect and serve the interest of all stakeholders including employees.

Customers:

- Customers dealing with well governed companies have better chance to get value for their money
- Customers can have more faith in the quality of the product, its usefulness and fair dealing as they know that directors of the Company are more involved and better equipped to protect and serve their interest.

Professionals / Auditors:

- Secretarial Standards have facilitated the Auditors and other professionals to effectively look into the working of the companies and report any non compliance or undesired practices followed by the company
- The Companies Act, 2013 have cast equal responsibility on the Secretarial Auditor for non-reporting of the fraud, if any, and also for making an incorrect statement
- This will ultimately help the companies to take corrective action and other stakeholders to take well informed decision
- PCS appointed by the company or the Secretarial Auditor has the right to inspect such documents of the company as he may consider necessary for the performance of his duties.

Secretarial Standards helps in Reduction of Litigation:

- Secretarial Standards supplement the existing laws
- Most of the disputes/litigations are the outcome of not adhering to the laws and not following the desired practices. The adherence to Secretarial Standards will certainly help in reducing the internal disputes and litigation
- Secretarial Standards facilitate the companies to adhere to the laws and good practices and to keep records of the same which can be used for future reference in case of any dispute or litigation
- It will save time, energy and resources of companies, shareholders, regulators, investigating agencies and the courts
- There have been judgments where courts have emphasized the strict adherence of Secretarial standards.

Secretarial Standards ultimately results in Good Corporate Governance:

- Good corporate governance is the main source of energy to the capital market, economic growth and development of the country
- The companies by following the Secretarial Standards not only improve their image, market capitalization, performance and bottom line but also contribute in the growth, development and value creation for the country
- Secretarial Standards are one of the important tools to enhance the good corporate governance.

EASE OF DOING BUSINESS

- Ease of doing business does not mean only opening and closing of business, but it is also important for a business to run smoothly by complying with all legal requirements
- A company functions through its Board and in accordance with the decisions of members either taken at the meeting or through a resolution by postal ballot and e-voting. The decision making process plays a significant role in the development of every business and if not properly followed, could have a negative impact on the growth of the business
- Secretarial Standards guide the corporate about the best practices with regard to conduct of meetings. While the basic principles for Board and General Meetings are articulated under the Companies Act, 2013, the Secretarial Standards act as extended tone of those principles by giving clarity and standardising the diverse practices
- The Secretarial Standards streamline the entire mechanism relating to convening and conducting Board and General Meetings in compliance with the law and best corporate practices
- Adoption of Secretarial Standards is beneficial to every company

- The foundation of Doing Business is the notion that economic activity, particularly corporate sector get benefits from clear and coherent rules, which facilitate the resolution of disputes. Secretarial Standards facilitating decision making process are the cornerstones in ease of doing business
- Keeping disputes under control will result in increasing the growth rate of such companies and will increase confidence in the minds of investors, regulators and society at large
- Secretarial Standards also help the companies to adopt standard set of practices with clear direction, simplified processes to minimize the scope of multiple interpretations of law and establish as Standard Operating Procedure with respect to convening/conducting of Board and General Meetings
- In a nutshell, Secretarial Standards enhance the good corporate governance practices and provides ease of doing Business and thus strengthen the investor confidence.

DEMYSTIFYING THE MYTH

Whether Secretarial Standards increase cost of compliance?

- The answer in clear terms is 'No'
- The Standards are not asking the companies to do anything extra, other than the things which they are supposed to do
- The Standards are simply supplementing the Laws by streamlining the processes and compliances and in this process the standards are facilitating the companies to do the things in a systematic way which they are otherwise supposed to do.

Are the Secretarial Standards hindering the ease of doing business?

- The answer is absolutely 'Not"
- Once the organisation is structured and systems are in place, the orientation and focus of the promoter or the entrepreneur can be on the business
- Secretarial standards give an assurance that proper systems and board processes are in place and gives impetus and enlarge the confidence of investors, especially the private investors and JV partners
- Most of the start-up businesses and Joint Ventures are in the form of small and private companies only and Secretarial Standards certainly equip such entrepreneurs and businessmen to work in a healthy and good governance environment
- The standards do not hinder the ease of doing business but results in furtherance of ease of doing business.

Are secretarial standards increasing clerical work in case of Corporates?

- Inherently the Legal and Secretarial work is procedure oriented and the standards only streamline the procedures in the best interest of the company and of all its stakeholders
- Certain work which might be avoided earlier being procedural oriented, which was the main cause of litigation in several cases, is made mandatory now
- This reduces the cause of litigation.

E-INITIATIVE

- The concept of maintaining the minutes in electronic form with Timestamp will check the manipulation
  "Timestamp" means the current time of an event that is recorded by a Secured Computer System and is used to describe the time that is printed to a file or other location to help keep track of when data is added, removed, sent or received.
- Posting of the notice of meeting, results of voting and other relevant information on the website of the Company as well as publication of the same in newspaper will bring transparency
- The Companies Act, 2013 has enabled the Directors to participate in the Board Meeting through electronic mode. The Standards deal with the intricacies involved in such participation.

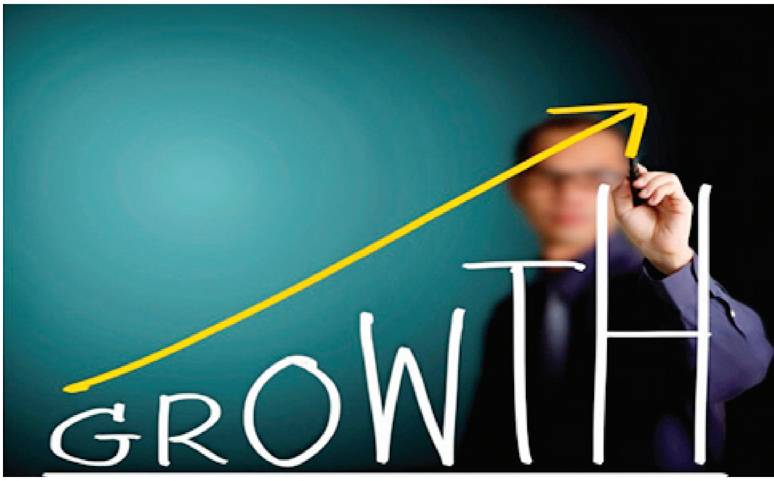
GLOBAL ACCEPTANCE

- The Corporate Secretaries International Association (CSIA) comprising of 14 (fourteen) member countries have also agreed to the need for development of Secretarial Standards/Best Practice Guide for Board Meetings
- Recently "Malaysian Association of Company Secretaries" has adopted the Secretarial Standards issued by ICSI.

CONCLUSION

- Secretarial Standards guide the corporates on the best practices with regard to conduct of meetings. While the basic principles for Board and General Meetings are articulated under the Companies Act, 2013, the Secretarial Standards act as extended tone of those principles by giving clarity and standardising the diverse practices. The Secretarial Standards:
  - ✓ Assures the directors about the flow of information to the Board
  - ✓ Ensures that due process with regard to Board and General Meetings are followed thereby boosting investor confidence
  - ✓ Enhances the governance practices which are prerequisite for the growth agenda

  Therefore it would be incorrect to presume that the Secretarial Standards are causing burden and hindering the ease of doing business. It is all about good corporate governance and transparency which makes ease of doing business better.
- Further, Secretarial Standards nowhere makes it mandatory to appoint a Company Secretary. Secretarial Standards are drafted in a way that even a person having general understanding of secretarial practices and corporate governance matters can follow the Standards. Therefore, no added cost of compliance by the Secretarial Standards
- Many companies were voluntarily adopting Secretarial Standards even when these did not become mandatory and used to disclose in their annual reports with regard to compliance
- Secretarial Standards prescribe best secretarial practices to instill the good governance in the corporates. The Secretarial Standards streamline the entire mechanism relating to convening and conducting Board and General Meetings in compliance with the Law and best corporate practices
- Secretarial Standards help in interpretative issues and save time and energy of the Board and the management for productive aspects. Secretarial Standards help in bringing compliance culture into the small companies. As small companies grow bigger, compliance is not a burden, rather a comfort. There may be small time pain to comply with the desired practices but will certainly result to long term pleasure
- From the above, it is clear that the adoption of streamlined and well established secretarial practices as introduced by the Secretarial Standards will decrease the number of disputes especially in case of small and private companies. Keeping disputes under control will result in increasing the growth rate of such companies and increased confidence in the minds of investors, regulators and society at large.



2 RESEARCH CORNER

Corporate Social Responsibility and Sustainability: An Indian Experience

Corporate sustainability is more a business approach that creates long-term shareholder value by embracing opportunities and managing risks arising from three sustainable parameters like economic, environmental and social developments. This paper tries to analyse the experience of Indian corporate houses towards meeting the sustainability in our country through CSR activities. Unlisted companies are observed to be highest contributors when compared with listed companies. Further, non-governmental companies are also recorded as highest contributors than government companies through CSR activities. However, it is observed that the overall performances of Indian companies towards achieving corporate sustainability are noticeable.

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INTRODUCTION

Two important issues forcing the nation today are how the economic growth can be accelerated and how benefits of growth and development can flow to the citizens in an effective manner. Sustainability is one of the buzz words pronounced globally at almost every stage today. It is more a generalized concept than a fundamental truth. It aims at meeting our present needs without compromising and hampering the ability of our future generations to meet their own needs.

Corporate sustainability is more a business approach that creates long-term shareholder value by embracing opportunities and managing risks arising from three sustainable parameters like economic, environmental and social developments. The three pillars of corporate sustainability include:

- ***Economic Sustainability***

Human wants are unlimited but the means to achieve the wants are limited. Human communities across the globe are able to maintain their independence and have access to the resources that they require in order to meet their needs. Activities are revolving in the economic system.

- ***Social Sustainability***

Human being is a social animal. He depends on the society to live in and for livelihood. Basic necessities are attainable by all people, who have access to enough resources in order to keep their families and communities healthy and secure.

- ***Environmental Sustainability***

All the economic activities carried out in the society by the human being ultimately affect the ecology. Hence earth's environmental systems are to be kept in balance by fulfilling the need of human beings to that of with the scanty available natural resources.

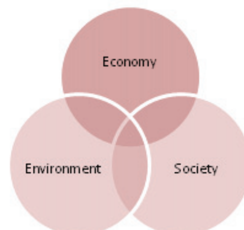

Figure-1: Pillars of Corporate Sustainability

THE COB WEB STRUCTURE OF CORPORATE SUSTAINABILITY

The question comes to every one's mind is that why corporate sustainability becomes so important? There exists inter-connection between various sustainability indicators of each dimension. The inter-connections between the sustainability indicators when drawn in with the help of a piece of paper looks like a cob web structure. Failure in establishing any one relationship could undermine progress in economic, social and environmental objectives. A simple example to understand the working of a simple cob web structure is underlined with a figure below. In figure-2, few indicators related to society and environment are considered.

The ultimate objective of a business is to earn profit. To earn profit it has to meet the desires of the customers. To meet the desire of the customers, it has to produce goods and services. To produce goods and services, it has to hire human beings

> **The Millennium Development Goals (MDGs) are those international development goals that were officially established following the Millennium Summit of the United Nations in 2000, following the adoption of United Nations Millennium Declaration. All 189 United Nations member states agreed to achieve these goals by the year 2015.**

* The author thanks Dr. S.K. Dixit, Mentor-Research Cell and CS Sonia Baijal, Director for encouraging, guiding and giving necessary inputs while developing the manuscript.

(job). The production activity will off course take place with the help of natural resources. Job rewards income. Less job leads to less income and hence, poverty. Poverty will lead to ill health and crime. Further, production activity and human societal activities affects environment. Bad environment affect the health of human beings. Health problems, whether due to general air quality problems or exposure to toxic materials, have an effect on workers' productivity. Low workers' productivity causes job loss. Job loss leads to less income. Less income leads to ill health and poverty. The chain then continues. Sustainability requires this type of multi-dimensional indicators to be controlled.

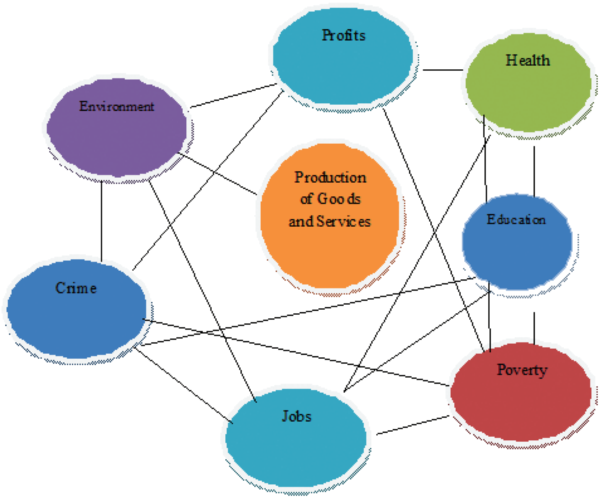

Figure-2: An Example of Cob web Structure of Corporate Sustainability

OBJECTIVES

While corporate sustainability recognizes that corporate growth and profitability are important, it requires the corporation to pursue social goals, specifically those relating to sustainable development-environmental protection, social justice, equity and economic development. The objectives of the study are:

- To analyse CSR activities done by Indian companies over the last three financial years
- To examine the relationship between sustainability and CSR activities in India

SUSTAINABLE DEVELOPMENT GOALS OR INDICATORS

The Millennium Development Goals (MDGs) are those international development goals that were officially established following the Millennium Summit of the United Nations in 2000, following the adoption of United Nations Millennium Declaration. All 189 United Nations member states agreed to achieve these goals by the year 2015. The goals or indicators are:

1. **Poverty Eradication**: Poverty eradication should be given highest priority.
2. **Food Security and Nutrition and Sustainable Agriculture**: Commitment of the right of every one to have access to safe, sufficient and nutritious food, importance of sustainable agriculture and recognition to the importance of addressing the access of rural communities to credit, finance services, markets, land tenure, health care and social services.
3. **Energy:** to understand critical role of energy in sustainable development - access to sustainable modern energy contributes to poverty eradication, saves lives, and improves health, essential to social inclusion and gender equality.
4. **Sustainable Transport:** Importance of environmentally sound, safe and affordable transportation as a means to improve social equity and health. Support development of sustainable transport systems, notably public mass transportation system.
5. **Sustainable Cities:** Well planned and integrated cities can be economically, socially and environmentally sustainable - including housing, safe and healthy living environment for all, particularly the vulnerable; affordable and sustainable transport and energy, promotion and protection of safe and green urban spaces, water and sanitation, air quality, decent jobs and improved urban planning and slum upgrading. Recognize importance of mixed-use planning and non-motorized mobility - including by promoting pedestrian and cycling infrastructures.
6. **Health and Population:** Health is a precondition for an outcome of an indicator of all three dimensions of sustainable development. Sustainable development cannot be achieved in the presence of high burden on communicable/non communicable diseases.
7. **Promoting Full and Productive Employment, Decent Work for all, and Social Protections:** Need to provide productive employment and decent work for all. Recognize importance of job creation. Workers should have access to education, skills and health, including occupational health and safety.

   Some additional measures include:

8. Commitment to strength the health systems towards the provisions of equitable, universal coverage and promote affordable access to prevention, treatment, care and support related to Non-communicable Diseases (NCDs), especially cancer, cardiovascular diseases, chronic respiratory diseases and diabetes.
9. Commitment to establish or strengthen multi-sectoral national policies for the prevention and control of non-communicable diseases.
10. Reaffirm the full right to use Trade-related Aspects of Intellectual Property Rights (TRIPS) provisions and Doha declarations on TRIPS to promote access to medicines for all and encourage development assistance in this regard.
11. Commit and consider population trends in development policies, emphasized the need for universal access to reproductive health, including family planning and protection of human rights in this context.

CORPORATE SOCIAL RESPONSIBILITY

The academic debate over social responsibility has been launched within neoclassical economics. The main issue addressed since then is whether socially responsible activities pay returns for corporate financial performance. Up to now, there is no general consensus on the matter. Neoclassical economists viewed negative correlation between organizations profit with philanthropic action. Whereas contradicting neoclassical thoughts, classical advocated strong positive long run impact on companies due to CSR activities.

Indian companies were obligated of their business responsibilities in December 2009 when MCA had issued the first Corporate Social Responsibility Voluntary Guidelines. Based on the feedback on basis of 2009 guidelines, the Guidelines Drafting Committee (GDC) constituted by Indian Institute of Corporate Affairs, came with 2011 guidelines entitled "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business". There are nine recommended principles for business related to ethical conduct, safe goods and services, employees wellbeing, interest of stakeholders, promotion of human rights, environmental protection, etc.

CSR UNDER THE COMPANIES ACT, 2013

The Ministry of Corporate Affairs notified Section 135 and Schedule VII of the Companies Act 2013 as well as the Companies (Corporate Social Responsibility Policy) Rules, 2014 dealing with CSR. As per section 135 of the Companies Act, 2013, the CSR provision will be applicable to all companies which fulfill any of the following criteria during any of the three preceding financial year:

- Companies having net worth of rupees five hundred crore or more, or
- Companies having turnover of rupees one thousand crore or more or
- Companies having a net profit of rupees five crore or more

CSR AND SUSTAINABILITY

A successful organization recognizes its responsibility, and duty towards its various stakeholders. CSR is an activity through which companies performs their societal activities through economic, environment and social actions. It covers wide range of areas such as ethics, morality and integrity, human rights, workplace diversity, supply chain management, poverty eradication, river cleaning, safe water, climate control, pollution control, citizens safety initiatives etc. This section analyses involvement of Indian companies towards sustainability (economic, social and environmental) through various CSR activities.

The contributions of Indian companies towards the economy are detailed below. Figure-3 shows number of companies involved in CSR activities in India between financial years 2014-15 to 2016-17. From the figure it can be seen that a total of 19,240 listed companies and 66,306 unlisted companies have contributed to the society and also to the nation through various CSR activities since last three years.

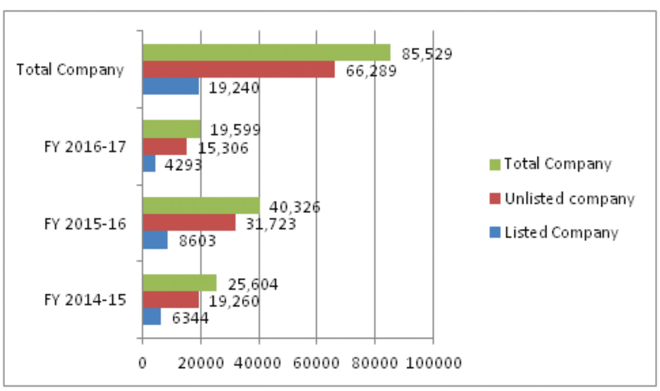

Figure-3: Numbers of Companies Involved in CSR Activities in India

Source: Compiled from web site (www.https://csr.gov.in/CSR/) of the Ministry of Corporate Affairs, Government of India.

The overall coverage of the companies to CSR activities in our country are given in table-1. The table reveals total amount spent on CSR activities by the companies over last three financial years, with total number of CSR projects undergoing and status of the development sectors entered by the companies.

Table-1: Companies Coverage under CSR Activities

Coverage	2014-15	2015-16	2016-17
Total Numbers of Companies	14944	19184	6286
Total Amount Spent by Companies on CSR (in Cr.)	9565	13823	4719
States/UTs Covered	36	36	36
Total Numbers of CSR Projects	25604	40326	19299
Development Sectors Entered by Companies	29	29	29

Source: As mentioned in Figure-3

Table-2 below shows activity-wise CSR involvements of the Indian companies over the last three financial years. It seems to be clear that the education sectors followed by health and eradicating poverty are the most favorable areas where companies have shown their interest to involve themselves.

Table-2: Activity Wise CSR Expenditures of Indian Companies

Activity	FY 2014-15	FY 2015-16	FY 2016-17
Clean Ganga Fund	4.64	32.52	22.97
Education, Differentially*	3,021.46	4,689.80	1,605.04
Encouraging Sports	53.35	134.76	51.72
Environment, Animal**	812.30	901.80	306.67
Gender Equality #	172.63	331.49	122.60
Health, Eradicating Hunger##	2,382.28	4,330.20	1,201.36
Heritage Art and Culture	113.62	114.90	49.64
NEC/Not Mentioned	6.93	36.35	9.47
Other sector ^	211.03	206.08	109.81
Prime Minister's NRF^^	1,031.02	1,327.56	628.55
Rural Development	101.07	13.59	1.97
Slum Area Development	94.51	323.23	89.35
Swachh Bharat Kosh	272.57	322.63	137.60
Any Other Fund	1,287.30	1,062.88	382.17

Source: As mentioned in Figure-3

Note: *Education, Differentially Abled, Livelihood, ** Environment, Animal, Welfare, Conservation of Resources, # Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities, ## Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking Water, Sanitation, ^ Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking Water, Sanitation, ^^ Prime Minister's National Relied Funds

Table-3 shows detailed statewide expenditure by the companies towards CSR activities in India over the last three financial years. Maharashtra is having the highest contributor to CSR activities followed by Delhi.

Table-3: State Wise CSR Activities by Indian Companies

States	Amount spent FY 2014-15 (Crore)	Amount spent FY 2015-16 (Crore)	Amount spent FY 2016-17 (Crore)
Andaman And Nicobar	0.29	0.53	0.06
Andhra Pradesh	403.91	1,220.53	101.69
Arunachal Pradesh	11.03	1.49	7.98
Assam	133.06	166.80	38.28
Bihar	36.19	108.14	36.90
Chandigarh	1.72	5.08	4.16
Chhattisgarh	158.88	236.21	14.85

Neoclassical economists viewed negative correlation between organizations profit with philanthropic action. Whereas contradicting neoclassical thoughts, classical advocated strong positive long run impact on companies due to CSR activities.

Dadra And Nagar Haveli	2.54	12.03	1.65
Daman And Diu	20.05	2.12	0.83
Delhi	214.23	468.17	229.87
Goa	26.60	30.24	10.53
Gujarat	296.53	550.98	152.04
Haryana	176.29	364.21	107.87
Himachal Pradesh	9.29	51.70	10.56
Jammu And Kashmir	40.56	103.01	27.83
Jharkhand	75.86	115.70	24.24
Karnataka	382.78	730.63	202.71
Kerala	64.29	129.23	50.94
Lakshadweep	0.00	0.30	0.00
Madhya Pradesh	137.15	178.93	213.47
Maharashtra	1,372.34	1,810.44	702.36
Manipur	1.56	5.93	6.02
Meghalaya	3.52	3.86	2.98
Mizoram	1.02	1.07	0.08
Nagaland	1.10	0.94	0.45
Odisha	249.49	604.26	191.42
Puducherry	1.80	6.31	3.70
Punjab	53.85	68.16	20.16
Rajasthan	271.35	472.46	84.99
Sikkim	1.03	1.89	2.12
Tamil Nadu	498.89	597.59	202.53
Telangana	94.88	248.56	64.56
Tripura	1.16	1.46	0.60
Uttar Pradesh	138.63	406.93	120.34
Uttarakhand	69.99	71.50	30.74
West Bengal	178.60	399.89	121.12
PAN India	4,434.12	4,650.39	1,928.25

Source: As mentioned in Figure-3

Table-4 highlights CSR activities based on company category like government companies and other than government companies over the last three financial years. The contributions of non-governmental sectors are observed to be more over the study periods than that of government sector companies.

Table-4: CSR Activities based on Company Category

CSR Activities	FY 2014-15		FY 2015-16		FY 2016-17	
	Govt.	Other than Govt.	Govt.	Other than Govt.	Govt.	Other than Govt.
Clean Ganga Fund	06	16	14	40	04	13
Education, Differentially*	442	5290	619	11,156	256	6,594
Encouraging Sports	21	238	50	443	33	240
Environment, Animal**	148	1041	173	1889	93	1095
Gender Equality #	43	716	85	1645	50	907
Health, Eradicating Hunger##	405	3825	653	7838	267	4466
Heritage Art and Culture	27	241	36	426	17	264
NEC/Not Mentioned	280	10,834	465	11,185	400	3185
Other sector ^	05	57	18	133	06	75
Prime Minister's NRF^^	08	499	27	784	03	414
Rural Development	197	805	279	1367	95	708
Slum Area Development	07	52	04	105	01	41
Swachh Bharat Kosh	15	98	54	209	39	109
Any Other Fund	32	256	59	570	20	204

Source: As mentioned in Figure-3

Note: Symbols as defined in table-2.

Table-5 details CSR activities undertaken by Indian companies by categorizing companies like government or Non-government sector with listing status (listed (L) or Unlisted (UL)) of the companies over the last three financial years. It shows that unlisted non-governmental companies are largest contributors than listed governmental companies during the study period.

Table-5: Company Category, CSR Activity and Listing Status of Indian Companies

Activities	FY 2014-15				FY 2015-16				FY 2016-17			
	Gov.		Non- Gov.		Gov.		Non- Gov.		Gov.		Non- Gov.	
	L	UL	L	UL	L	UL	L	UL	L	UL	L	UL
Clean Ganga Fund	01	05	04	12	00	14	08	32	00	04	04	09
Education,*	179	263	1650	3640	235	384	2570	8586	36	220	1384	5210
Encouraging Sports	05	16	85	153	15	35	125	318	06	27	67	173
Environment**	52	96	419	622	70	103	584	1305	15	78	299	796
Gender Equality #	09	34	223	493	12	73	386	1259	08	42	197	710
Health##	150	255	1265	2560	244	409	1903	5935	40	227	1082	3384
Heritage Art & Culture	12	15	93	148	17	19	136	290	03	14	72	192
NEC/Not Mentioned	114	166	1429	9405	89	376	1307	9878	276	124	459	2726
Other sector ^	03	02	26	31	08	10	31	102	01	05	18	57
NRF^^	01	07	91	408	04	23	98	686	01	02	33	381
Rural Dev.	113	84	318	487	107	172	425	942	08	87	178	530

Slum Area Dev.	05	02	07	45	01	03	14	91	00	01	14	27
Swachh Bharat Kosh	02	13	23	75	20	24	55	154	00	39	41	68
Any Other Fund	05	27	60	196	08	15	131	439	05	15	46	158

Source: As mentioned in Figure-3
Note: Symbols as defined in table-2.

Table-6 reflects CSR activities undertaken by the companies based on the listing status over the three financial years. The table shows that unlisted companies actively participated in the CSR activities than that of the listed companies in India. Further, it also reveals that Education, differently abled, livelihood activity is the first choice by most of the companies followed by health, eradicating hunger, poverty and malnutrition, safe drinking water and sanitation activity. Unlisted companies are more active in CSR activities over listed governmental companies.

Table-6: Listing Status and CSR Activities by the Companies

CSR Activities	FY 2014-15		FY 2015-16		FY 2016-17	
	Listed	Un-listed	Listed	Un-listed	Listed	Un-listed
Clean Ganga Fund	05	17	08	46	04	13
Education, Differentially*	1829	3903	2805	8970	1420	5430
Encouraging Sports	90	169	140	353	73	200
Environment, Animal**	471	718	654	1408	314	874
Gender Equality #	232	527	398	1332	205	752
Health, Eradicating Hunger##	1415	2815	2147	6344	1122	3611
Heritage Art and Culture	105	163	153	309	75	206
NEC/Not Mentioned	1543	9571	1396	10254	735	2850
Other sector ^	29	33	39	112	19	62
Prime Minister's NRF^^	92	415	102	709	34	383
Rural Development	431	571	532	1114	186	617
Slum Area Development	12	47	15	94	14	28
Swachh Bharat Kosh	25	88	75	188	41	107
Any Other Fund	65	223	139	490	51	173

Source: As mentioned in Figure-3
Note: Symbols as defined in table-2.

Table-7 shows state-wise CSR projects undertaken by Indian companies since last three financial years. It can be seen that highest projects among the states are undertaken by Maharashtra state followed by Gujarat and Tamil Nadu respectively.

Table-7: State wise-CSR Projects Undertaken

States	FY 2014-15	FY 2015-16	FY 2016-17
Andaman & Nicobar	03	05	03
Andhra Pradesh	518	908	495
Arunachal Pradesh	48	35	35
Assam	154	214	156
Bihar	64	127	70
Chandigarh	15	56	41
Chhattisgarh	215	286	58
Dadra & Nagar Haveli	29	52	31
Daman & Due	08	14	13
Delhi	753	1656	1089
Goa	112	188	100
Gujarat	1017	2330	1403
Haryana	530	1090	647
Himachal Pradesh	77	164	155
Jammu & Kashmir	138	92	42
Jharkhand	144	300	114
Karnataka	992	2425	1536
Kerala	427	624	393
Lakshadweep	01	06	05
Madhya Pradesh	281	675	520
Maharashtra	3025	6056	4453
Manipur	06	24	14
Meghalaya	18	19	18
Mizoram	06	08	03
Nagaland	12	08	03
Odisha	493	523	171
PAN India	13132	14944	3468
Punducherry	19	38	23
Punjab	161	335	220
Rajasthan	551	989	550
Sikkim	11	21	15
Tamil Nadu	1008	2718	1535
Telangana	452	865	543
Tripura	25	29	16
Uttar Pradesh	478	1069	656
Uttarakhand	121	229	163
West Bengal	560	1204	542

Source: As mentioned in Figure-3

Figure-4 derived below shows state-wise total CSR projects Undertaken in India by Indian Companies over the last three financial years. FY 2015-16 counts highest CSR projects undertaken in India.

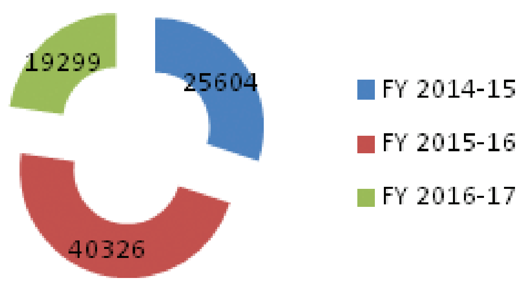

Figure-4: Year wise Total CSR Projects Undertaken
Source: As mentioned in Figure-3

Table-8 highlights the economic contribution towards sustainability by the Indian companies through CSR activities based on company class and listing status of the companies with CSR spent range. More and more spending are recorded in above 0 to 50 lakh category.

Table-8: CSR Spent Range, Company Class and Listing Status

Spent Range	FY 2014-15			FY 2015-16			FY 2016-17		
	Private	Public		Private	Public		Private	Public	
	UL	L	UL	UL	L	UL	UL	L	UL
1 to 10 crores	1087	1772	1175	2217	2534	2304	1334	992	1036
10-100 crore	90	1157	346	276	1450	657	22	351	451
50 lakh to 1 crore	645	553	542	1693	851	871	1131	658	640
100 to 500 crore	07	205	06		401	176	--	345	07
Above 0 to 50 lakh	3313	1313	1722	7770	1902	3357	6071	1710	2176
Above 500 crore	--	20	--	--	27	--	--	--	--
Zero spent	7547	1324	2780	9281	1438	3121	1935	237	502

Source: As mentioned in Figure-3

Table-9 highlights various developmental activities that the companies have undertaken over the last three financial years as a CSR initiative in India. Education, health and, rural development are few sectors mostly preferred by companies for development activities in India.

Table-9: CSR Development Sectors

CSR Development Sectors	FY 2014-15	FY 2015-16	FY2016-17
Agro Forestry	37	64	26
Animal welfare	164	362	249
Armed forces, veterans, war widows / dependents	31	74	42
Art and culture	268	462	281
Clean Ganga Fund	22	54	17
Conservation of Natural Resources	108	193	127
Education	4708	9630	5658
Environmental sustainability	880	1443	786
Gender Equality	65	140	65
Health Care	2712	5551	3227
Livelihood Enhancement Projects	455	913	526
NEC/Not Mentioned	11114	11650	3585
Other Central Government Funds	288	629	224
Poverty, Eradicating, Hunger Malnutrition	742	1599	798
Prime Minister's National Relief Fund	507	811	417
Rural Development Projects	1002	1646	803
Safe Drinking Water	325	558	302
Sanitation	451	783	406
Senior Citizen Welfare	92	260	161
Setting up homes and hostels for women	44	127	69
Setting up orphanage	66	176	86
Slum Area Development	59	109	42
Socio-economic Inequalities	217	444	250
Social Education	189	445	282
Swachh Bharat Kosh	113	263	148
Technology Incubators	31	77	39
Training to promote sports	259	493	273
Vocational Skills	380	787	384
Women empowerment	275	583	326

Source: As mentioned in Figure-3

CONCLUSION

The 2030 agenda of sustainable development is a global framework of action for people, planet, prosperity, peace, and

partnership. The 17 sustainable development goals identified and 169 targets finalized by international bodies demonstrate the scale and ambition of this new universal agenda. International community seeks to build on the Minimum Development Goals and complete what did not receive. They are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental.

The experiences of corporate houses in India towards sustainable development are well appreciated. The CSR activities done by the corporates are in perfect line with the goals or instruments that are identified for the sustainable development. Hence it can be said that CSR activities in India are heading towards achieving sustainable development goals.

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Prologue:

From October, a significant policy change could alter the landscape of India's exchange industry. From that date, market regulator the Securities and Exchange Board of India (SEBI) has allowed commodity exchanges to enter equity and currencies trading and equity exchanges to offer commodity derivatives.

This crossover between the exchanges will inject a whole new level of competition, potentially benefiting customers, with technology, speed of trade, number of participants and, most importantly, pricing and arbitrage determining the winners. The biggest benefit for both brokers and their clients is fund-use efficiency. Currently, investors deposit margins for commodity derivative in the broker's relevant company and another margin for equity or currency in a different company for the same broker. Many investors trade in equities during the day and commodities in the evening sections. Now, since SEBI is permitting broker to merge both business, any margin credit in one segment will be automatically available for another segment.

The Problem:

But this initiative may poses challenges for the exchanges.

Apart from attracting liquidity, exchanges will have to contend with predatory pricing from competitors, attracting talent and obtaining settlement prices for globally referenceable contacts. The latter refers to the reference price of the physical commodity underlying the derivative contracts which is used for settling derivatives, or future price (also known as reference price). In non-agri segments, except precious metals, settlement for commodity derivative contracts on base metals and energy products are based on international prices because their prices are determined globally. This will be a challenge for new entrants, not least because the 15-year-old Multi Commodity Exchange of India (MCX) holds the license for obtaining settlement prices from respective market leaders.

Framework:

The expectations from Company Secretaries, both in employment as well as in practice, transcends beyond the role that has been assigned under various laws and subordinate legislations. The industry expects a Company Secretary to perform a vital role in corporate management because of breadth and depth of the professional qualification that he possesses and the code of conduct of ICSI. More importantly in the present day context, he is expected to act as a strategist, solution provider, trouble-shooter, business analyst, conscious keeper, custodian of governance mechanism, while remaining within the bounds of strict code of ICSI.

The experts have to keep in view following characteristics while designing their research paper:

- Comprehensive study of the subject where all the related aspects are to be studied deeply and thoroughly
- It should deal what and why aspects of the problem identified
- The subject under study should be considered as a unified whole

Structure

Authors are required to follow following structure while developing their papers:

a. Back ground
b. Objectives
c. Analysis
d. Statistical data/computed date/case studies/any other relevant data
e. Findings
f. Role of Company Secretaries
g. Role of ICSI
h. Conclusion

Note: The above suggested structure is advisory only. Authors may adopt their own style while developing their paper.

Coverage

SEBI introduced the concept of universal exchanges in December, 2017 and gave time for three quarters to all exchanges to get ready for the new regime. Contrary to the expectations, SEBI is yet to finalize the opening up of commodity derivatives for new participants. It had floated discussion papers for allowing mutual funds, portfolio management service providers and even foreign players with exposures in Indian commodities markets to hedge and trade in commodity derivatives but it has not notified any of these yet.

Hedge funds have been allowed but they don't have enough choice to implement trading strategies and are, therefore, not very active in commodity derivatives. Market is also still waiting for permission from the regulator to trade in commodity indices.

Research Paper Guidelines

- Original comprehensive papers on above mentioned or related coverage are invited from Company Secretaries in employment & practice as well as from experts.
- The paper must be accompanied with the author's name(s), affiliations(s), full postal address, email ID, and telephone/fax number along with the title of the paper on the front page and membership details of professional bodies, if any.
- Full text of the paper should be submitted in MS Word using Times New Roman, font size 12 on A4 size paper in 1.5 spacing, without any maximum limit of words.
- The text should be typed in MS-Word.
- Participants should email their correspondence on the following email id: prasant.sarangi@icsi.edu latest by 10.08.2018.
- There is no restriction on number of papers. One participant can submit more than one paper in different areas on invited theme.

Further Information for Authors / Participants

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All are cordially invited to attend and participate in the Capital Markets Week activities.

CS Makarand Lele
President, ICSI

CS Mahavir Lunawat
Council Member, ICSI &
Chairman, Financial Services Committee

3

LEGAL WORLD

Corporate Laws

LMJ: 07:07:2018

COMPANY LAW BOARD v. UPPER DOAB SUGAR MILLS LTD [SC]

Civil Appeal Nos. 1840- 1842/1972

Khanna, Hans Raj Gupta, A.C. & Jaswant Singh [Decided on 17/12/1976]

Equivalent citations: 1977 AIR 831; 1977 SCR (2) 503; (1976) 47 Comp Cas 173; 1977 SCC (2) 198.

Companies Act, 1956- managerial remuneration- power of central government to impose condition while allowing remuneration- provision explained.

Brief facts:

Shri Rajinder Lal and Shri Narinder Lal have been appointed managing directors of the company for the first time after the coming into force of the Act. Their appointment as managing directors had to be approved in terms of Section 269 of the Act. The company consequently applied to the Central Government for approving their appointment. The appellant Board, to whom the powers of the Central Government have been delegated for this purpose, while granting approval to the appointment of the aforesaid two persons as managing directors, inserted the condition that the total remuneration of each managing director by way of commission and salary shall not exceed rupees one lakh twenty thousand per annum. This order was challenged before the High Court which allowed the appeal. Hence the present appeal before the Supreme Court by the Central Government.

The core issue was whether the company law board, representing the Central Government had powers to impose conditions as to the ceiling of the remuneration while allowing managerial remuneration.

Decision: Appeals allowed.

Reason:

After hearing learned counsel for the parties and giving the matter our earnest consideration, we are of the opinion that the view taken by the High Court in quashing the condition imposed by the appellant Board about the fixation of the remuneration of the managing directors cannot be sustained.

Section 198 deals with the overall maximum managerial remuneration and managerial remuneration in the case of absence or adequacy of profits. The total managerial remuneration payable by a public company or a private company which is a subsidiary of a public company to its managerial staff, according to sub-section (1) of that Section, cannot exceed 11 percent of the net profits for a financial year. The total managerial remuneration covers the remuneration not merely of the managing directors but also of other managerial personnel like secretaries, treasurers and managers. Sub-section (3) of the section provides that within the limits of the maximum remuneration, a company may pay a monthly remuneration to its managing director in accordance with Section 309. Sub- section (1) of Section 309 prescribes the formalities which have to be complied with for fixing of the remuneration of a managing or full-time director of a company. We are not concerned with Sub-section (2) of that Section. Sub-section (3). which constitutes the main plank of the case of the respondents, provides that a director who is either in the whole-time employment of the company or a managing director may be paid remuneration either by way of monthly pay ment or at a specified percentage of the net profits of the company or partly by one way or partly by the other. According to the proviso to that sub-section, except with the approval of the Central Government, such remuneration of the whole-time director or managing director shall not exceed 5 percent of the net profits for one such director and if there is more than one such director 10 percent for all of them together. Perusal of Section 309 shows that it does not deal with the appointment of managing directors. It only pertains to the remuneration of managing or whole-time directors who have already been appointed. The effect of the proviso to sub-section (3) of Section 309 is that if the tenure of a managing director who has already been appointed continues after the coming into force of the Act, the remuneration to be paid to such a managing director shall not after the coming into force of the Act exceed 5 per cent of the net profits for one such director, and if there be more than one such director, 10 percent for all of them together.

The present, however, is not a case of managing directors having been appointed earlier and continuing to act as such after the coming into force of the Act. The Board, in our opinion, acted well within its power in imposing this condition. Section 637A of the Act makes it clear *inter alia* that where the Central Government is required or authorised by any provision of the Act to accord approval in relation to any matter, then, in the absence of anything to contrary contained in such or any other provision of the Act, the Central Government may accord such approval subject to such conditions, limitations or restrictions as it may think fit to impose. In view of the provisions of Sections 269 and 637A of the Act, we find no infirmity in the condition imposed by appellant Board. The provisions of both Sections 269 and 637A expressly deal with the question which arises directly in this ease.

We may observe that according to the affidavit filed on behalf of the appellant Board, since 1959 the said Board has been imposing a maximum administrative ceiling on the total amounts payable to a managing director. The basic principle that has been kept in view by the Board is that no individual should be paid remuneration exceeding Rs. 1,20,000 per annum or Rs. 10,000 per month. A large number of instances have also been given by the Board and it would appear therefrom that the maximum remuneration which has been allowed by the Board to the managing director of any company is Rs. 1,20,000.

The High Court, in our opinion, was in error in quashing the order of the Board. We accordingly accept the appeals, set aside the judgment of the High Court and dismiss the writ petitions. Looking to all the facts, we leave the parties to bear their own costs throughout.

LW 48:07:2018

IN THE MATTER OF TMD FRICTION INDIA PVT LTD [DEL]

CO.PET. 15/2018

Jayant Nath, J. [Decided on 01/06/2018]

Companies Act, 1956- section 497 – voluntary winding up- allowed.

Brief facts:

This is a petition filed under Section 497(6) of the Companies Act, 1956 (herein referred to as "the Act") by the Official Liquidator (OL), seeking for voluntary winding up of TMD Friction India Private Limited (in Members Voluntary Liquidation) (herein referred to as the "said company").

Decision: Petition allowed.

Reason:

At the time of Members Voluntary Winding up of the said company, there were two shareholders. The directors at the time of Members Voluntary Winding-up were Mr. Stefan Bernhard Gunnewig, Mr. Frank Heinz Malburg and Mr. Xavier Louis Marie Roth Le Gentil. The financial position of the said company as disclosed in the audited balance sheets ending as on 31.03.2014 & 31.03.2013 are also annexed to the present petition. The prescribed Form No. 149 for the Declaration of Solvency was filed with the ROC.

Pursuant to the provisions of Section 484(1) of the Act and other applicable provisions of the Act, the Extra Ordinary General Meeting of the said company was held on 30.12.2014 and a special resolution was passed whereby Sh. Rajiv Kumar Adlakha, Company Secretary was appointed as Voluntary Liquidator of the said company at a remuneration fixed at Rs.1,50,000/-. In this regard Form MGT-14 was filed with the ROC.

That as per the requirement of Section 485 of the Act, the said company has published a notification in newspapers. The notice for appointment of Voluntary Liquidator in Form 152 as required under Section 493 read with Rule 315 of the Companies (Court) Rules, 1959 was filed with ROC by the said Company. The Voluntary Liquidator had also filed Form 151 with ROC for his appointment as Voluntary Liquidator. Further, pursuant to the provisions of Section 497 of the Act, the Liquidator has also published Form No.155 in the newspaper and in Official Gazette for final meeting.

The Final Meeting of the said company was held on 07.04.2017 and the Voluntary Liquidator filed accounts of the said Company in Form No. 156 & 157 as prescribed under Rule 329 & 331 of the Companies (Court) Rules, 1959 for the period from 30.12.2014 to 27.01.2017 with the OL on 05.09.2017 and before the ROC on 10.04.2017.

The OL has received No Dues Certificate from Income Tax Department dated 07.10.2015 and no objection has been received from the ROC. The Voluntary Liquidator has filed affidavit dated 31.10.2017 and the shareholders of the said company have filed indemnity bonds dated 03.05.2017 with the OL undertaking that in case of loss to any person or any valid claim arising after the winding up of the said company, they undertake to indemnify any person for such loses, valid claim and liability.

The OL is also satisfied that the necessary compliance of Section 497 and other relevant provisions of the Act have been made and the affairs of the said company have not been conducted in a manner prejudicial to the interest of its members or to the public interest and the said company may be dissolved.

In view of the foregoing and in view of the satisfaction accorded by the OL by way of the present petition, the said company is hereby wound up and shall be deemed to be dissolved with effect from the date of the filing of the present petition i.e. 26.04.2018.

Competition Laws

LW 49:07:2018

PARSOLI MOTOR WORKS PVT. LTD v. BMW INDIA PVT. LTD & ORS [CCI]

Case No. 11 of 2018

D.K.Sikri, Sudhir Mital, U.C. Nahta & G. P. Mittal. [Decided on 30/05/2018]

Competition Act, 2002- sections 4- dealership contract- refusal to renew the contract - whether such refusal constitute abuse of dominance- Held, No.

Brief facts:

The Informant was a dealer for BMW vehicles for the territory of the State of Gujarat under a dealership agreement with OP-1 since 2007 which was being renewed from time to time. However, vide letter dated 07.12.2017, BMW India intimated the Informant for not renewing the existing dealership agreement which was to expire on 31.12.2017. Feeling aggrieved by the decision of BMW in not renewing the agreement, the Informant has filed the instant information alleging abuse of dominance by the OPs. The Informant is also aggrieved of the fact that BMW India has not given sufficient time to the Informant to exit from the business.

The Informant has also alleged that contrary to its own policy, BMW India is allowing dealers based outside the State of Gujarat to sell BMW cars to customers based in the State of Gujarat. Such acts on the part of OP-1 have caused financial losses to the

Informant besides defrauding the State exchequer by not paying entry tax on such sales.

Decision:Dismissed.

Reason:

In the present case, from the information available in the public domain, it appears that BMW India has negligible share in the passenger car segment in India which is dominated by a number of players. As a result, in the dealership network also, BMW India would not have spread much as compared to that of Maruti, Hyundai, Tata etc, who command a significant market share. In such a market construct, BMW India cannot be said to be a dominant player and as such the question of abuse of dominant position will not arise. The Commission also notes that the Informant has not provided any document or data wherefrom the dominance of the OPs can even be prima facie established in any relevant market. Even otherwise, as discussed below, the instant information does not disclose any infringement of the provisions of the Act.

On perusal of the information and the documents filed therewith, the Commission observes that the existing dealership agreement between the Informant and OP-1 was renewed for a period of one year commencing from 01.01.2017 and was to expire on 31.12.2017. As such, the Informant was fully cognizant of the fact that the existing agreement would expire on 31.12.2017. In these circumstances, the Commission does not find any reason whereby the letter dated 07.12.2017 of BMW intimating the Informant about not renewing the agreement beyond 31.12.2017, can be faulted, as the existing dealership agreement between the Informant and OP-1 stood expired by efflux of time on 31.12.2017 due to non-renewal thereof. The Informant has not challenged any term of the now expired dealership agreement.

The Informant has also made allegations in the information about evasion of entry tax by BMW in respect of the vehicles which were allowed to be sold to the customers of the State of Gujarat from its dealers based outside the State of Gujarat. The Commission is of opinion that such issue does not raise any competition concern.

In view of the foregoing, the Commission is of the opinion that no case of contravention of the provisions of Section 4 of the Act is made out against the Opposite Parties and the information is ordered to be closed forthwith.

LW 50:07:2018

JAIDEEP UGRANKAR v. CLIENT ASSOCIATES [CCI]

Case No. 08 of 2018

D.K.Sikri, Sudhir Mital, Augustine Peter & U.C. Nahta [Decided on 01/06/2018]

Competition Act,2002- sections 3 & 4- employment contract- post employment obligations- employer deducted incremental salary paid at the time of resignation- whether such deduction and post-employment obligations constitute abuse of dominance- Held, No.

Brief facts:

The Informant was in the employment of the Opposite Party, which provides wealth management services to its clients. After a period of 10 years the Informant resigned from the services of the OP. At the time of his resignation incremental salary paid to him was deducted from his final settlement dues and the appointment contract contained non-solicit and non-compete clauses. Aggrieved by the acts of the OP the Informant had filed the present complaint alleging violation of sections 3 and 4 of the Competition Act, 2002 by the OP.

The Informant has prayed to the Commission that the Opposite Party be directed to (i) withdraw the post-employment obligations and (ii) release the agreed revised salary for the months of April to September, 2017 along with agreed requisite bonus.

Decision: Complaint dismissed.

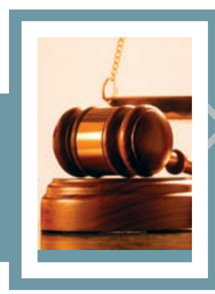
Reason:

Having perused the information available on record, the Commission observes that the grievance of the Informant relates to imposition of arbitrary post-employment obligations upon the Informant and the act of the Opposite Party in recovering the revised salary from his current salary post resignation.

Although, Informant has alleged contravention of the provisions of Section 3 of the Act, no allegation has been specifically mentioned in the information. Further, the facts of the matter do not suggest any conduct on the part of Opposite Party that could be a subject matter of scrutiny under Section 3 of the Act. Accordingly, the facts of the case are being examined from the perspective of the provisions of Section 4 of the Act.

The overall market of private wealth management services is very wide and presence of the Opposite Party would be relatively marginal. There are numerous firms like Opposite Party which procure the kind of services offered by the Informant. Thus, the Commission is of the view that the Opposite Party cannot be held to enjoy dominant position in the relevant market as a procurer or consumer of such professional services.

Since, the Opposite Party is not dominant, the Commission does not deem it appropriate to analyse the abuse. Based on the above analysis, Commission is of the, *prima facie*, view that no case of contravention of the provisions of either Section 3 or Section 4 of the Act is made out against the Opposite Party in the instant matter.



Industrial & Labour Laws

LW 51:07:2018

ANSAL PROPERTIES & INDUSTRIES LTD v. NEELAM BHUTANI [DEL]

W.P. (Civil) 4149/2015

Anu Malhotra, J. [Decided on 15/06/2018]

Industrial Disputes Act, 1947- section 33(2)-

Brief facts:

The petitioner- has assailed the order of the Labour Court, whereby the petitioner herein was directed to reinstate the work woman back on duty along with full back wages and continuity of services within a period of 30 days from the date of publication of the award failing which it had been directed that the Management would be liable to pay the interest at the rate of 12 percent per annum till the actual payment - was allowed to the extent that the work woman was held entitled to increment of 10 percent for every year in her total salary, taking her basic salary to be Rs. 10,850/-; HRA Rs. 2,300/-; conveyance allowance Rs. 1,200/- and medical one month basic salary per annum and LTC to its one month basic salary per annum as part back wages and was further held entitled to interest at the rate of 12 percent per annum in terms of award from the date 16.06.2010 till the date of actual payment of Rs. 9,73,310/- inasmuch as the management had been directed to comply with the award within a period of 30 days from the publication thereof which had not been so complied with by the Management and apart from the same the Management was also directed to pay a sum of Rs. 20,000/- to the workmen towards the cost of litigation.

Decision: Partly allowed.

Reason:

Thus, reliance placed on behalf of the petitioner/management on the verdict in Municipal Corporation of Delhi v. Ganesh Razak & Anr, (1995) 1 SCC 235 with specific reference to the observations in Para 12 of the said verdict is misplaced in as much as the observations in Para 12 of the said verdict relied upon, whereby appeals therein against the invocation of Section 33C(2) of the Industrial Disputes Act, 1947 have been allowed, it is essential to observe that in that case the claim of the respondents/workmen was to the effect that they were all daily rated/ casual workers and they were seeking wages to be paid to them on the same rate as the regular workers and the said aspect had not earlier been settled by adjudication and recognition by the employer and thus the stage of computation of that benefit could not have been said to have reached and in that particular case, the claim of the workman of equal pay for equal work was disputed and thus without adjudication of the dispute resulting in acceptance of their claim, it was held by the Hon'ble Supreme Court that there could be no occasion for computation of the benefit on that basis to attract Section 33C(2) of the Industrial Disputes Act, 1947.

The verdict of this Court relied upon equally on behalf of the petitioner and on behalf of the respondent in Piara Lal v. Lt. Governor & Ors, 2001 (1) L.L.N. 235, makes it apparently clear that the powers under Section 33C(2) of the Industrial Disputes Act, 1947 could have been invoked by the respondent in the facts and circumstances of the instant case to the extent that she claimed increments, DA and revision in pay scales as was granted to other employees from time to time in the category of the respondent and would fall within the ambit of the claims to which the respondent would be entitled to claim having been directed to be reinstated back on duty thus to continue in service along with full back wages vide the award.

Thus, the impugned order, to the extent that it permits the entitlement of full back wages w.e.f. 16.06.2001 onwards, i.e., to the tune of Rs.1,02,713/- and qua increment to the tune of Rs.13,88,711.52/- and the interest at the rate of 12 percent per annum on the said amount from 16.06.2001 till the date of actual payment of Rs. 1822262.52/- with the cost of litigation to the tune of Rs. 20,000/- to the respondent/ work woman in terms of provisions of Section 11(7) of the Industrial Disputes Act, 1947 is upheld.

However, as regards the claim for LTC for the years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 qua LTC and Medical reimbursement as granted vide impugned order, without adjudication of the entitlement of the petitioner for reimbursement in relation thereto without it being proved on record as to whether the respondent had undertaken any travel in a particular year for the claim for the LTC and qua the respondent having incurred expenses in availing medical facilities for claiming medical reimbursement, cannot be upheld and is set aside with the matter being remanded to the Labour Commissioner, Delhi to give an opportunity to both the parties to give their calculations in relation to the LTC claims and for medical reimbursements to ascertain as to what is the money due to which the respondent would be entitled to in relation thereto with the request to Labour Commissioner to undertake the necessary exercise within a period of three months from the date of receipt of this order.

LW 52:07:2018

M/S. G4S FACILITY SERVICES INDIA PVT LTD v. REGIONAL PROVIDENT FUND COMMISSIONER-I [DEL]

LPA 302/2018

S. Ravindra Bhat & A.K. Chawla, JJ. [Decided on 31/05/2018]

Employees Provident Fund and Miscellaneous Provisions Act,1952- section 7A & 7O- determination of contributions- appeal against- tribunal directed pre-deposit of 50% of the demand- whether untenable-Held, No.

Brief facts:

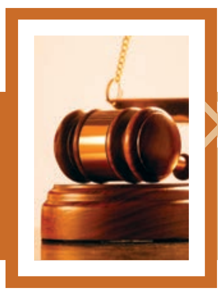
The appellant provides security and other related services, through contracts it enters into with institutions and commercial organizations. The EPFC after affording an opportunity of hearing to the petitioner and affording it hearing, passed the final order under Section 7A directing the appellant to pay about Rs.15.40 crore. An appeal against that decision was preferred to the tribunal along with an application seeking waiver of the deposit of the determined demand. After hearing the parties the Tribunal directed admission of the appeal subject to pre-deposit of 50% of the amount assessed within six weeks. The appellant's writ petition challenging the above order was dismissed by the Single Judge. Hence the present appeal to the Division Bench.

Decision: Petition dismissed.

Reason:

There is a determination, by the EPFC in the present case, that the appellant used to charge amounts including sums on account of provident fund dues payable, but artificially segregate wage calculations, to exclude portions of the wages paid to its workers. These are findings of fact. The appellant disputes them; it urges that the ceiling of Rs. 6500/- mandated by the EPF scheme was not taken into account; that the EPFC considered materials relating to a period other than the notice period and that "wage" is a restrictive statutory concept, under the EPF Act. Each of these appear to have been urged before the tribunal; they were also urged before the single judge. It is after taking note of this argument, that the tribunal granted limited waiver. What the appellant complains however, is that the relief should have been not confined to 50% waiver, but of the whole amount. Now, while it may be justified in so urging, there ought to be exceptional and compelling reasons for an appellate court (in a third guessing jurisdiction, so to speak) exercising appeal powers over a writ court's order (in respect of an interim order of the tribunal) to hold that such determination is unreasonable. In other words, the threshold of interference in appeals over writ determinations of interim orders is necessarily very high.

Keeping in mind the limitations spelt out above, the court nevertheless scrutinized the order of the EPFC. That official not only considered these specific contentions in the light of the materials, but analyzed them in the light of the amounts charged from the appellant's clients, by it. The EPFC found that separate accounts towards wages, HRA, overtime allowances, etc. were not maintained by the appellant and in fact of the total wage, the segregation made was to the extent that house rent allowance (HRA) amounts were shown to be 25% of the total wage. The finding was that a lump-sum figures, which included provident fund contributions, based on total amounts calculated, were charged and recovered from the appellant's clients by it. Given all these factors, this court is of the opinion that the order of the tribunal cannot be characterized as unreasonable or erroneous to such extent as to be interfered with in judicial review.



General Laws

LW 53:07:2018

ANTRIX CORPORATION LTD. V. DEVAS MULTIMEDIA PVT. LTD. [DEL]

FAO (OS) (COMM) 67/2017, C.M. APPL.11214 & 17730/2017

S. Ravindra Bhat & Yogesh Khanna, JJ. [Decided on 30/05/2018]

Arbitration and Conciliation Act, 1996 read with Commercial Courts Act- – international arbitration- Bangalore court having jurisdiction over subject matter- seat of arbitration is Paris- award in favour of Devas- Antrix challenged the award before Bangalore court- Devas filed execution petition in New Delhi- whether Bangalore court has jurisdiction to entertain the appeal-Held, Yes.

Brief facts:

In 2005 an agreement was entered into at Bangalore for the Lease of Space Segment Capacity on ISRO/Antrix S-Band Spacecraft between Devas, and the appellant (hereafter "Antrix"), a Union Government of India undertaking, which provided for arbitration as the method for resolving disputes arising out of the agreement. This agreement was terminated in 2011 as the Union Cabinet Committee on Security ("CCS") resolved to deny orbital slot in S-band to Antrix for any commercial activities.

Devas initiated arbitration proceedings in Paris, despite Antrix's objection. Antrix filed AA No. 483/2011 before the Bangalore City Civil Court (hereafter "Bangalore court") under Section 9 of the Arbitration Act seeking certain reliefs, including restraining Devas from proceeding with the ICC arbitration.

On 14.09.2015, the ICC rendered its Award in favour of Devas. Antrix filed appeal in the Bangalore City Civil Court under Section 34 of the Act challenging the Award dated 14.09.2015. In that petition, Devas (by AS No. 174/2015) challenged the Bangalore City Civil Court's jurisdiction to entertain Antrix's application.

Thereafter, on 28.09.2015, Devas filed an execution petition, before this Court, being OMP (I) 558/2015 to execute the award.

On 28.02.2017, a learned single judge of this Court, by the impugned judgment, ruled that Antrix's petition under Section 9 before the Bangalore court (AA No. 483/2011), was not maintainable and Devas' petition under Section 9, being OMP (I) 558/2015, was maintainable and the bar under Section 42 (of the Arbitration Act) was inapplicable to the present case to exclude the jurisdiction of this court. The impugned order also held that consequently, Antrix's petition under Section 34 before the Bangalore City Civil Court would not be maintainable, because Devas' petition under Section 9 before this Court was filed earlier. Antrix is in appeal, against this order.

Decision: Appeal allowed.

Reason:

The present appeal raises a number of interesting questions with respect to the Arbitration Act and the Commercial Courts Act. In particular, three questions arise:

(i) Maintainability of Antrix's appeal in view of provisions of the Commercial Courts Act;

(ii) If appeal is maintainable, does this Court have exclusive jurisdiction to adjudicate any applications arising out of the arbitration agreement between Antrix and Devas?

Point No (i)

In this case, through Paragraph 57 of the impugned order, the Learned Single Judge had directed Antrix to file an affidavit of an authorised officer, enclosing therewith its audited balance sheets and profit and loss accounts for the past three years. Keeping in mind the view of the Court in Samson Maritime (supra), which this Court is in agreement with, this would also in effect be a Section 9 order as those details are sought for the purpose of adjudicating whether consequential relief could be given to Devas of securing the amount due from the arbitral award against Antrix. Moreover, this Court cannot take a doctrinaire and unbending approach in this matter, when it is clear that Antrix has suffered all but one remaining blow through the impugned order, and therefore, the Court should not wait till it suffers the final blow (that of the final Section 9 order) before it can assume jurisdiction over the appeal. The court's direction to Antrix furnish an affidavit along with the particulars sought, is to aid its order with respect to a possible distraint, attachment or further such consequential order towards interim relief. Such an order would not be made unless the court directs this as a prelude, or important step towards the inevitable interim order, which would be just consequential. Therefore, the Court finds that Antrix's appeal against the impugned order is maintainable.

This court also finds merit in Antrix's argument that as regards the single judge's observations that the Bangalore court cannot proceed with the matter, the impugned order is really final. It precludes in effect, Antrix from proceeding with its Section 34 petition before that court (in turn based on the pending Section 9 petition before that court). If Antrix were to accept the ruling, the effect would be to denude the Bangalore court of jurisdiction. It was contended- and correctly in this court's opinion, that whereas a court acts within jurisdiction in deciding whether it has or does not have jurisdiction over a cause of a matter, the declaration by it about the lack of jurisdiction of another court, based on the appreciation of the matter before the latter court is undeniably an adverse order. Allowing that to stand would prejudice Antrix for all times.

This court is of the opinion, for these reasons, that the present appeal is maintainable under Section 37 of the Arbitration Act and Section 13 of the CC Act.

Point (ii)

The second question requires this court to consider if it has exclusive jurisdiction over the dispute between Antrix and Devas. Antrix contends that the City Civil Court at Bangalore has concurrent jurisdiction because the cause of action arose in Bangalore and that its registered office is in Bangalore, and by the operation of Section 42, since that court was approached first, it is only that Court which would have jurisdiction. Devas on the other hand contends that Section 42 does not apply as the parties had designated New Delhi as the seat of the arbitration, and by virtue of such designation, they conferred exclusive jurisdiction on the courts at New Delhi.

The court is of the opinion that in this case, only if the parties had designated the seat as New Delhi and also provided an exclusive forum selection clause in favour of the courts at New Delhi, could it be said that this court would have exclusive jurisdiction over all applications filed under the Arbitration Act. Indeed, it is open to parties to an arbitration to designate a particular forum as the exclusive forum to which all applications under the Act would lie. This would merely be an exercise of the right of the parties to choose one among multiple competent forums as the exclusive forum. This is a clearly permissible exercise of the right of party autonomy as held by the Supreme Court in Swastik Gases v. Indian Oil Corporation Ltd., (2013) 9 SCC 32. Conversely, merely choosing a seat, cannot amount to exercising such a right of exclusive forum selection.

This court is of opinion that, holding otherwise would in effect render Section 42 of the Arbitration Act ineffective and useless. Section 42 of the Act presupposes that there is more than one competent forum to hear applications under the Arbitration Act, and hence to ensure efficacy of dispute resolution, this provision enacts that the court, which is first seized of any such application under the Act, would be the only court possessing jurisdiction to hear all subsequent applications. If seat were equivalent to an exclusive forum selection clause in Part- I arbitrations, then every time parties would designate a seat, that would in effect mean that Section 42 would have no application. Thus, only those few situations where parties do not actually designate any seat (and thus no exclusive competence is conferred on one forum) would Section 42 have any role. In fact, often, when parties do not agree upon a seat in the arbitration agreement, for convenience, the arbitral tribunal designates a particular seat of the arbitration, or the agreement vests the discretion in the tribunal to decide the seat (and not just the "venue"). In all those circumstances then as well, the decision of the tribunal to agree upon a "seat" would amount to an exclusive jurisdiction clause and Section 42 would have no application. This would dilute Section 42 and would accordingly, be contrary to Parliamentary intent. Undoubtedly, in the present case, the parties have only chosen the seat as New Delhi and have not specified an exclusive forum selection clause. Therefore, it cannot be said that the courts in Delhi have exclusive competence to entertain applications under the Arbitration Act in the present dispute.

The jurisdiction of the courts where the cause of action arises, which in this case, is the Bangalore City Civil Court, cannot be said to have been excluded therefore. Accordingly, question (ii) is also answered in favour of Antrix.

The court's conclusion also accords with the previous holding of a Division Bench in Priya Hiranandani Vandervala v Niranjan Hiranandani 2016 (4) Arb LR 18 (Del) (DB).

Undoubtedly, the City Civil Court at Bangalore would have subject matter jurisdiction over the dispute, as the cause of action arose within its jurisdiction and the defendant's (in the case of Antrix's Section 9 petition that is Devas) registered office and place of business was also in Bangalore. In that sense, *prima facie*, the City Civil Court at Bangalore would be a competent forum to entertain a Section 9 petition in the arbitration between Antrix and Devas, and would be a court within the meaning of Section 2(1) (e) of the Arbitration Act. Devas however contends that Antrix's Section 9 petition before that Court was not maintainable and in that sense, was made in a court without jurisdiction; therefore, the bar under Section 42 could not be triggered by virtue of such a petition which was not maintainable. It is contended by Devas that Antrix's Section 9 petition was not maintainable since it claimed reliefs that were barred in view of the law declared by the Supreme Court in Bhatia International (supra) and that it claimed substantially similar reliefs in its Section 11 petition before the Supreme Court which was dismissed, thereby leading to an issue estoppel. Allowing Antrix to re-agitate similar claims in a

Section 9 petition before the City Civil Court would amount to forum shopping and an abuse of process of the courts.

Applying the ratio and decision to the facts of the case at hand, this would mean that while a vexatious or *mala-fide* petition, such as one which indulges in forum shopping or seeks to re-agitate claims already made and decided before another forum, cannot attract the bar under Section 42, yet, the mandate of the law and the principle of comity of courts would require that that other court which is seized of the dispute first, in accordance with Section 42, decide on the application - and whether it is vexatious or an abuse of the process of law. This also because were the petition filed before the other court adjudicated to be *bona-fide,* then the bar under Section 42 would be operative and would serve to exclude the jurisdiction of the present court. In the facts of this case, this would mean that the Bangalore City Civil Court should first decide on Antrix's Section 9 petition and whether it is maintainable, vexatious or *mala-fide*. If the petition is found to be maintainable and *bona-fide*, then Section 42 would be applicable and all subsequent applications would have to be made by the parties before that Court. Holding otherwise and allowing parties to approach this Court, even though admittedly the Section 9 petition before the Bangalore City Civil Court was filed by Antrix prior to Devas' Section 9 petition before this Court, and without waiting for the decision of the Bangalore City Civil Court, would amount to giving a go- bye to the mandate of Section 42 and would also run afoul of the principle of comity of courts. Since Antrix's Section 9 petition was filed first, both Section 42 and the principle of comity of courts mandate that the Bangalore City Civil Court should be allowed to decide on that petition. Devas' objections on maintainability and *mala-fide* nature of Antrix's petition should be made before the appropriate court which is seized of that petition - which in this case, is the Bangalore City Civil Court. If that Court were to uphold Devas' objections and find Antrix's petition to be barred in law or vexatious, and declare it non-est, as if it never validly existed, then the first application would be Devas' Section 9 application before this Court, which would then not be hit by Section 42. If however, that Court finds Antrix's petition to be maintainable, then in terms of Priya Hiranandani (supra), that would the end of the matter as far as the Delhi courts were concerned. Adopting a *prima facie* view of the matter therefore, since there is nothing in law which causes this Court to find that the Bangalore City Civil Court inherently lacks jurisdiction over the arbitration proceedings between the parties, it must be held that Section 42 applies and the Bangalore City Civil Court being first seized of Antrix's Section 9 petition, must be allowed to first decide that petition, and depending on the outcome and findings, all subsequent applications may or may not have to be made in that court alone.

LW 54:07:2018

MAHENDRA SINGH v. DELHI POWER SUPPLY CO. LTD. [DEL]

W.P. (C) 5835/2002

C. Hari Shankar, J. [Decided on 11/06/2018]

Prevention of Corruption Act- dismissal of employee on the charges of accepting bribe- whether the punishment of dismissal is proportionate to the offence- Held, Yes.

Brief facts:

The petitioner seeks, by means of this writ petition, quashing of the dismissal order, whereby, consequent on disciplinary proceedings held against him, Delhi Vidyut Board (hereinafter referred to as "DVB") - the predecessor-Corporation to the present respondent - dismissed him from service. The petitioner appealed, on 3rd July, 2002, to the Member (Tech-I) of the DVB, against the impugned punishment order and, having waited, fruitlessly, for some time, for the appeal to be decided, moved this Court by means of the present writ petition.

The charge, against the petitioner, was of having accepted a bribe, of ₹10,000/-, from Mr. Sushil Bansal, threatening him, in the alternative, with disconnection of his electricity supply and issuance of inflated bills regarding electricity consumption by him for earlier periods, as the electricity meter installed at Mr. Bansal's premises was defective.

Decision: Petition dismissed.

Reason:

In these circumstances, drawing an analogy from Section 106 of the Indian Evidence Act, 1872, it was for the petitioner, if at all, to explain the circumstances in which he accepted the said money from Sushil Bansal, outside a juice shop, and the circumstances in which ₹ 5000/- was recovered, from him, by the CBI team. No such explanation, worth its name, has been forthcoming, from the petitioner, at any point of time.

In these circumstances, this Court has necessarily to concur with the conclusion of the IO, and the disciplinary authority that the fact of acceptance of bribe, from Sushil Bansal, by the petitioner, stands established and proved beyond reasonable doubt. The discrepancies regarding the nature of the meter installed at Sushil Bansal's premises, as well as the non-reflection of the "untainted" ₹ 5,000/-, also allegedly recovered from the petitioner, in the Recovery Memo, cannot, as has rightly been observed by the IO, detract from the factum of acceptance, by the petitioner, from Sushil Bansal, of bribe of ₹ 5,000/-, and the recovery of the said amount, by the CBI team.

Coming, then, to the last issue, regarding proportionality of the punishment awarded to the petitioner, it is clear that, in the above circumstances, it cannot be said that the punishment awarded to the petitioner was disproportionate to the misconduct committed by him. Judicial authority exists, in abundance, to the effect that corruption in public service can only be rewarded by dismissal therefrom. It is hardly necessary to burden the present judgement by any specific precedential references; so trite, by now, is this proposition.

The petitioner having been proved to have taken, from Sushil Bansal, bribe of at least ₹ 5,000/-, it is not possible to say that, in dismissing him from service, the disciplinary authority was unduly harsh. In view of the above discussion and findings, this Court must necessarily refuse succour, to the petitioner, from the rigour of the impugned order dated 15th June, 2002, dismissing him from the service of the respondent. Consequently, the writ petition is dismissed.

Tax Laws

LW 55:07:2018

ABHISHEK JAIN v. INCOME TAX OFFICER, WARD - 58(2) & ANR [DEL]

Writ Petition (Civil) No. 11844/2016

Sanjiv Khanna & Chander Shekhar, JJ. [Decided on 01/06/2018]

Income tax act, 1961- jurisdiction of taxing officers- transfer of case by Delhi authority to Noida authority- whether valid-Held, yes.

Brief facts:

The petitioner, as an individual, has filed the present writ petition for quashing notice dated 18th February, 2016 issued under Section 148 read with Section 147 of the Income-tax Act, 1961 (hereinafter referred to as the 'Act') for the assessment year 2009-10 by the Income-tax Officer, Ward No.1 (1), Noida, as without jurisdiction and consequently the proceedings pending on transfer before the Income-Tax Officer ward No.58(2), Delhi are bad and void.

Petitioner states that he has been filing returns in Delhi with the Income-Tax Officer, Ward No.36 (1), Delhi and pursuant to re-adjustment of Wards with effect from assessment year 2014-15 with the Income-Tax Officer, Ward No. 58(2), Delhi.

The second contention raised by the petitioner is that transfer of case/proceedings by Income-tax Officer, Ward No.1(1), Noida to Income- tax Officer Ward 58(2), Delhi, pursuant to notice under Section 148 of the Act for the assessment year 2009-10 issued by the former, is void and bad in law as (i) Income-tax Officer, Ward No.1(1), Noida did not have jurisdiction and (ii) the procedure prescribed for transfer of case as per Section 127(2)(a) of the Act was not followed since the Chief Commissioner having jurisdiction over the Income-tax Officer Ward No.1(1), Noida had not passed any order for transfer of the case.

Decision: Petition dismissed.

Reason:

We would reiterate that sub-section (1) to Section 124 states that the Assessing Officer would have jurisdiction over the area in terms of any direction or order issued under sub-section (1) or sub-section (2) to Section 120 of the Act. Jurisdiction would depend upon the place where the person carries on business or profession or the area in which he is residing. Sub- section (3) clearly states that no person can call in question jurisdiction of an Assessing Officer in case of non-compliance and/or after the period stipulated in clauses (a) and (b), which as observed in S.S. Ahluwalia (supra) would negate and reject arguments predicated on lack of subject matter jurisdiction. Where an assessee questions jurisdiction of the Assessing Officer within the time limit and in terms of sub-section (3), and the Assessing Officer is not satisfied with the correctness of the claim, he is required to refer the matter for determination under sub-section (2) before the assessment is made. Reference of matter under sub-section (2) would not be required when Assessing Officer accepts the claim of the assessee and transfers the case to another Assessing Officer in view the objection by the assessee. (In terms of sub-section (3) to Section 124 of the Act, the petitioner had lost his right to question jurisdiction of the Income Tax Officer, Ward No. 1(1), Noida.)

Sub-section (5) to Section 124, though limited in scope, would also be applicable in the facts and circumstances of the present case as the Income-Tax Officer, Ward-1 (1), Noida had the power to assess income accruing or arising within the area as it is not the case of the petitioner- assessee that the said officer did not have jurisdiction in view of location of the bank account and/or petitioner's place of work. Section 124(5) of the Act saves assessment made by an assessing officer provided that the assessment does not bring to tax anything other than income accruing, arising or received in that area over which the assessing officer exercises jurisdiction. However, notwithstanding Section 124(5), the Act does not postulate multiple assessments by different assessing officers, or assessment of part or portion of an income [see Kanjimal & Sons v. Commissioner of Income Tax, New Delhi, (1982) 138 ITR 391 (Del)]. Thus, it is necessary that the Assessing Officers having concurrent jurisdiction ensure that only one of them proceeds and adjudicate. This is the purport and objective behind sub-section (2) to Section 124 of the Act.

In view of the above discussion, objections as to the jurisdiction of assessing officer in the present case cannot be equated with lack of subject matter jurisdiction. They relate to place of assessment. Income-Tax Officer Ward 1(1), Noida would not per se lack jurisdiction, albeit he had concurrent jurisdiction with the Income-Tax Officer Ward 36(1)/58, Delhi. In the facts of the present case the contention raised about the lack of jurisdiction would not justify quashing the notice under Section 147/148 of the Act.

Accordingly, we do not find any merit in the present petition and the same is dismissed.

Government Nomination for the 12th Council of the Institute of Company Secretaries of India (ICSI)

The Central Government is pleased to nominate Shri Anurag Agarwal, Joint Secretary, MCA in place of Shri Amardeep Singh Bhatia, Director, Serious Fraud Investigation Office (SFIO) on the 12th Council of the Institute of Company Secretaries of India for its term or till further orders, whichever is earlier.

4
FROM THE GOVERNMENT

- COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) THIRD AMENDMENT RULES, 2018
- COMPANIES (REGISTERED VALUERS AND VALUATION) SECOND AMENDMENT RULES, 2018
- COMPANIES (SIGNIFICANT BENEFICIAL OWNERS) RULES, 2018
- COMPANIES (MANAGEMENT AND ADMINISTRATION) SECOND AMENDMENT RULES, 2018.
- COMPANIES (ACCOUNTING STANDARDS) AMENDMENT RULES, 2018
- DATE OF COMING IN TO FORCE OF CERTAIN SECTION OF COMPANIES (AMENDMENT) ACT, 2017
- NOTIFICATION NO. S.O. 2422(E) - CORRIGENDUM
- GUIDELINES FOR PREFERENTIAL ISSUE OF UNITS BY INFRASTRUCTURE INVESTMENT TRUSTS (INVITS)
- CIRCULAR ON GO GREEN INITIATIVE IN MUTUAL FUNDS
- TOTAL EXPENSE RATIO FOR MUTUAL FUNDS
- AMENDMENTS TO PREVENTION OF MONEY-LAUNDERING (MAINTENANCE OF RECORDS) RULES, 2005
- AMENDMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA (CREDIT RATING AGENCIES) REGULATIONS, 1999
- DISCLOSURE BY EXCHANGES RELATED TO DELIVERABLE SUPPLY AND POSITION LIMITS CALCULATION FOR AGRICULTURAL COMMODITY DERIVATIVES
- REVIEW OF INVESTMENT BY FOREIGN PORTFOLIO INVESTORS (FPI) IN DEBT
- FILING OF TERM SHEET BY ANGEL FUNDS
- OVERSEAS INVESTMENT BY ALTERNATIVE INVESTMENT FUNDS (AIFS) / VENTURE CAPITAL FUNDS (VCFS)

Corporate Laws

01 Companies (Appointment and Qualification of Directors) Third Amendment Rules, 2018

[Issued by the Ministry of Corporate Affairs vide F. No. F.No. 01/22/2013 CL-V (Pt-III) dated 12.06.2018. Published in the Gazette of India Extraordinary, Part - II, Section - 3, Sub Section (i) vide Notification No. G.S.R. 558(E) dated 14.06.2018]

In exercise of the powers conferred by section 149 and 168 of read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Appointment and Qualification of Directors) Rules, 2014, namely:-

1. (1) these rules may be called the **Companies (Appointment and Qualification of Directors) Third Amendment Rules, 2018.**
   (2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (**Appointment and Qualification of Directors**) Rules, 2014, in the annexure,
   (i) for form DIR-3, the following form shall be substituted;-.

Form NO. DIR-3
[Pursuant to section 153 of The Companies Act, 2013 & Rule 9(1) of The Companies (Appointment and Qualification of Directors) Rules, 2014 & Rule 10 of Limited Liability Partnership Rules, 2009]

Application for allotment of Director Identification Number before appointment in an existing company or LLP

- **All fields marked in * are to be mandatorily filled.**
- **Income-tax Permanent Account Number (Income-tax PAN) is mandatory in case of Indian nationals and in such case applicant details should be as per Income-tax PAN. In case the details as per Income-tax PAN are incorrect, applicant is advised to first correct the details in Income-tax PAN. Refer instruction kit for details.**
- **In case of foreign nationals, Passport number is mandatory.**

1. ***Applicant's name (Enter full name and do not use abbreviations)** — **Photograph**

(a) First name
(b) Last name
(c) Middle name

2. ***Father's name** (Even Married women must also give father's name)

(a) First name
(b) Last name
(c) Middle name

(Attach a latest passport size photograph by clicking on above box)

3. *Whether a citizen of India Yes ◯ No ◯
4. Nationality
5. *Whether resident in India Yes ◯ No ◯
6. (a) *Occupation Type ◯ Self Employed ◯ Professional ◯ Homemaker ◯ Student ◯ Serviceman
   Area of Occupation
   If 'other' selected, specify
   (b) *Educational qualification
7. *Date of birth (DD/MM/YYYY)
8. *Gender ◯ Male ◯ Female ◯ Transgender

9. Income-tax permanent account number
10. Voter's identity card number
11. Passport number
12. Driving license number
13. Aadhaar number

14. **Permanent residential address**

*Line I
Line II
*City
*State *Pin code
*ISO Country code
*Country
*Phone *Mobile Fax
*E-mail ID

15. *Whether present residential address is same as permanent residential address Yes ◯ No ◯

16. **Present residential address**

Line I
Line II
City
State Pin code
ISO Country code
Country
Phone Fax

Attachments

1. *Proof of identity of application **Attach**
2. *Proof of residence of application **Attach**
3. Optional attachment(s)-if any **Attach**

List of attachments

Remove attachment

Verification

I Son*/Daughter* of born on resident of

hereby confirm and verify that the particulars given in this Form are true and also are in agreement with the document being attached thereto.

I hereby confirm and declare that:

1. The photograph and documents being attached to the Form DIR-3 belong to me. I further confirm that all required documents have been duly certified by the respective government authority and are being attached to the said Form DIR-3,
2. I am not restrained, disqualified, removed of, for being appointed as Director of a company under the provisions of the Companies Act, 2013 including sections 164 and 169,
3. I have not been declared as proclaimed offender by any Economic Offence Court or Judicial Magistrate Court or High Court or any other Court,
4. I have not been already allotted a Director Identification Number (DIN) under section 154 of the Companies Act, 2013,
5. I further declare that I have read and understood the provisions of Sections 154, 155, 447 and 448 read with Sections 449, 450 and 451 of the Companies Act, 2013, and
6. I solemnly declare that the declaration given herein as stated above are true to the best of my knowledge and belief and that it conceals nothing and that no part of it is false.

*To be Digitally signed by Applicant

Certification

☐ * I declare that I have satisfied myself about the identity of the applicant based on the perusal of the original of the attached document
Note: In case where the applicant is residing outside India the particulars have to verified form the documents duly attested by the attesting authority as prescribed

☐ * I also declare that the company/LLP intends to appoint the applicant as a director/designated partner after allotment of DIN.

☐ * I further certify that:
☐ * All the required attachments have been completely and legibly attached to this form;
☐ * I have kept a copy of this form and attachments thereto in my records for further reference.
☐ * It is understood that I shall be liable for action under Section 449 of the Companies Act, 2013 for wrong certification, if any found at any stage.

*** To be digitally signed by**

Category
DIN/DPIN of the Director/Designated partner or PAN of the manager or CEO or CFO; or membership number of Company Secretary

Corporate identification number (CIN) of company/ LLPIN of the LLP with which the authorized signatory is associated and in which the applicant is proposed to be a director/designated partner

Name of company/LLP

Note: Attention is also drawn to provisions of Section 448 which provides for punishment for false statement and false evidence.

For office use only:

eForm Service request number (SRN) eForm filing da (DD/MM/YYYY)

Digital Signature of the authorizing officer

This e-Form is hereby approved (DD/MM/YYYY)

This e-Form is hereby rejected [Confirm Submission]

Date of signing

OR

This eForm has been taken on file maintained by the Registrar of Companies through electronic mode and on the basis of statement of correctness given by the company

(ii) for form DIR-6, the following form shall be substituted;-

Form No. DIR-6

[Pursuant to rule 12(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 & Rule 10 of Limited Liability Partnership Rules, 2009]

सत्यमेव जयते

Intimation of change in particulars of Director/ Designated partner to be given to the Central Government

Form Language ○ English ○ Hindi

Note-

- All fields marked in * are mandatory files

- In case of Indian nationals, Income-tax Permanent Account Number (Income-tax PAN) is mandatory in all cases even if there is no change in Income-tax PAN. In such cases, director details should be as per Income-tax PAN. In case the details as per Income-tax PAN are incorrect, director/designated partner is advised to first correct the details in Income-tax PAN. Refer instruction kit for details

1. (a) *Director Identification Number(DIN/DPIN) [Pre-fill]

(b) Name

2. *Type of change:

☐ Name of director/ designated partners ☐ Father's Name ☐ Nationality

☐ Date of Birth ☐ Gender ☐ Income-tax PAN

☐ Voters Identity card number ☐ Passport number ☐ Driving license number

☐ E-mail ID/Mobile ☐ Permanent residential address ☐ Present residential address

☐ Photograph of Director/ Designated partners ☐ Residential Status

☐ Aadhaar number

Enter information that needs to be corrected. Enter only the relevant field(s)

3. Name of Director/designated partner (Ener full name and do not use abbreviations

(a) First name

(b) Last name

(c) Middle name

Photograph

(Attach a latest passport size photograph by clicking on above box) (Refer instruction kit for details)

4. Father's Name (Even married women must give father name)

(a) First name

(b) Last name

(c) Middle name

[Remove Photograph]

5. Whether a citizen of India ○ Yes ○ No

6.Nationality

6A. Whether resident in India Yes ○ No ○

7. Date of birth (DD/MM/YYYY)

8.Gender Male ○ Female ○ Transgender ○

9.Income tax PAN

[Verify Income-tax PAN Details]

10.Voter's Identity card number 11. Passport number

12. Driving license number

13. Aadhaar number

*14. Mobile

*15. Email ID

16..Permanent residential address

Line I

Line II

City

State Pin code

ISO country code Phone Fax

Country

17.Whether present residential address is same as permanent residential address ○ Yes ○ No

18. Present residential address

Line I

Line II

City

State Pin Code

ISO country code Phone Fax

Country

Attachments: **List of Attachment**

1. * Proof of change in particulars; [Attach]
2. Optional attachments, if any. [Attach]

[Remove Attachments]

[Remove attachment]

Verification

I, hereby confirm and verify that the particulars given in the Form herein above are true and also are in agreement with the documents being attached to this form.

(i) The photograph and documents being attached to the Form DIR-6 belong to me. I further confirm that all required documents have been duly certified by the respective government authority and are being attached to the Form DIR-6 and

(ii) I am not restrained, disqualified, removed of, for being appointed as director of a company under the provisions of the Companies Act, 2013 including sections 164 and 169, and

(iii) I have not been declared as proclaimed offender by any Economic Offence Court or Judicial Magistrate Court or High Court or any other Court, and

(iv) I have no other allotted DIN other than DIN in which changes are intimated under section 154 of the Companies Act,2013 or a Designated Partner Identification Number under section 7 of the Limited Liability Partnership Act, 2008.

(v) I shall be liable under section 448 of the Act and under relevant provisions of the Indian Penal Code, 1860 and any other law as applicable, if any statement in this application is found to be false or any material fact is found to be have been omitted.

***To be digitally signed by Applicant**

Certification

I declare that I have been duly engaged for the purpose of certification/verification of this form. It is hereby certified that:

* I have satisfied myself about the identity of the applicant based on the perusal of the original of the attached document.

Note: In case where the applicant is residing outside India the particulars have to be verified from the documents duly attested by the attesting authority as prescribed.

* I have verified and attested the photograph of the applicant.

* All required attachments have been completely attached to this application

* I have gone through the provisions of The Companies Act, 2013 and rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachment(s)) from the original records maintained by the Company/applicant which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed.

*I further certify that:

- * All the required attachments have been completely and legibly attached to this form;
- *I have kept a copy of this form and attachments thereto, in my records for further reference.
- *It is understood that I shall be liable for action under section 448 of The Companies Act, 2013 for wrong certifications, if any found at any stage.

***To be digitally signed by**

*Category

*Whether Associate of Fellow ○ Associate ○ Fellow

*Membership Number

*Certificate of Practice Number

[Modify] [Check Form] [Prescrutiny] [Submit]

Note: Attention is drawn to provisions of Section 448 and 449 which provide for punishment for false statement / certificate and punishment for false evidence respectively.

For office use only: [Affix filing details]

eForm Service request number (SRN) eForm filing date (DD/MM/YYYY)

Digital signature of the authorizing officer

This e-Form is hereby approved [Confirm Submission]

This e-Form is hereby rejected

Date of signing (DD/MM/YYYY)

F.No. 01/22/2013 CL-V (Pt-III)]

K.V.R. MURTY, Jt. Sect.

Note: The principal notification was published in the Gazette of India, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 259(E) dated 31st March, 2014 and subsequently amended *vide* the following notifications:-

Serial Number	Notification Number	Notification Date
1.	G.S.R. 671 (E)	18.09.2014
2.	G.S.R. 42(E)	19.01.2015
3.	G.S.R. 839 (E)	05.07.2017
4.	G.S.R.51(E)	22.01.2018
5.	G.S.R.431 (E)	07.05.2018

K V R MURTY
Joint Secretary

02 Companies (Registered Valuers and Valuation) Second Amendment Rules, 2018

[Issued by the Ministry of Corporate Affairs vide F. No. 1/27/2013-CL-V (Part) dated 13.06.2018. Published in the Gazette of India Extraordinary, Part - II, Section - 3, Sub Section (i) vide Notification No. G.S.R. 559(E) dated 14.06.2018]

In exercise of the powers conferred by section 247 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Registered Valuers and Valuation) Rules, 2017, namely:-

1. (1) These rules may be called the Companies (Registered Valuers and Valuation) Second Amendment Rules, 2018.
   (2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Registered Valuers and Valuation) Rules, 2017, in rule 19, in sub-rule 2, after clause (g), the following clause shall be inserted, namely:-
   "(h) Presidents of, the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India, the Institute of Cost Accountants of India as ex-officio members.".

K V R MURTY
Joint Secretary

03 Companies (Significant Beneficial Owners) Rules, 2018

[Issued by the Ministry of Corporate Affairs vide F. No. 1/1/2018 CL-V dated 13.06.2018. Published in the Gazette of India Extraordinary, Part - II, Section - 3, Sub Section (i) vide Notification No. G.S.R. 561(E) dated 14.06.2018]

In exercise of the powers conferred by Section 90 read with sub-section (1) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely :-

1. Short title and commencement.–
   (1) These rules may be called the Companies (Significant Beneficial Owners) Rules, 2018.
   (2) They shall come into force on the date of their publication in the Official Gazette.
2. **Definitions.-**
   (1) In these rules, unless the context otherwise requires,-
   (a) "Act" means the Companies Act, 2013 (18 of 2013);
   (b) "form" means the form specified in Annexure to these rules;
   (c) "registered owner" means a person whose name is entered in the register of members of a company as the holder of shares in that company but who does not hold beneficial interest in such shares;
   (d) "section" means a section of the Act
   (e) "significant beneficial owner" means an individual referred to in sub-section (1) of section 90 (holding ultimate beneficial interest of not less than ten per cent.) read with sub-section (10) of section 89, but whose name is not entered in the register of members of a company as the holder of such shares, and the term 'significant beneficial ownership' shall be construed accordingly;
   Explanation I. - For the purpose of this clause, the significant beneficial ownership, in case of persons other than individuals or natural persons, shall be determined as under–
   (i) where the member is a company, the significant beneficial owner is the natural person, who, whether acting alone or together with other natural persons, or through one or more other persons or trusts, holds not less than ten percent. share capital of the company or who exercises significant influence or control in the company through other means;
   (ii) where the member is a partnership firm, the significant beneficial owner is the natural person, who, whether acting alone or together with other natural persons, or through one or more other persons or trusts, holds not less than ten per cent. of capital or has entitlement of not less than ten per cent. of profits of the partnership;
   (iii) where no natural person is identified under (i) or (ii), the significant beneficial owner is the relevant natural person who holds the position of senior managing official;
   (iv) where the member is a trust (through trustee), the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with not less than ten per cent. interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership;
   Explanation II.—It is hereby clarified that instruments in the form of global depository receipts, compulsorily convertible preference shares or compulsorily convertible debentures shall be treated as 'shares' for the purpose of this clause;
   (2) Words and expressions used in these rules but not defined and defined in the Act or in Companies (Specification of Definitions Details) Rules, 2014 shall have the meanings respectively assigned to them in the Act and the said Rules.
3. **Declaration of significant beneficial ownership in shares under Section 90.-**
   (1) Every significant beneficial owner shall file a declaration in **Form No. BEN-1** to the company in which he holds the significant beneficial ownership on the date of commencement of these rules within ninety days from such commencement and within thirty days in case of any change in his significant beneficial ownership.
   (2) Every individual, who, after the commencement of these rules, acquires significant beneficial ownership in a company, shall file a declaration in **Form No. BEN-1** to the company, within thirty days of acquiring such significant beneficial ownership or in case of any change in such ownership.
4. **Return of significant beneficial owners in shares.-**

Where any declaration under rule 3 is received by the company, it shall file a return in **Form No. BEN-2** with the Registrar in respect of such declaration, within a period of thirty days from the date of receipt of declaration by it, along with the fees as prescribed in Companies (Registration offices and fees) Rules, 2014.

5. **Register of significant beneficial owners.-**
   (1) The company shall maintain a register of significant beneficial owners in **Form No. BEN-3**.
   (2) The register shall be open for inspection during business hours, at such reasonable time of not less than two hours, on every working day as the board may decide, by any member of the company on payment of such fee as may be specified by the company but not exceeding fifty rupees for each inspection.
6. **Notice seeking information about significant beneficial owners.-**
   A company shall give notice seeking information in accordance with under sub-section (5) of Section 90, in **Form No. BEN-4.**
7. **Application to the Tribunal.-**
   The company may apply to the Tribunal in accordance with sub-section (7) of section 90, for order directing that the shares in question be subject to restrictions, including –
   (a) restrictions on the transfer of interest attached to the shares in question;
   (b) suspension of the right to receive dividend in relation to the shares in question;
   (c) suspension of voting rights in relation to the shares in question;
   (d) any other restriction on all or any of the rights attached with the shares in question.
8. **Non-Applicability.-**
   These rules are not made applicable to the holding of shares of companies/body corporates, in case of pooled investment vehicles/investment funds such as Mutual Funds, Alterative Investment Funds (AIFs), Real Estate Investment Trusts(REITs) and Infrastructure Investment Trusts (InvITs) regulated under SEBI Act.

Annexure

Form No. BEN-1

Declaration by the beneficial owner who holds or acquires significant beneficial ownership in shares

[Pursuant to section 90(1) of the Companies Act, 2013 and rule 3(1)/3(2)]

To-
Name of the company:
Registered office address:

1. Particulars of the shares in which significant beneficial interest is held by the person making declaration:
   i) Class of shares:
   ii) Number and percentage of shares:
   iii) Shares/ securities in physical form
   - Distinctive numbers: From.......... To...........
   - Certificate No.:
   - Folio No.
   iv) Shares/ securities in Demat form
   - DP ID/ Client ID :
   - No. of shares:
   - Any other:
   v) Nominal value of shares:
   vi) Paid up value of shares:
2. Particulars of the holder of the significant beneficial interest
   PAN *

Sl. No.	Name of the Beneficial Owner	Address and Email	Date of Birth/ Age	Father's/ Mother's/ Spouse's name
(1)	(2)	(3)	(4)	(5)
Occupation	Nationality	CIN (in case of company)	Passport No. (in case of foreign national)	
(6)	(7)	(8)	(9)	

3. Declaration
   In pursuance of sub-section (1) of section 90 of the Companies Act 2013, I ....hereby declare that I hold / have acquired a significant beneficial interest in the above mentioned shares of the company which are registered in the name of the person whose particulars are furnished below:
4. Particulars of the registered owner
   PAN *

Sl. No.	Name of the Registered Owner	Address and Email id	Date of Birth/ Age	Father's/ Spouse's name
(1)	(2)	(3)	(4)	(5)
Occupation	Nationality	PAN/UIN/ CIN (in case of company)	Passport No. (in case of foreign national)	
(6)	(7)	(8)	(9)	

5. Details of the significant beneficial interest:
   i) Date of creation / acquisition of significant beneficial interest:
   ii) Mode of acquisition of significant beneficial interest: Allotment /Transfer / others, specify
   iii) Nature of the significant beneficial interest:
   iv) Reasons for not registering shares in my name:
   v) Particulars of the instrument/document, if any, showing the creation of such significant beneficial interest:
   vi) Direct/ Indirect percentage of voting rights:
6. Particulars of the person from whom the significant beneficial interest is acquired, if applicable:
   i) Name of the transferor of significant beneficial interest:
   ii) Whether shares were registered in his name:
   (If not, whether any declaration under sub-section (2) of section 89 was filed by him to the company. If so, date of such declaration)
   iii) Particulars of the instrument/ document, if any, showing the transfer of such significant beneficial interest:

Date:
Place:

Signature of the holder of the significant beneficial interest

CERTIFICATE

I hereby certify that the significant beneficial interest in the shares mentioned above has been transferred by me on ....

Signature of the person who has transferred the significant beneficial interest in the shares
Date:
Place:

Enclosures: (a) Proof of identity of the registered owner and holder of the significant beneficial interest
(b) Instrument/document under which the significant beneficial interest is created/ transferred/changed.

Form No. BEN-2
Return to the Registrar in respect of declaration under section 90 received by the company

[Pursuant to section 90(4) of the Companies Act, 2013 and rule 4]

O For Significant beneficial ownership O For Change in Significant beneficial ownership

Total percentage

O Date of Change .

O SRN of BEN-2 latest(last) filed for significant beneficial Ownership

Total percentage

1. (a) CIN:
   (b) GLN:
2. (a) Name of the company:
   (b) Registered office address:
   (c) E-mail id:
3. Particulars of significant beneficial interest:
   PAN *

Prefill

S. No.	Date of declarations under sub-section (1) of section 90	Date of receipt of the said declarations by the company	Particulars of shares in respect of which beneficial interest is created		
			Class of shares	No. of shares	Distinctive Nos. of shares/ DP and Client ID of shares
(1)	(2)	(3)	(4)	(5)	(6)
Particulars of Shares in respect of which beneficial intrest is created.			Particulars of registered owner		

Face value of shares	Paid up value of shares	Name of the registered owner	Address and email id	Date of Birth/ Age	Father's/ Spouse's name	Occupation
(7)	(8)	(9)	(10)	(11)	(12)	(13)
Particulars of registered owner		Particulars of beneficial owner				
Nationality	PAN/UIN/ CIN (in case of company)	Passport No. (in case of foreign national)	Name & Nationality		Address and e-mail id	
(14)	(15)	(16)	(17)		(18)	
Father's/ Spouse's Name			Date and Nature of beneficial interest		Remarks	
(19)			(20)		(21)	

Date:
Place:

Attachments:1. Declaration under section 90 (1); 2. Optional attachments, if any.

Form no. BEN-3
Register of beneficial owners holding significant beneficial interest

[Pursuant to section 90(2) of the Companies Act, 2013 and rule 5(1)]

Name of the company:
Registered office address:

1. Particulars of the beneficial owner holding significant beneficial interest
   PAN *

Prefill

Sl. No.	Name of the Beneficial Owner	Address and Email id	Date of Birth/ Age	Father's/ Mother's/ Spouse's name
(1)	(2)	(3)	(4)	(5)
Occupation	Nationality	PAN/UIN/ CIN (in case of company)	Passport No. (in case of foreign national)	Status
(6)	(7)	(8)	(9)	(10)
Date of declaration under section 90	Date of cessation	Date of entry in Register	Date of filing of BEN-2(SRN wise)	Amount of guarantee, if any
(11)	(12)			
Any other interest, if any	Instructions, if any, given by the member wt			

2. Particulars of the shares in which significant beneficial interest is held by the beneficial owner:
   i) Class of shares:
   ii) Number of shares:
   iii) Shares/ securities in physical form
   - Distinctive numbers: From.......... To...........
   - Certificate No.:
   - Folio No.

iv) Shares/ securities in Demat form
- DP ID/ Client ID :
- No. of shares:
- Any other:

v) Nominal value of shares:
vi) Paid up value of shares:

Form no. BEN-4
[Pursuant to section 90(5) of the Companies Act, 2013 and rule 6]

[<<Insert Company Name>>] (the "Company")

<<Insert Date>>

[By post/email]

To:

Name and address of SBO/any other person

Date:
Subject: Notice under sub-section (5) of Section 90 of the Companies Act, 2013 and rules made there under
The Company has reasonable cause to believe that* :
- you are a significant beneficial owner of the company;
- have knowledge of the identity of significant beneficial owner of ………………..likely to have such knowledge;
- have been a significant beneficial owner of the company during the three years immediately preceding the date of this notice, and in respect of the above significant beneficial ownership the return prescribed under Section 90 of the Act has not been filed in compliance with the Act.

You are accordingly advised to give the following information within 30 days of the date of this notice in accordance with the section 90 of the Companies Act, 2013 :
1. Name and Address of the Beneficial Owner (B.O) (i.e. yourself or the significant BO if you are not the significant BO)
2. PAN of the B.O
3. Name of the person/entity/trust/body etc in whose name the shares/rights are registered/held
4. Folio number/DP and Client ID of the shares/securities
5. Nominal value of the shares/securities
6. Date of acquiring beneficial interest
7. Documents, terms and conditions or any other particulars regarding the BO ownership
8. Reason for not filing declaration in Form No. BEN-4.
9. Any other information incidental to or relevant or in your possession or knowledge to enable the company to evaluate this matter

The abovementioned particulars should be submitted in writing to the registered address of the company not later than 30 days of the date of this notice failing which the company shall proceed in the matter without further notice as per the provisions of the Act.
Name & signature
(Person authorized to issue notice)
**Delete whichever is not applicable*

K V R MURTY
Joint Secretary

04 Companies (Management and Administration) Second Amendment Rules, 2018.

[Issued by the Ministry of Corporate Affairs vide F. No. 01/34/2013 CL-V (Pt-I)] dated 13.06.2018. Published in the Gazette of India Extraordinary, Part - II, Section - 3, Sub Section (i) vide Notification No. G.S.R. 560(E) dated 14.06.2018]

In exercise of the powers conferred by sub-sections (1) and (2) of section 469 read with sections 93,94, 96 and 110 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Management and Administration) Rules, 2014, namely:-
1. (1) These rules may be called the Companies (Management and Administration) Second Amendment Rules, 2018.
   (2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Management and Administration) Rules, 2014, _
   (i) rule 13 shall be omitted;
   (ii) in rule 15, the sub-rule(6), shall be omitted;
   (iii) in rule 18, in sub-rule (3), Explanation afterclause (ix), shall be omitted;
   (iv) in rule 22, in sub-rule(16) for the proviso, the following shall be substituted, namely:-

   "Provided that any aforesaid items of business under this sub-rule, required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under Section 108, in the manner provided in that section:

   Provided further that One Person Companies and other companies having members upto two hundred are not required to transact any business through postal ballot"

(v) the "Form No.MGT-10" shall be omitted.

K V R MURTY
Joint Secretary

05 Companies (Accounting Standards) Amendment Rules, 2018

[Issued by the Ministry of Corporate Affairs vide F. No. 17/151/2013-CL-V dated 18.06.2018. Published in the Gazette of India Extraordinary, Part - II, Section - 3, Sub Section (i) vide Notification No. G.S.R. 569(E) dated 18.06.2018]

In exercise of the powers conferred by clause (a) of sub-section (1) of section 642 of the Companies Act, 1956 (1 of 1956) read with section 210A and sub-section (3C) of section 211 and of the said Act, the Central Government, in consultation with National Advisory Committee on Accounting Standards, hereby makes the following rules to amend the Companies (Accounting Standards) Rules, 2006, namely:—
1. **Short title and commencement.**—(1) These rules may be called the Companies (Accounting Standards) Amendment Rules, 2018.
   (2) They shall come into force on the 1st day of April, 2018.

2. In the Companies (Accounting Standards) Rules, 2006,

in the "ANNEXURE", under the heading "ACCOUNTING STANDARDS" under "Accounting Standard (AS) 11", for the paragraph 32, the following paragraph shall be substituted, namely :—

"32. An enterprise may dispose of its interest in a non-integral foreign operation through sale, liquidation, repayment of share capital, or abandonment of all, or part of, that operation. The payment of a dividend forms part of a disposal only when it constitutes a return of the investment. Remittance from a non-integral foreign operation by way of repatriation of accumulated profits does not form part of a disposal unless it constitutes return of the investment. In the case of a partial disposal, only the proportionate share of the related accumulated exchange differences is included in the gain or loss. A write-down of the carrying amount of a non-integral foreign operation does not constitute a partial disposal. Accordingly, no part of the deferred foreign exchange gain or loss is recognised at the time of a write-down".

K V R MURTY
Joint Secretary

06 Date of Coming in to force of certain section of Companies (Amendment) Act, 2017

[Issued by the Ministry of Corporate Affairs vide F. No. 1 /1 /2018-CL.I dated 13.06.2018. Published in the Gazette of India Extraordinary, Part - II, Section - 3, Sub Section (ii) vide Notification No. S.O. 2422(E) dated 13.06.2018]

In exercise of the powers conferred by sub-section (2) of section 1 of the Companies (Amendment) Act, 2017 (1 of 2018), the Central Government hereby appoints the 13th June, 2018 as the date on which the following provisions of the said Act shall come into force, namely :—

Sl.No.	Sections
1.	Sections 22;
2.	Sections 24;
3.	Sections 25;
4.	Sections 26; and
5.	Sections 71.

K V R MURTY
Joint Secretary

07 Notification No. S.O. 2422(E) - Corrigendum

[Issued by the Ministry of Corporate Affairs vide F. No. 1 /1 /2018-CL.I-Part dated 21.06.2018. Published in the Gazette of India Extraordinary, Part - II, Section - 3, Sub Section (i) vide Notification No. S.O. 3020(E) dated 21.06.2018]

In the notification of the Government of India, in the Ministry of Corporate Affairs, number S.O. 2422(E), dated the 13th June, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), dated the 14th June, 2018, at page 2, in line 8, for "Section 22", read "Clause (iii) of Section 21 and Section 22".

K V R MURTY
Joint Secretary

08 Guidelines for Preferential Issue of Units by Infrastructure Investment Trusts (InvITs)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2018/89 dated 05.06.2018.]

1. Regulation 2(1)(zo) of SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") defines a preferential issue. Regulation 14(4)(b) read with Regulation 2(1)(zo) provides for any subsequent issue of units after an initial offer in a manner specified by Board from time to time. Accordingly, the detailed guidelines for preferential issue by an InvIT are provided herein.

2. **Conditions for preferential issue**
   2.1. A listed InvIT may make preferential issue of units to an institutional investor as defined in the InvIT regulations, if it satisfies the following conditions:
      2.1.1. A resolution of the unitholders of the InvIT approving the preferential issue in accordance with Regulation 22(5) of the InvIT Regulations has been passed.
      2.1.2. The InvIT is in compliance with the conditions for continuous listing and disclosure obligations under the InvIT Regulations and circulars issued thereunder.
      2.1.3. The InvIT is in compliance with the minimum public unitholding requirements as stipulated under Regulation 16 (6) of the InvIT Regulations.
      2.1.4. No preferential issue of units by the InvIT has been made in the six months preceding the relevant date.
   2.2. Preferential issue pursuant to the unitholders resolution referred to in Clause
      2.1.1 shall be completed within a period of twelve months from the date of passing of the resolution.
   2.3. Allotment pursuant to preferential issue shall be completed within 12 days.
   2.4. The units shall be issued only in dematerialized form.
   2.5. The units to be issued in preferential issue shall be of same class or kind as the units issued in the initial offer by the InvIT.
   Further, such units have been listed on a recognised stock exchange, having nationwide trading terminal for a period of at least six months prior to the date of issuance of notice to its unitholders for convening the meeting to approve the preferential issue.
   2.6. The minimum subscription and trading lot for the units to be issued in preferential issue shall be same as that for units issued in the initial offer by the InvIT.
   2.7. The units in a preferential issue shall be offered and allotted to a minimum of two investors and maximum of 1000 investors in a financial year.
   2.8. Relevant date for the purpose of preferential issue shall mean the date of the meeting in which the board of directors of the investment manager of the InvIT or the committee of directors duly authorised by the board of directors of the investment manager of the InvIT decides to open the proposed issue.

3. **Placement Document**
   3.1. The InvIT may appoint one or more SEBI registered intermediaries to carry out the obligations relating to the issue.
   3.2. The preferential issue of units by an InvIT shall be done on the basis of a placement document, which shall contain disclosures as specified in **Annexure I**.

3.3. The placement document shall be serially numbered and copies shall be circulated only to select investors subject to compliance with clause 2.7 above.

3.4. The InvIT shall, while seeking in-principle approval from the recognised stock exchange, furnish a copy of the placement document, a certificate issued by its merchant banker or statutory auditor confirming compliance with the provisions of these Guidelines along with any other documents required by the stock exchange.

3.5. The placement document shall also be placed on the website of the concerned stock exchange and the InvIT with a disclaimer to the effect that it is in connection with a preferential issue and that no offer is being made to the public or to any other investor.

4. Pricing

4.1. The preferential issue shall be made at a price not less than the average of the weekly high and low of the closing prices of the units quoted on the stock exchange during the two weeks preceding the relevant date.

Explanation: For the purpose of this clause, the term "stock exchange" means any of the recognised stock exchanges on which the units of the InvIT are listed and on which the highest trading volume in such units has been recorded during the two weeks immediately preceding the relevant date.

4.2. The InvIT shall not allot partly paid-up units.

4.3. The prices determined for preferential issue shall be subject to appropriate adjustments, if the InvIT:

4.3.1. makes a rights issue of units

4.3.2. is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.

5. Restriction on allotment

5.1. No allotment shall be made, either directly or indirectly, to any party to the InvIT or their related parties except to the sponsor only to the extent that is required to ensure compliance with regulation 12 (3) of the InvIT Regulations.

Explanation: To determine the "related parties", the term related party as defined under the InvIT Regulations shall be applicable. However, Mutual Funds, Insurance Companies and Pension Funds shall not be treated as related parties for the purpose of clause 5.1 above.

5.2. The applicants in preferential issue shall not withdraw their bids after the closure of the issue.

6. Transferability of Units

6.1. The units allotted under preferential issue shall not be sold by the allottee for a period of one year from the date of allotment, except on a recognised stock exchange.

7. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, Regulation 33 of the InvIT Regulations.

8. This Circular is available on the website of the Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in under the category "Legal" and under the drop down "Circulars".

BARNALI MUKHERJEE
Chief General Manager

ANNEXURE I

Information to be included in the placement document:

1) Disclaimer to the effect that the Placement Document relates to an issue made to institutional investors under the InvIT Regulations and these Guidelines and that no issue is being made to the public or any other class of investors.

2) Market Price Information: Disclose particulars of:
   a) high, low and average market prices of units of the InvIT during the preceding three years or since the date of listing until the date of the placement document, as applicable;
   b) monthly high and low prices for the six months preceding the date of filing of the placement document;
   c) number of units traded on the days when high and low prices were recorded in the relevant stock exchange during period of (i) and (ii) above, and total volume traded on those dates;
   d) the stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognizes the change in the capital structure
   e) the market price immediately after the date on which the resolution of the board of directors of the investment manager or manager of the InvIT approving the issue was approved.
   f) the volume of units traded in each month during the six months preceding the date on which the placement document is filed with the stock exchanges and the Board;
   g) along with high, low and average prices of units of the InvIT, details relating to volume of business transacted should also be stated for respective periods.

3) The placement document shall contain the disclosures as specified under schedule III of the InvIT Regulations in the following manner:
   a) The disclosures as per clauses 1, 2, 3, 5, 6, 7(a), 8, 12, 13, 14, 15, 16, 17 and 19 shall be made in the placement document.
   b) The disclosures in clause (a) above may be incorporated by reference to disclosures made in any previous offer document or placement memorandum or placement document.
      Provided, the link(s) to such document wherever available, including on the website of the InvIT, stock exchanges or SEBI, shall also be provided.
      Provided further, any modification/update in the information provided in such documents shall be suitably incorporated in the placement document.

4) Terms of the issue:
   a) Objects of the issue
   b) If the objects of the issue involve financing of any new asset(s), description of such asset(s) as per disclosures required under clause 6 of the Schedule III of the InvIT Regulations.
   c) If the objects are not being financed solely through the issue proceeds, the details of other financing arrangements for fulfilling the objects of the issue.

5) Related Party Transactions:
   a) Disclosure as per clause 9 of the Schedule III of the InvIT Regulations, which may be incorporated by reference to disclosures made in any previous offer document or

placement memorandum or placement document.

b) Any disclosures made regarding related party transactions shall also be incorporated by reference to such disclosures.

c) Link(s) to document(s) at (a) and (b) above wherever available, including on the website of the InvIT, stock exchanges, shall be provided.

6) Valuation
   a) Summary of valuation of the assets proposed to be financed through proceeds of the issue, if any, as per the latest valuation report not more than six months old from the relevant date.
   b) Valuation methodology
   c) Frequency of valuation and declaration of NAV.
   d) Any disclosures made regarding valuation since the initial offer shall also be incorporated by reference to such disclosures.
   e) Link(s) to document(s) at (d) above wherever available, including on the website of the InvIT, stock exchanges, shall be provided.
   f) The valuation report of the asset to be financed through proceeds of the issue, if any, shall be provided along with the placement document.

7) Financials
   a) Disclosure as per clause 11 of the Schedule III of the InvIT Regulations
   b) Disclosure as per clause (a) above may be incorporated by reference to any public disclosures of financials made under the InvIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the InvIT, stock exchanges.
   Provided, the information contained therein is not more than six months old from the relevant date.

8) Distribution including the manner of calculation of the net distributable cash flows, history of distributions made in the last three financial years or from the date of listing of the InvIT and the policy, if any.

9) Other disclosures:
   a) Unit holding pattern
   b) Review of Credit Rating
   c) Grievance redressal mechanism
   d) The disclosures in clause (a), (b) and (c) above may be incorporated by reference to any public disclosures made under the InvIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the InvIT, stock exchanges.

09 Circular on Go Green Initiative in Mutual Funds

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/92 dated 05.06.2018.]

A. A copy of the Gazette Notification **No. SEBI/LAD-NRO/GN/2018/14** dated May 30, 2018 on Amendments to SEBI (Mutual Funds) Regulations, 1996 is enclosed for implementation.

B. <u>Go Green initiative in Mutual Funds</u>

In order to bring cost effectiveness in disclosing and providing information to unitholders and as a green initiative measure, the following shall be adhered:

1. <u>Disclosure of Net Asset Value (NAV) and sale / repurchase prices:</u>
   a. Mutual Funds/ AMCs shall prominently disclose the NAVs of all schemes under a separate head on their respective website and on the website of Association of Mutual Funds in India (AMFI). Further, Mutual Funds/ AMCs shall extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.
   b. In partial modification to SEBI Circular No.MFD/CIR No.11/171/01 dated February 09, 2001; all references to the term “and sale/repurchase prices” stands deleted.
   c. Pursuant to the amendment to Regulation 48 (2) of SEBI (Mutual Funds) Regulations, 1996; paragraph 3 regarding publication of NAVs in newspapers, of SEBI Circular No.SEBI/IMD/CIRNo.5/96576/2007 dated June 25, 2007 stands deleted.
   d. Pursuant to amendment to Regulation 49 (2) of SEBI (Mutual Funds) Regulations, 1996 regarding providing the methodology of calculating the sale and repurchase price of units, Mutual Funds/ AMCs shall explain the methodology with the help of a simple numerical example at all relevant places such as on their respective website, AMFI website and Scheme Information Documents, etc.

2. <u>Providing Annual Report or Abridged Summary:</u>
   In light of the amendment to Regulation 56 (1) of SEBI (Mutual Funds) Regulations, 1996; paragraph 2 (ii) of SEBI Circular No.Cir/ IMD/DF/16/2011 dated September 08, 2011 regarding mailing of scheme wise annual report or abridged summary thereof shall now read as follows:
   For providing annual report or abridged summary thereof, the following shall be adhered:
   a. The scheme wise annual report shall be hosted on the website of the Mutual Funds/ AMCs and on the website of AMFI. The Mutual Funds/ AMCs shall display the link prominently on their websites and make the physical copies available to the unitholders, at their registered offices at all times.
   b. Mutual Funds/ AMCs shall e-mail the scheme annual reports or abridged summary thereof to those unitholders, whose email addresses are registered with the Mutual Fund.
   c. In case of unitholders whose email addresses are not registered with the Mutual Fund, the Mutual Funds/ AMCs shall undertake an exercise of communicating to the unitholders, through a letter enclosing self-addressed envelope enabling unitholders to ‘opt-in’ within 30 days, to continue receiving a physical copy of the scheme-wise annual report or abridged summary thereof.
   d. To ensure that unitholders get sufficient opportunity to communicate their preference of ‘opt-in’ or ‘opt-out’ with respect to receiving the annual report or abridged summary thereof in physical copy, Mutual Funds/ AMCs shall conduct one more round of

similar exercise for those unitholders who have not responded to the 'opt-in' communication as stated at paragraph c above, after a period of not less than 30 days from the date of issuance of the first communication. Further, a period of 15 days from the date of issuances of the second communication may be given to unitholders to exercise their option of 'opt-in' or 'opt-out'.

e. Mutual Funds/ AMCs shall publish an advertisement every year disclosing the hosting of the scheme wise annual report on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter), etc. through which unitholders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.

f. Mutual Funds/ AMCs shall provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder.

g. The 'opt-in' facility to receive physical copy of the scheme-wise annual report or abridged summary thereof shall be provided in the application form for new subscribers.

3. Portfolio Disclosures:

Pursuant to amendment to Regulation 59 (A) of SEBI (Mutual Funds) Regulations, 1996; the reference of "Monthly" is deleted from the title of paragraph H of SEBI Circular No.CIR/IMD/DF/21/2012 dated September 13, 2012 and paragraph H(1) of the aforementioned circular will be replaced with the following:

1 (a)Mutual Funds/ AMCs shall disclose portfolio (along with ISIN) as on the last day of the month / half-year for all their schemes on their respective website and on the website of AMFI within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format.

1 (b) In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively.

1 (c) Mutual Funds/ AMCs shall publish an advertisement every half-year disclosing the hosting of the half-yearly statement of its schemes portfolio on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.

1 (d) Mutual Funds/ AMCs shall provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.

4. Mutual Funds/ AMCs shall make continuous efforts to update email ID and mobile number of all unitholders. The said contact details shall be used for sending e-mails and SMS as envisaged in the circular.

C. Applicability of the Circular:

i. All provisions in the circular except paragraph B (2) (d) shall be complied within a period of 30 days from the date of issuance of this circular.

D. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

JYOTI SHARMA
Deputy General Manager

10 Total Expense Ratio for Mutual Funds

[Issued by the Securities and Exchange Board of India vide General Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/91 dated 05.06.2018.]

A. A copy of the Gazette Notification **No.SEBI/LAD-NRO/GN/2018/14** dated May 30, 2018 on Amendments to SEBI (Mutual Funds) Regulations, 1996 is enclosed for implementation.

B. **Charging of additional expenses in terms of Regulation 52 (6A) (c) of SEBI (Mutual Funds) Regulations, 1996**

Pursuant to amendment to Regulation 52 (6A) (c) of SEBI (Mutual Funds) Regulations, 1996; the reference of "0.20" in all applicable circulars previously issued shall be substituted by "0.05".

C. **Total Expense Ratio – Change and Disclosure**

SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2018/18 dated February 05, 2018 on 'Total Expense Ratio – Change and Disclosure', has been modified as under:

i. Paragraph 1(a) of the aforementioned circular shall read as:

'AMCs shall prominently disclose on a daily basis, the TER (scheme-wise, date-wise) of all schemes under a separate head – "Total Expense Ratio of Mutual Fund Schemes" on their website and on the website of AMFI in downloadable spreadsheet format as per **Annexure A**.'

ii. Paragraph 1(b) of the aforementioned circular shall read as:

'Any change in the base TER (i.e. TER excluding additional expenses provided in Regulation 52(6A)(b), 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods and Services Tax on investment and advisory fees) in comparison to previous base TER charged to any scheme/plan shall be communicated to investors of the scheme/plan through notice via email or SMS at least three working days prior to effecting such change. (For example, if changed TER is to be effective from January 8, 2018, then notice shall be given latest by January 2, 2018, considering at least three working days prior to effective date). Further, the notice of change in base TER shall be updated in the aforesaid section of website at least three working days prior to effecting such change.

Provided that any decrease in TER in a mutual fund scheme due to various regulatory requirements, would not require issuance of any prior notice to the investors.'

D. **Applicability**

i. Paragraph B will be applicable with effect from the date of the aforementioned notification on amendment to SEBI (Mutual Funds) Regulations, 1996.

ii. Paragraph C will be applicable with immediate effect.

E. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of regulation 77 of SEBI (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

JYOTI SHARMA
Deputy General Manager

Annexure A

Format for disclosure of TER of mutual fund schemes.

Total Expense Ratio (TER) for Mutual Fund Schemes

Name of Scheme: XYZ										
Date (DD/MM/YYYY)	Regular Plan					Direct Plan				
	Base TER (%)1	Additional expense as per Regulation 52(6A)(b) (%)2	Additional expense as per Regulation 52(6A)(c) (%)3	GST (%)4	Total TER (%)	Base TER (%)1	Additional expense as per Regulation 52(6A)(b) (%)2	Additional expense as per Regulation 52(6A)(c) (%)3	GST (%)4	Total TER (%)

1. Base TER excludes additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods and Services Tax (GST) on investment and advisory fees as per applicable rate.
2. Additional Expenses not exceeding 0.30% in terms of Regulation 52(6A)(b) of SEBI (Mutual Funds) Regulations, 1996.
3. Additional Expenses not exceeding 0.05% in terms of Regulation 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996.
4. Present GST rate is XX %.
5. Percentages mentioned above are annualized.
6. Base TER of direct plan shall have a lower expense ratio excluding distribution expenses, commission, etc., and no commission shall be paid from such plans.

11 Amendments to Prevention of Money-laundering (Maintenance of Records) Rules, 2005

[Issued by the Securities and Exchange Board of India vide General Circular No. SEBI/HO/MIRSD/DOSR1/CIR/P/2018/93 dated 06.06.2018.]

1. Government of India (GoI) had notified Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 (PML Second Amendment Rules) on June 01, 2017 making the Aadhaar number issued by the Unique Identification Authority of India (UIDAI) and Permanent Account Number (PAN) or Form No. 60 as defined in Income-tax Rules, 1962 mandatory for both new and existing accounts with the financial market intermediaries including securities market intermediaries. Copy of the Gazette notification no. G.S.R.538(E) dated June 01, 2017 is attached as **Annexure 1**.

2. Subsequently, GoI has issued the following notifications -

i. PML (Maintenance of Records) Fifth Amendment Rules, 2017, regarding explanation of the term "certified copy" and a list of deemed OVDs for limited purpose of proof of address (in case OVD submitted does not contain updated address). Copy of the Gazette notification no. G.S.R. 1300(E) dated October 16, 2017, is attached as **Annexure 2**.

ii. PML (Maintenance of Records) Sixth Amendment Rules, 2017, regarding acceptable documents in case the OVDs presented by a foreign national does not contain address details. Copy of the Gazette notification no. G.S.R. 1318(E) dated October 23, 2017, is attached as **Annexure 3**.

3. Further, as per PML notification dated March 31, 2018 issued by Department of Revenue, Ministry of Finance pursuant to the interim order dated March 13, 2018 of Hon'ble Supreme Court, the Central Government has extended the date of submission of Aadhaar Number, and Permanent Account Number or Form 60 by the clients to the reporting entity till a date to be notified subsequent to pronouncement of final judgment in W.P. (C) 494/2012 etc. Copy of the Gazette notification no. G.S.R. 314(E) dated March 31, 2018 is attached as **Annexure 4**.

4. All the above notifications issued by GoI in relation to PML Rules are brought to notice for necessary compliance.

5. Further, as per Clause 2(b)(4) of PML Second Amendment Rules, in case PAN is not submitted by any client at the time of opening of account based relationship, one certified copy of an "officially valid document" (OVD) shall be submitted. However, it is hereby clarified that for securities market, in terms of SEBI circular dated April 27, 2007, the requirement of PAN would continue to be mandatory for completing the KYC process.

6. The Stock Exchanges and Depositories are directed to:

a. bring the provisions of this circular to the notice of the Stock Brokers and DPs, as the case may be, and also disseminate the same on their websites;

b. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision in co-ordination with one another, as considered necessary;

c. monitor the compliance of this circular through half-yearly internal audits and inspections; and

d. communicate to SEBI, the status of the implementation of the provisions of this circular.

7. In case of Mutual Funds, compliance of this circular shall be monitored by the Boards of Asset Management Companies and the Trustees and in case of other intermediaries by their Board of Directors.

D RAJESH KUMAR
General Manager

12 Amendment to Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/ HO/ MIRSD/ DOP2/CIR/P/2018/ 95 dated 06.06.2018.]

1. Please find enclosed **Gazette Notification No. SEBI/LAD-NRO/GN/2018-15** dated May 30, 2018 in respect of Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2018.
2. In terms of Regulation 16(3) of SEBI (Credit Rating Agencies) Regulations, 1999, a CRA may withdraw a rating, subject to the CRA having:
   i. rated the instrument continuously for 5 years or 50 per cent of the tenure of the instrument, whichever is higher.
   ii. received an undertaking from the Issuer that a rating is available on that instrument.
3. At the time of withdrawal, the CRA shall assign a rating to such instrument and issue a press release, as per the format prescribed vide Circular dated November 01, 2016. The Press Release shall also mention the reason(s) for withdrawal of rating.
4. This circular is issued 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.

SURABHI GUPTA
Deputy General Manager

13 Disclosure by Exchanges related to Deliverable Supply and Position Limits Calculation for Agricultural Commodity Derivatives

[Issued by the Securities and Exchange Board of India vide Circular No.SEBI/HO/ CDMRD/DMP/CIR/P/2018/96 dated 11.06.2018.]

1. After due consultation with various stakeholders and on the basis of recommendations of CDAC (Commodity Derivatives Advisory Committee), SEBI vide its circular No. **CDMRD/ DMP/CIR/P/2017/84** dated July 25, 2017 had prescribed a principle based methodology for revising the commodity-wise numerical value of overall client level open position limits for agricultural commodities with reference to the 'deliverable supply' of the such commodities available in the country during a financial year. Further the agricultural commodities have been classified into three categories viz. sensitive, broad and narrow.
2. The clause 3.4.4 of the above mentioned SEBI Circular prescribes the following:-

   "Every year, for each agricultural commodity that is being traded in the derivatives market, all national commodity derivatives exchanges shall jointly complete the exercise of determination of 'deliverable supply, categorization/ re-categorization of commodities and computation of numerical value of position limits. Numerical values of position limits for any agricultural commodity shall be revised only if the computation results in a revision in the value by at least 5% compared to previous year's limits. Exchanges shall, after prior intimation to SEBI, notify such details to the market through their respective websites sufficiently in advance and latest by 31st of July (unless extended by SEBI under exceptional circumstances) of every year and revised limits shall become applicable for all running contracts with effect from 1st of September of every year."
3. In order to provide necessary information to the stakeholders the Exchanges shall prominently disseminate on their websites the details of five year average deliverable supply, current year deliverable supply, source of data, categorization of the commodity, position limits etc. for each of the commodity traded on their exchange, as per the format given in **Annexure** to this circular.
4. The provisions of this circular shall come into effect from the date of this Circular.
5. The Exchanges are advised to:
   a) take steps to make necessary amendments, if any, to the relevant bye-laws, rules and regulations for the implementation of the same.
   b) bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
   c) communicate to SEBI, the status of the implementation of the provisions of this circular.
6. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
7. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars", "Info for Commodity Derivatives".

VIKAS SUKHWAL
Deputy General Manager

Annexure

Commodity	Units	Source of Data	*Average Deliverable Supply during past five Financial Year*				Classification	*Deliverable Supply during Financial Year*			*Member Limit**		*Client Limit*		Overall Exchange wide limit
			Production	Import	Total	Total (in Cr)	(Board/ Narrow/ Sensitive)	Production	Import	Total	Overall	Near Month	Overall	Near Month	
			In Units												

* A member's open interest limit at overall (all contracts) level will be either the absolute number indicated above or 15% of the total market wide open position in the commodity, whichever is higher. (As per Clause 5.3 of the SEBI Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/96 dated September 27, 2016)

14 Review of Investment by Foreign Portfolio Investors (FPI) in Debt

[Issued by the Securities and Exchange Board of India vide Circular No. IMD/FPIC/ CIR/P/2018/101 dated 15.06.2018.]

1. SEBI vide Circular No. CIR/IMD/FIIC/1/2015 dated February 3, 2015 and Circular No. CIR/IMD/FPIC/8/2015 dated Oct 6, 2015 had stipulated minimum residual maturity restriction of three years for investment by FPI in Government Securities (G-secs) , State Development Loans (SDLs) and Corporate Debts. Further, vide circular No. CIR/IMD/FIIC/2/2015 dated February 5, 2015, SEBI enabled investment of coupons in G-Secs and related matters. Also, SEBI Circular No. CIR/IMD/ FIIC/19/2014 dated October 09, 2014 prescribed the procedure to be followed in the implementation of the auction mechanism.

2. In accordance with RBI circular A.P. (DIR Series) Circular No.

31 dated June 15, 2018, the changes to operational aspects of FPI investment in debt are set forth below.

3. It has been decided to withdraw minimum residual maturity restriction of three years for investment by FPIs in G-Secs and SDLs. Further, the auction process being carried out by BSE/ NSE shall be discontinued from the date of this circular.

4. Till date, depositories were monitoring the G-Sec/ SDLs utilisation limits and reporting to SEBI. Henceforth, the overall monitoring of G-Sec/ SDLs will be done by Clearing Corporation of India Ltd.(CCIL).

5. Thus, any circular previously issued by SEBI from time to time for monitoring of G-Sec and SDLs stands withdrawn and hence, shall not be applicable to FPIs for investments in G-Secs and SDLs from June 1, 2018. However, FPIs may be guided by RBI circular dated June 15, 2018 referred above for the requirements of G-Secs and SDLs.

6. Further, revised requirements for FPIs investments in corporate debt securities are placed as **Annexure**.

7. It is clarified that the primary responsibility of complying with monitoring the corporate debt investment limits is with the FPIs on whose behalf depositories will monitor the investment limits. As the depositories are maintaining the data on investor group level, depositories shall monitor the investments at the investor group level. Custodians shall be responsible for monitoring their own clients.

8. At the time of monitoring the corporate debt investment limits, depositories shall identify the FPIs in breach and inform to their respective custodians who in turn shall advise their FPI clients for the needful. For the monitoring of G-Secs/ SDLs utilisation limits by CCIL, depositories shall share the investor group data with RBI and CCIL on a monthly basis.

9. The stock exchanges and depositories shall put in place the necessary systems for the online monitoring of the investment limits

This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992.

A copy of this circular is available at the web page "Circulars" on our website www.sebi.gov.in. Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

ACHAL SINGH
Deputy General Manager

Annexure

Revised requirements for FPIs investments in corporate debt securities

1) Minimum residual maturity

a) Till date, FPIs were required to invest in corporate bonds with a minimum residual maturity of three years. Henceforth, FPIs are permitted to invest in corporate bonds with minimum residual maturity of above one year, subject to the condition that short-term investments (i.e. investment in securities with residual maturity up to 1 year) in corporate bonds by an FPI shall not exceed 20% of the total investment of that FPI in corporate bonds.

b) The requirement that short-term investments shall not exceed 20% of total investment by an FPI in any category applies on an end-of-day basis. At the end of any day, all investments with residual maturity of up to one year will be reckoned for the 20% limit.

c) Short-term investments by an FPI may exceed 20% of total investments, only if such short-term investments consist entirely of investments made on or before the date prescribed by RBI vide circular dated AP (DIR Series) Circular No. 24 dated April 27, 2018; that is, short-term investments do not include any investment made after aforesaid date prescribed by RBI.

2) Concentration Limits

Investment by any FPI (including investments by investor group as determined on the basis of clubbing requirement on the basis of common beneficial owner in accordance with Regulation 23(3) of SEBI (FPI) Regulations, 2014), in corporate debt securities, shall be subject to the following concentration limits:

(i) Long-term FPIs: 15% of prevailing investment limit.

(ii) Other FPIs: 10% of prevailing investment limit.

(iii) In case an FPI has investments (INV0) in excess of the concentration limit on the effective date (date on which these concentration limits come into existence as prescribed by RBI), it will be allowed the following relaxations, subject to availability of overall limits, as a one-time measure:

a) In case an FPI has investments (INV0) in excess of the concentration limit on the effective date, it will be allowed to undertake additional investments such that its portfolio size at the end of any day (INVt) does not exceed INV0 plus 2.5% of investment limit on the effective date. Once INVt falls below the prevailing concentration limit, the FPI shall be free to make investments up to the applicable concentration limit.

b) In case an FPI has investments (INV0) within the concentration limit, but in excess of 7.5% (12.5% in case of FPIs in the 'Long-term' sub-category) of the investment limit on the effective date, that FPI shall be allowed to undertake additional investments such that its portfolio size at the end of any day (INVt) does not exceed INV0 plus 2.5% of the investment limit on the effective date. Once INVt falls below the prevailing concentration limit, the FPI shall be free to make investments up to the applicable concentration limit.

c) All other FPIs will be allowed to invest up to the applicable concentration limit.

3) FPI Investment limits in corporate bonds:

FPI investment in corporate bonds shall be subject to the following requirements:

(i) Investment by any FPI (including investments by investor groups as determined on the basis of clubbing requirement on the basis of common beneficial owner in accordance with Regulation 23(3) of SEBI (FPI) Regulations, 2014), shall not exceed 50% of any issue of a corporate bond. In case an FPI, including investments by investor groups, has invested in more than 50% of any single issue, it shall not make further investments in that issue until this stipulation is met.

(ii) No FPI shall have an exposure of more than 20% of its corporate bond portfolio to a single corporate (including exposure to related parties of corporate as defined under section 2(76)(viii) of Companies Act, 2013).

a) In case an FPI has, as on the date prescribed by RBI, exposure in excess of 20% to any corporate (including exposure to entities related to the corporate), it shall not make further investments in that corporate until this stipulation is met.

b) Investments made (other than those referred to in para 3(ii)(a)) by FPI after the date prescribed by RBI would be exempted from this requirement till March 31, 2019. These investments will, however, have to comply with this requirement thereafter.

c) To facilitate newly registered FPIs to build up a diversified portfolio, FPIs registering after the date prescribed by RBI are permitted to comply with this requirement by March 31, 2019, or six months from the date of registration, whichever is later.

(iii) For the purpose of these stipulations, "entities related to the corporate" shall not include issuers that are owned or controlled by the Government of India or State Governments.

(iv) These stipulations would not apply to investments by FPIs which are Multilateral Financial Institutions in which Government of India is a member and investment by FPIs in Security Receipts issued by Asset Reconstruction Companies.

4) **Pipeline investments in corporate bonds**

(i) Investment transactions by FPIs in corporate bonds that were under process but had not materialized as on the date prescribed by RBI (pipeline investments), shall be exempt from the requirements specified in paragraphs 3(i) and 3(ii) of this circular, subject to the custodian of the FPI reasonably satisfying itself that:

a) the major parameters such as price/rate, tenor and amount of the investment have been agreed upon between the FPI and the issuer on or before the date prescribed by RBI;

b) the actual investment will commence by December 31, 2018; and

c) the investment is in conformity with the extant regulations governing FPI investments in corporate bonds prior to the date prescribed by RBI.

(ii) Custodians may, based on their assessment of adherence to the above conditions, permit, or not permit, as the case may be, pipeline investments by FPIs without reference to the Reserve Bank.

5) **Partly paid instruments**

No FPI shall invest in partly paid debt instruments.

6) **Action in case of default**

Appropriate action may be initiated against FPIs who are not in compliance with the requirements specified here.

15 Filing of Term Sheet by Angel Funds

[Issued by the Securities and Exchange Board of India vide Notification No. CIR/IMD/DF1/102/2018 dated 29.06.2018.]

1. In order to provide ease of doing business to Angel Funds, SEBI had formed a working group to study SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as 'AIF regulations') and suggest changes required, if any. Based on the recommendations of the working group, SEBI has amended the AIF Regulations vide notification dated June 1, 2018 (copy of the notification enclosed as Annexure 1), simplifying certain regulatory provisions regarding the Angel Fund including Regulation 19(E) which deals with filing of scheme details with SEBI.
2. Pursuant to the aforesaid amendment of AIF regulations, it is specified that :

   2.1 angel funds may now launch schemes subject to filing of a Term Sheet in the format as specified in **Annexure II**;

   2.2 such Term Sheet shall contain material information regarding the scheme; and

   2.3 such Term Sheet shall be filed with the Board within ten days of launching the scheme.

3. This circular is issued in exercise of powers conferred by sub-section (1) of section 11 and section 11A of the Securities and Exchange Board of India Act, 1992 read with the provisions of the AIF regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. The provisions of this circular shall be applicable with immediate effect.

4. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework-Circulars" and "Info for- Alternative Investment Funds".

NAVEEN SHARMA
Deputy General Manager

SECURITIES AND EXCHANGE BOARD OF INDIA (ALTERNATIVE INVESTMENT FUNDS) (AMENDMENT) REGULATIONS, 2018

No. **SEBI/LAD-NRO/GN/2018/19**.- In exercise of the powers conferred by subsection (I) of section 30 read with sub-section (I) of section 11, clause (ba) and clause (c) of sub section (2) of section 11 and sub-sections (I) and (1B) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, namely,-

1. These regulations may be called the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018.

2. They shall come into force on the date oftheirpublication in the Official Gazette.

3. In the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012,-

(i) in regulation 2, in sub-regulation (1),-
(a) in clause (b),

1. in proviso, in clause (i), the words "Companies Act, 1956" shall be substituted with the words "Companies Act, 2013".

2. in proviso, the existing clause (ii) shall be substituted with the following clause, namely,-

   "(ii) ESOP Trusts set up under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 or as permitted under Companies Act, 2013;"

3. in proviso, the existing clause (iv) shall be substituted with the following clause, namely,-
   "(iv) 'holding companies' as defined under sub-section 46 of section 2 of Companies Act, 2013;"

(b) m clause (g), the words "Companies Act, 1956" shall be substituted with the words "Companies Act, 2013"
(c) in clause (u), the existing sub-clause (iii) shall be substituted with the following sub-clause, namely;-
   "(iii) company registered under section 8 of the Companies Act, 2013"
(ii) in regulation 2, in sub-regulation (2), the words "Companies Act, 1956 (1 of 1956)" shall be substituted with the words "Companies Act, 2013 (18 of 2013)"
(iii) in regulation 10, in clause (f), in the proviso, the words "Companies Act, 1956" shall be substituted with the words "Companies Act, 2013".

(iv) in regulation 19A, insub-regulation (3), in clause (a), in Explanation I, the words "section 6 of the Companies Act, 1956 (1 of 1956)'' shall be substituted with the words "sub-section 77 of section 2 of the Companies Act, 2013".

(v) in regulation 19D, in sub-regulation (2), the word "ten" shall be substituted with the word ''five".

(vi) in regulation 19D, in sub-regulation (3), the word "three" shall be substituted with the word "five".

(vii) in regulation 19D, in sub-regulation (4), the following proviso shall be inserted, namely,-

   "Provided that the provisions ofthe Companies Act, 2013 shall apply to the Angel Fund, if it is formed as a company."

(viii) in regulation 19E,-
   (a) sub-regulation (1) shall be substituted with the following, namely,-
   "The angel fund may launch schemes subject to filing of a term sheet with the Board, containing material information regarding the scheme, in the format and time period as may be specified by SEBI."
   (b) sub-regulation (2) and (3) shall be omitted.
   (c) existing sub-regulation (4) shall be re-numbered as sub-regulation (2)
   (d) in sub-regulation (2), the following proviso shall be inserted, namely,

   "Provided that the provisions of the Companies Act, 2013 shall apply to the Angel Fund, if it is formed as a company"

(ix) in regulation 19F, in sub-regulation (2), the words "five crores" shall be substituted with the words ''ten crores"
(x) in regulation 29, in sub-regulation (3), the words "Companies Act, 1956 (1 of 1956)" shall be substituted with the words "Companies Act, 2013"

AJAY TYAGI
Chairman

16 Overseas Investment by Alternative Investment Funds (AIFs) / Venture Capital Funds (VCFs)

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/HO/IMD/DF1/CIR/P/2018/103/2018 dated 03.07.2018.]

1. SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") were notified on May 21, 2012 repealing and replacing the erstwhile SEBI (Venture Capital Funds) Regulations, 1996. Further, SEBI vide circular no. CIR/IMD/DF/7/2015 dated October 01, 2015 had allowed overseas investment by AIFs and VCFs to the extent of USD 500 million.

2. In consultation with Reserve Bank of India, it is now decided to enhance the said limit to USD 750 million.

3. In order to monitor the utilization of overseas investment limits, it is decided that AIFs/ VCFs shall mandatorily disclose the following:
   i. AIFs/ VCFs shall report the utilization of the overseas limits within 5 working days of such utilization on SEBI intermediary portal at **https://siportal.sebi.gov.in**.
   ii. AIFs/ VCFs shall also report the following through SEBI intermediary portal:
      a. In case an AIF / VCF has not utilized the overseas limit granted to them within a period of 6 months from the date of SEBI approval (hereinafter referred to as 'validity period'), the same shall be reported within 2 working days after expiry of the validity period;
      b. In case an AIF / VCF has not utilized a part of the overseas limit within the validity period, the same shall be reported within 2 working days after expiry of the validity period;
      c. In case an AIF/ VCF wishes to surrender the overseas limit at any point of time within the validity period, the same shall be reported within 2 working days from the date of decision to surrender the limit.
4. All other requirements, terms and conditions, as specified vide SEBI circulars no. SEBI/VCF/Cir no. 1/ 98645 /2007 dated August 9, 2007 and CIR/IMD/DF/7/2015 dated October 01, 2015, shall remain unchanged.
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 market and to promote the development of, and to regulate the securities market. The provisions of this circular shall be applicable from July 2, 2018.
6. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework - Circulars" and "Info for - Alternative Investment Funds".

NAVEEN SHARMA
Deputy General Manager

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NEWS FROM THE INSTITUTE

Institute News

MEMBERS RESTORED DURING THE MONTH OF MAY 2018

S. NO.	A/F	MEM. NO.	MEM. NAME	REGN.
1	F	6479	CS AJAY KUMAR SIWACH	NIRC
2	A	13535	CS SUNIL KUMAR MASKARA	EIRC
3	A	17770	CS M.B. BALAKRISHNAN	NIRC
4	A	39337	CS NIROSHAA KATHIRAVAN	SIRC
5	A	4470	CS ASHOK KUMAR S GUPTA	WIRC
6	A	25174	CS HARPREET KAUR BHAMRA	EIRC
7	F	8129	CS UNNIKRISHNAN VENUGOPALAN	SIRC
8	A	40584	CS DIVYA JAJOO	NIRC
9	A	39702	CS KESHAV PUROHIT	WIRC
10	A	49246	CS DEEP CHAKRABORTY	NIRC
11	A	40825	CS RAJNI MODI	EIRC
12	A	39014	CS SANGEETA	NIRC
13	A	16281	CS OMESH RAINA	SIRC
14	A	26431	CS DEVAJIT	EIRC
15	A	35370	CS VYOM ARORA	WIRC
16	A	13596	CS SWATI SIOTIA	EIRC
17	A	25781	CS HEMENDRA PRADHAN	NIRC
18	A	14391	CS RAJANI SHARMA	NIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MAY 2018

SL. NO.	NAME	ACS/FCS NO.	COP NO.	REGN.
1	MS. NIKITA SAHA	ACS - 50145	18521	EIRC
2	MRS. KHUSHALI MANAN SHAH	ACS - 30401	11111	WIRC
3	MR. AKHIL LODHA	ACS - 40507	15172	WIRC
4	MS. SUNITA RAJKUMAR NANDWANI	ACS - 44454	16299	WIRC
5	SH NIMESH SHANTILAL NANDU	ACS - 20178	19891	WIRC
6	MS. SOMINA JAIN	ACS - 18576	18346	NIRC
7	MR. NITIN SUDAM YADAV	ACS - 47555	17449	WIRC
8	MRS. JAYA TOTLANI	ACS - 26210	18259	NIRC
9	MR. MAYANK MITTAL	ACS - 33484	12352	NIRC
10	MR. RAHUL KUMAR SHARMA	ACS - 53381	19833	EIRC
11	MS. MADHURA SHRIKANT MULEY	ACS - 46947	20101	WIRC
12	MR. ABHINAV TYAGI	ACS - 42558	19386	NIRC
13	MS. ANTARIMA KUNDU	ACS - 30350	18741	SIRC
14	SH. RANGAPPA DEENADAYALU	FCS - 3850	7697	SIRC
15	SH. RAJINDER PAL GUPTA	FCS - 3470	16034	NIRC
16	SH. JANAK SACHDEVA	FCS - 2905	14860	NIRC
17	MR. MANISH KARWA	ACS - 28027	14635	EIRC
18	MS. PRIYA DUBEY	ACS - 45185	16529	NIRC
19	MS. NISHA GOYAL	ACS - 42588	15831	NIRC
20	MS. PREETI BHATIA	ACS - 35807	17665	NIRC
21	MS. PARUL GOSWAMI	ACS - 27438	19802	SIRC
22	MS. NIKITA PURIA	ACS - 35481	13736	EIRC
23	MR. PANKAJ KUMAR SHARMA	ACS - 43428	15996	NIRC
24	MS. DIKSHA	ACS - 38498	14339	NIRC
25	MR. VEDANG UPENDRA SHEVADE	ACS - 36706	13706	WIRC
26	MRS. POONAM SETHI	ACS - 33856	13252	NIRC
27	MS. MADHURI	ACS - 50640	18460	NIRC
28	MR. JAYESH KANJI BHUVA	ACS - 54906	20405	WIRC
29	MS. SHRADHA GARG	ACS - 18071	6251	NIRC
30	MS. NISHA	ACS - 47663	19606	NIRC
31	MS. DEBASHREE DAS	ACS - 44708	16869	EIRC
32	MR. AMARJYOTI DAS	ACS - 32250	19080	NIRC
33	MS. KAJAL ANEJA	ACS - 48514	18751	NIRC
34	MRS. AAGVI CHINTAN BOTADRA	ACS - 27861	20387	WIRC
35	MS. SUDHA SACHDEV	FCS - 5763	5208	NIRC
36	MS. SANU VISHAL KAPOOR	ACS - 14065	19634	WIRC
37	MS. SAKHISHREE JAGDISHBHAI GANDHI	ACS - 52601	19982	WIRC
38	MS. HEMLATA DANGI	ACS - 42855	16689	NIRC
39	MR. SUNIL SINGH BARTWAL	ACS - 35194	15910	NIRC
40	MR. CHETAN SUBHASH KHAPALE	ACS - 44542	16427	SIRC
41	SH. KEYOOR MADHUSUDAN BAKSHI	FCS - 1844	2720	WIRC
42	MS. POOJA DATTA	ACS - 43697	17375	EIRC
43	MR. AMIT KUMAR GHOSH	ACS - 47045	19247	EIRC
44	MR. SAMEER ANANTRAO KULKARNI	ACS - 51775	19488	SIRC
45	MS. TWINKLE UPADHYAYA	ACS - 49663	18827	WIRC
46	SH. BALAKRISHNAN UNNIKRISHNAN NAIR	FCS - 5546	10778	EIRC
47	MR. KIRAT PAL SINGH	ACS - 49794	20476	NIRC
48	MS. BHAWNA SHARMA	ACS - 37849	19374	NIRC
49	MS. SHIPRA JHANWAR	ACS - 50073	18357	WIRC
50	MS. APARNA RAI	ACS - 36060	15217	SIRC
51	SH. SHARVAN KUMAR BANSAL	FCS - 5810	18512	NIRC
52	MR. GANDHARV KHANDELWAL	ACS - 46534	19962	WIRC
53	MS. MADHURA VIJAY BHATAWDEKAR	ACS - 45325	18792	NIRC
54	MR. VINEET SINGLA	ACS - 52413	19231	NIRC
55	SH. MUDAMBAI VENKATAVARADA IYENGAR SANTHANAM	ACS - 2098	4788	SIRC
56	MR. NARENDRA PUROHIT	ACS - 32133	12524	EIRC
57	MS. SEEMA	ACS - 48534	19240	NIRC
58	MS. PALLAVI PRADEEP HARVI	ACS - 39261	14712	WIRC
59	MS. SHIPRA CHUGH	ACS - 33195	15100	NIRC
60	MR. CHIRAG SHETH	ACS - 49353	19486	EIRC

ATTENTION

MEMBERS HOLDING CERTIFICATE OF PRACTICE

The Institute has brought out a CD containing List of Members holding Certificate of Practice of the Institute as on 31st March 2018. The CDs are available at Noida office of the Institute and will be provided free of cost to the members holding Certificate of Practice on receipt of request.

Request may please be sent to the Directorate of Membership at e-mail id: saurabh.bansal@icsi.edu

ATTENTION MEMBERS

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 http://www.icsi.edu/Member.aspx

ATTENTION

The CD containing List of Members of ICSI as on 1st April, 2018 is available in the Institute on payment of Rs. 280/-* for members and Rs. 560/-* for non-members (*inclusive of GST@12%). Request letter along with payment may please be sent to the Joint Secretary, Directorate of Membership, ICSI House, C-36, Sector-62, Noida-201309. For queries, if any, please email at saurabh.bansal@icsi.edu

KNOW YOUR MEMBER (KYM)

A User Manual for filling the Know Your Member (KYM) proforma online is available at the below link: https://www.icsi.in/student/Portals/0/Manual/KYM_Usermanual.pdf

OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following Members:

CS Vishwanath Poddar (06.06.1941 – 31.03.2018), a Fellow Member of the Institute from New Delhi.

CS Chinubhai Ramanlal Shah (04.06.1937–06.06.2018), a Fellow Member of the Institute from Ahmedabad and Past President of ICSI during the year 1977-79.

CS Anil Kumar Bhayana (06.12.1957 – 04.06.2018), a Fellow Member of the Institute from New Delhi.

May the almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

COUNCIL / REGIONAL COUNCILS ELECTIONS – 2018

Payment of annual membership fee for FY 2018-19 and uploading of photograph and signature on the portal of the Institute

The term of the existing Council and the Regional Councils will expire on 18th January 2019 and the elections for the new Council / Regional Councils will be held during the month of December 2018. In accordance with Rule 5 of the Company Secretaries (Election to the Council) Rules, 2006, a member, whose name is borne on the Register of Members on the 1st day of April 2018 shall be eligible to vote in the election from the Regional constituencies within whose territorial jurisdiction his/her professional address falls on the 1st day of April 2018, provided that on the date of publication of the list of voters, his/her name has not been removed from the Register in terms of Section 20 of the Company Secretaries Act, 1980. If the professional address is not borne on the Register on the 1st day of April 2018, the residential address borne on the Register on the 1st day of April 2018 shall be determining his/her Regional constituency. In the case of members having their professional address outside India and eligible to vote, their Regional Constituencies shall be determined according to their professional addresses in India registered immediately before they went abroad or the residential addresses in India borne on the Register on the relevant date, whichever is later.

The members who have not yet applied for the issue of the identity cards may apply for the same at kedar.singh@icsi.edu

Members should also ensure that their scanned photograph and signature in .jpg format are uploaded on the online portal of the Institute.

Online Steps for Uploading of photo image:

- Login to portal www.icsi.edu
- Click Online services on the right top corner and then click Member Login
- Fill the User name which is the membership number (e.g. A1234) and then the Password.
- (In case a member does not have/remember his/her password, he/she can get the password by clicking on to the Retrieve option. The password will be sent to his/her email registered with the Institute. Alternately, he/she may email at jitendra.kumar@icsi.edu from his/her email registered with the Institute to get the password on the said email id)
- After login, go to Members Option (from top menu) then click on Manage Account and then click on Manage Image
- Then upload Photo (passport size) and Signature and click on Upload button

In case members face any problem in uploading, they may send their scanned photo / signature in .jpg format at the email id – meena.bisht@icsi.edu

(Dinesh Chandra Arora)
Secretary, ICSI

EXTENSION IN THE LAST DATE FOR PAYMENT OF ANNUAL MEMBERSHIP FEE FOR THE YEAR 2018-19

The annual membership fee for the year 2018-2019 has become due for payment w.e.f. 1st April, 2018. The last date for the payment of fee was 30th June, 2018 which has now been extended upto 31st August, 2018.

The membership and certificate of practice fee payable is as follows:

Particulars	Associate (admitted till 31.03.2015)	Associate (admitted on or after 01.04.2015)	Fellow
Annual Membership fee*	Rs. 2950	Rs. 1770	Rs. 3540
Certificate of Practice fee*	Rs. 2360	Rs. 1770	Rs. 2360

* Fee inclusive of applicable GST@18%.

A member who is of the age of sixty years or above and is not in any gainful employment or practice can claim 50% concession in the payment of Associate/Fellow Annual Membership fee and a member who is of the age of seventy years or above and is not in any gainful employment or practice can claim 75% concession in the payment of Associate/Fellow Annual Membership fee subject to the furnishing of declaration to that effect. Please note the members possessing the Certificate of Practice can not avail the benefit of concession in annual membership fee.

The certificate of practice fee must be accompanied by a declaration in form D duly completed in all respects and signed. The requisite form 'D' is available on the website of Institute www.icsi.edu

MODE OF REMITTANCE OF FEE

The fee can be remitted by way of:

i. Online (through payment gateway of the Institute's website (www.icsi.edu)

ii. Cheque at par/Demand draft/Pay order payable at New Delhi (indicating on the reverse name and membership number) drawn in favour of 'The Institute of Company Secretaries of India' at the Institute's Headquarter. The members are requested to ensure that their cheque/DD reaches us latest by 25-08-2018.

iii. At ICSI HQ at Delhi or Noida in person by cash/cheque at par/DD at the reception counter from 9:00 am to 4:00 pm.

For queries, if any, the members may please write to Mr. Jitendra Kumar, Executive Assistant at email id jitendra.kumar@icsi.edu

EXTENSION OF LAST DATE OF PAYMENT OF THE ANNUAL SUBSCRIPTION FOR LICENTIATE FOR 2018-19

The payment of Licentiate Subscription for the year 2018-19 became due for payment w.e.f. 1st April, 2018. The last date for payment of the same was 30th June, 2018 which has now been extended upto 31st August, 2018. The Licentiate subscription payable is Rs.1180/- per year inclusive of applicable GST@18%.

You are requested to remit at the Institute's Headquarters or Regional/ Chapter offices a sum of Rs.1180/- by way of Demand Draft payable at New Delhi drawn in favour of "The Institute of Company Secretaries of India" indicating your name and Licentiate number on the reverse of the Demand Draft/ Cheque. The details of remittance may please be intimated at email id licentiate@icsi.edu. The payment may please be made so as to reach the Institute on or before 31st August, 2018.

In case the Licentiate subscription for 2018-19 has already been remitted, please send the particulars of the remittance at email id licentiate@icsi.edu to link up the same and update the records.

For queries, if any, please write at email id *licentiate@icsi.edu* or contact at telephone No. 0120-4082134

6

MISCELLANEOUS CORNER

'ETHICS'- the Foundation of a LEADER- Part I

Contributed by Brahma Kumaris, Om Shanti Retreat Centre, Gurugram

bkashaorc@gmail.com

Leadership is a much talked about and desired trait that is seemingly becoming necessary to excel in all areas of life. It is quite different from management, even though managers need leadership skills and leaders need managerial skills. If a manager has to ensure that the team is moving up the ladder, a leader keeps in mind that the ladder is aligned to the right wall. However, a right perception about leadership and a right kind of inculcation of leadership skills is the need of the hour. It is commonly observed that 'how to acquire leadership skills' has become a beaten topic but how to become a true leader who is remembered through the scale of time and who leaves a positive mark on others, is still less explored. For this, let us first understand leadership from a different and ethical perspective.

➢ Stick to ethical standards

The quality of a leader is reflected in the standards they set for themselves. The supreme quality for leadership is unquestionably integrity. Without it, no real success is possible, no matter whether it is on a football field, in an army, or in an office. For instance, if I choose to be honest, I will still be honest even if the whole world behaves dis-honestly. It is because I have chosen this virtue because I like it; I had never chosen the virtue because others wanted me to. So then, why should I abandon it just because others are not following it?! Therefore, a leader is self- driven, when it comes to setting and following standards.

> I have chosen this virtue because I like it; I had never chosen the virtue because others wanted me to. So then, why should I abandon it just because others are not following it?

➢ Translate vision into reality

A leader establishes direction by developing a vision. Management consists of implementing the vision and strategy provided by leaders, coordinating and staffing the organization, and handling day-to-day problems.

Also, no doubt that a leader has to be a visionary. But he also has the capacity to translate vision into reality, without which the visions do not have a real meaning. The vision that a leader has created is the greatest driving force for him to propel in any sort of situation. There is absolutely nothing that can hold back a leader from achieving his goals. Or rather, it is one who has this capacity, actually a leader.

➢ Influence with humility

Leadership is not about a title or a designation. It's about impact, influence and inspiration. A leader is in a position where he has a large area of influence on the people who are down the line. Therefore, leaders are people who, by their actions, influence a group of people to move toward a common or shared goal. His each and every action is being followed. It is said: "Others do as they see us doing" or "Values or ethics are not taught, they are caught". With this awareness, comes great responsibility and with this responsibility comes great humility.

➢ Relational leadership Vs. Positional leadership

Also, a leader is respected by people from their heart. As it has been already said, leadership is not a designation in the hierarchy but a position in the hearts of others. People follow a leader because they want to and not just because they have to. This is what we know as 'relational leadership' in contrary to the orthodox 'positional leadership'. When the heart accepts, the mind opens and then it takes very little of a leader's time and energy to mobilize its team to achieve a goal. Such leaders become immortal in the history and the minds of all people.

> The vision that a leader has created is the greatest driving force for him to propel in any sort of situation.

➢ Facilitative Leadership Vs. Authoritative leadership

These are another 2 types of leadership skills. In the case of facilitative leadership, a leader helps the team explore their full potential and also the best way out to deal with a situation, rather than spoon feeding them with the solution of what should be done and what should not be done. A leader who facilitates always remembers that there might be better ways of doing things and believes his team to bring up that solution. This gives room for innovation. Of course, time limits and productivity are not kept at stake but there cannot be a better way of ensuring highest quality and maximum productivity than making the team the 1st stakeholder of the task and its success.

➢ Courageous and seeker of the Truth

"In moments of crisis, the leaders emerge"

To become a true leader, one has to be independent in his thinking and doing. If one follows what the world is thinking and doing, one cannot be a leader and is certainly a follower of the trend in the world. Thus, to be a true leader, one needs to be innovative and a free thinker. He must be courageous to pave his own path, take charge pf situation under crisis and go against the stream for the right cause. But what is the right cause? There may be different definitions of right and wrong in the same scenario, depending on an individual's perception. So, the be truly righteous, one has to be aligned to the ever-right philosophy, which is the 'truth'.

> People follow a leader because they want to and not just because they have to.

> There cannot be a better way of ensuring highest quality and maximum productivity than making the team the 1st stakeholder of the task and its success.

> knowing one's weakness allows a leader to avoid falling in it and gradually working on it in order to overcome it.

➢ Understanding oneself

A leader demonstrates extraordinary skills in dealing with situations, which requires of him, use of his full potential. But one can use his full potential only when one is aware of it. Hence, a leader is the one who understands his strengths and limitations and stands out in the crowd based on his skills. A leader is aware about the self and knows how to motivate himself. He knows his powers and also when to use them and how to use them.

Moreover, a leader is also aware of his limitations. Just as when one is aware of the pothole on road, one can be more cautious to avoid it and continue his journey without being affected by it, until it is mended. Similarly, knowing one's weakness allows a leader to avoid falling in it and gradually working on it in order to overcome it.

➢ Understanding others

"You are going to change your people but do you know them and do you love them?" – Mother Teresa

You can't solve what you don't know! A leader does not necessarily have to be a Mr. Know It All but has to certainly know or understand the people he is leading. The best way to understand your team member is to, at one time or another, be in their footsteps and remember what it is like! There's a saying that says "To be a good leader is to be a good follower". That's because we can only truly understand what they are experiencing if we ourselves have experienced it! Of course, we don't need to have lived every single experience that they did, but we need to have enough experience to be able to generalize their emotional state.

In addition to it, a leader recognizes the specialty of people around and creates opportunities for them to leverage it. A leader must know what a person in his team can do and what he cannot do. If a person is given a task which he cannot accomplish by himself, the task is bound to meet failure. So, to assign the right task to the right person, is a leader's responsibility. Also, to enable each person in the team to develop and ensure that all skill sets in the team and in each person is met, is also a leader's responsibility. In order to be able to do so, a leader has to first understand each team player.

➢ Approachable, but with High Self Esteem

In the time of need, it is always a leader who is looked up to as he is always approachable. If we feel that people approach us only when they are in need and are thus being mean to us or using us for their benefit, it is because of a lower self- esteem. Useful things are often to be used. Whereas, things that are not brought in use are usually the discarded or useless ones. So, to be able to help others in the times of their need or to be useful for others doesn't lower our self- esteem, rather is a mark of greater versatility and flexibility, honor and respect. It is only when we don't value this side of ours, others demean us.

Another reason to feel dis-respected in such a case is our expectations. One who expects respect or support from others, cannot really stand by his own and hence, cannot be a true leader.

➢ Selfless & Service Motive

A leader is there to serve everyone and never feels burdened in doing so, neither expects anything in return. Service of all, is a natural and effortless way of dealing for a leader. It is by this virtue, humility cultivates in a person and he becomes worthy of respect.

Moreover, a good leader always shares successes i.e. he takes a little more than his share of the blame and a little less than his share of the credit as he is not hunting after short term appreciation but cementing long term relationships and sustenance as a leader. This can be developed by making a room in the hearts of the team players by being selfless, involving them at every step and standing with them in facing all that comes their way.

➢ Clarity & Transparency leading to Compassion, Trust & Accountability

True leader ensures clarity of communication and transparency of intentions. It is not necessary to disclose all the confidential matters to everyone, but at least let the team understand clearly what and why it has to be done at their end and in that manner. When the mission and goals of the team are clearly and transparently communicated to the team players and there is no hidden agenda in the execution, the leader wins the trust of the team. This also develops a sense of joint responsibility for the progress of a project or growth of an organization. In this way, strategically, a leader makes his project theirs! And just like him, they won't accept failures.

More so, the clarity of mind of the leader leads to openness in behaviour with others. This further leads to compassionate listening to the verbal and non-verbal expressions of the team members, subordinates or clients without judgment or condemnation of any sort. And when we are talking about communication, a leader doesn't forget to invite open suggestions and constructive feedback from the floor so that everyone involved gets to share their thoughts and opinions- this further enhances the accountability and responsibility of the team members.

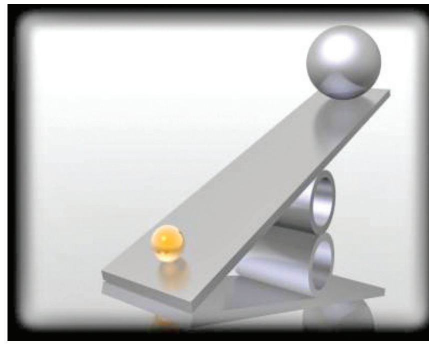
➢ **Small is big- Value everything!**

Leadership is not about glorious crowning acts. Neither it is about how much have you done. It is more about how much more impact you could create with the small things you did. Leadership isn't so much about the big things, big events, big moments and big recognitions. It is all about consistently recognizing the 'small' things because over time the small things become the big things, events, moments.

Moreover, a good leader never fails to recognize the small achievements of the team players and spares out time to connect with them personally and express genuine appreciation. This personal touch, maybe for a short while, creates a big impact on the minds of others and could be the pace maker for the accelerating the progress of the team.

The smallest but the most important step in this regard would be to be a leader of the self at the first place. That is, to be able to go to the root of all programming or right and wrong, truth and false, to do or not to do or what to do, the home to all the perceptions, the inventory of all the ethics and the manufacturing unit of all the feelings of ego and self-esteem, courage, compassion, trust, accountability, etc. There one can find out under the layers of one's own personality, that 'Who I really am?'. It is to connect with one's true self, which doesn't hold on to any label of leader or superior and gives us a basic understanding of the root of all behaviours. Rajyoga Meditation is a tool that joins all these dots and helps us make sense of our own needs, feelings, attitudes, personality and our own actions. Appreciating the fact that we are all units of an organization, the society, or the ecosystem, once we are able to decode ourselves by keeping aside the hat of a leader, we are ready to connect to others at a human level. And this strikes the common chord, preparing a leader to be all set to understand his team, give them space, get involved in the errors and successes and know how to deal with their hearts and minds.

> To assign the right task to the right person, is a leader's responsibility.



> When the mission and goals of the team are clearly and transparently communicated to the team players and there is no hidden agenda in the execution, the leader wins the trust of the team.

ICSI Convocation – 2018

The first round of region-wise Convocations in 2018 were successfully held in the eastern and western regions at Kolkata and Pune respectively for awarding certificate of membership to its Associate members admitted during the period from 1st October, 2017 till 31st March, 2018, to its Fellow member admitted during the period from 6th September, 2017 till 31st March, 2018 and to award prizes/medals to meritorious students (National) and winner students of national level competitions. The details are mentioned below.

Region	Convocation Held On	Venu	Chief Guest	Number of members & students present to receive the award
	12th June, 2018	St. Xavier's College Auditorium, Park Street, Kolkata	Chief Guest Prof. (Dr.) Minakshi Ray Pro Vice-Chancellor for Business Affairs & Finance, University of Calcutta	ACS-150 FCS-6 Student-1
Western	23rd June, 2018	Vivekanand Auditorium, MIT Engineering College, Kothrud, Pune	Session-I Chief Guest Dr. N.S. Umarani Pro Vice Chancellor, Savitribai Phule Pune University, Pune	ACS-169 FCS-6 Student-5
			Session-II Chief Guest Prof (Dr.) E.B. Khedkar Vice Chancellor, Ajinkya D Y Patil University, Pune	ACS-240

THE INSTITUTE OF
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भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
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ANNOUNCEMENT

Quality Review Board of ICSI invites applications for Empanelment of "Quality Reviewers"

The Ministry of Corporate Affairs has constituted the Quality Review Board of ICSI 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 abovementioned functions, the Quality Review Board contemplates to avail the services of senior members of the profession to assess the quality of services being rendered by Company Secretaries both in practice and in employment.

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) Empanelled Peer Reviewers who has completed minimum 2 assignments of Peer Review

Provided that the term of Quality Reviewer shall be three years subject to maximum six (6) months from the date of surrender of Certificate of Practice.

The Quality Review Board shall pay to the Quality Reviewer a consolidated fee of Rs. 25,000/- per quality review assignment to cover the cost of travel, local transport, accommodation and food, taxes, communications, printing, cost of submission of report etc. subject to submission of Final Report to the satisfaction of the Board.

Interested persons may kindly apply in the format available at https://goo.gl/TJQVsd and send it to Director, Professional Development, Perspective Planning & Studies, The Institute of Company Secretaries of India, C-36, Sector-62, Noida-201 309.

1. **Gujarat tops in e-way bill generation followed by Maharashtra, Karnatka, U.P. & Haryana respectively.**
   - Despite industries such as textiles and ceramics, among others facing teething problems, Gujarat has emerged as the leading state in generating e-way bills during April, May and the first week of June.
   - The state has generated over 10.72 million inter- and intra-state e-way bills, followed by Maharashtra (8.13 million), Karnataka (8.05 million), Uttar Pradesh (7.64 million) and Haryana (7.63 million), respectively.

2. **GST collection in May stands at Rs 940 billions**
   - GST collections in May declined to Rs 940.16 billion from over Rs 1.03 trillion in April.
   - The total gross GST revenue collected in May 2018 is Rs 940.16 billion, of which CGST is Rs 158.66 billion, SGST Rs 216.91 billion, IGST Rs 491.20 billion and Cess Rs 73.39 billion.
   - Though May month's revenue collection is less compared to April month's revenue, still the gross revenue collection in the month of May (Rs 940.16 billion) is much higher than the monthly average of GST collection in the last Financial Year (Rs 898.85 billion). The April revenue figure was higher because of year-end effect," the ministry said.

3. **No GST on free banking services, clarifies Government**
   - The ambiguity arose after notices were sent to lenders for non-payment of service tax under the pre-GST regime.
   - In 32 pages of 'Frequently Asked Questions' (FAQs) for the financial services sector, the Central Board of Indirect Taxes and Customs (CBIC) clarified there would be no levy on services provided without consideration (free) to other than related/distinct persons.
     (Link to FAQs : http://www.cbic.gov.in/resources/htdocs-cbec/gst/FAQs_on_Financial_Services_Sector.pdf)
   - Free banking services like cheque book issuance and ATM withdrawls will not attract GST late payment charges.
   - Outstanding credit card bills and purchase of insurance policies by NRIs will attract the levy.
   - In other important clarifications, CBIC has noted that ATM machines do not trigger a GST registration liability —they are not a place of business. Beside, derivatives, forward and futures contracts are not subject to GST, it said. Only service charges or brokerage would be.

4. **GST boon for flexi staffing industry**
   - The input tax credit benefit under GST prompted companies to increase their hiring of temp employees such as sales and support staff, resulting in an up to 60% annual growth for staffing firms such as Team Lease Services, Ikya Human Capital Solutions (a division of Quess Corp.), Randstad, Kelly Services, Adecco and Spectrum Talent Management.
   - According to TN Hari, head of human resources at online grocer Big Basket, the introduction of GST has totally changed the game on staffing services. Prior to GST, service tax was a deterrent, so cost-conscious companies tried to in source staff even though hiving it to a third party made strategic sense. "After GST, one can set off the entire amount paid on outsourced staffing cost against the GST payable on the goods sold," said Hari.

5. **Proposal to include Natural Gas & Aviation Turbine Fuel (ATF) under GST gets mixed reaction**
   - At an event in New Delhi, a GST Council official revealed that a proposal to include natural gas (on an experimental basis) and ATF could also be brought in before including petrol and diesel.
   - Some states have strongly opposed inclusion of petrol and diesel under GST even as global oil prices have skyrocketed adding to the burden on consumers.
   - The remaining are in favour of including natural gas and ATF under GST compared to passenger fuel due to lower revenue loss burden.
   - Andhra Pradesh finance minister Yanamala Ramakrishundu reacted strongly to the statement and opposed inclusion of natural gas under GST in a letter to the chairman of the GST Council.
   - "Andhra Pradesh got revenue of Rs 5.23 billion on sale of natural gas during the year 2017-18. Being a producer of natural gas, our state will lose substantial revenue if it is included under GST as our ultimate consumption is less than our production," Ramakrishundu said.
   - Some states do not find any harm in including natural gas and ATF under GST but have reservations so far as petrol and diesel are concerned. But Maharashtra is in favour of including petrol and diesel under GST.
   - Assam too is in favour of inclusion of petrol and diesel, only after GST stabilises.

6. **Government mulls GST refund mechanism for foreign tourists at airports.**
   - A provision for GST refund to tourists has been made in the GST law, but it is yet to be operational.
   - Foreign tourists may soon get to claim GST refunds at airports at the time of exit as the revenue department is working on a mechanism to refund taxes paid by them on local purchases.
   - Initially, only purchases made by tourists from big retailers would be eligible for Goods and Services Tax (GST) refunds at the airports when the tourist is leaving the country, an official said.

7. **Finance Ministry likely to launch Annual GST Return Forms in next Council meet**
   - This comes after finance ministry complained of not enough information being shared by taxpayers in the monthly GSTR Forms.
   - The Annual GST Return will help the government with invoice matching thus aiding in cross-checking returns to avoid tax evasion. The form will also be useful in checking any wrong claims of credit and refunds.

8. **Conversion of GSTN to State-owned Entity still a few months away**
   - Conversion of the GSTN into a state-owned entity is still a few months away with approvals from central and state governments yet to come through.
   - GSTN Chairman Ajay Bhushan Pandey told that the procedural formalities of making GST's information technology backbone into a 100 percent government-owned entity are currently underway. "I hope that within the next few months, this process will be over," he said.

- That's after the GST Council recently approved a proposal allowing the Government to acquire the 51 percent stake held by private entities in GSTN. Subsequently, the Central Government will acquire a 50 percent stake in GSTN while State Governments will collectively hold the remaining 50 percent. The Central and State Governments currently hold 24.5 percent stake each in GSTN while the remaining 51 percent is held by HDFC Ltd., HDFC Bank Ltd., ICICI Bank Ltd., NSE Strategic Investment Co and LIC Housing Finance Ltd., according to data on GSTN's website.
- Taxation is a State function and should be undertaken by a Government-Run Body, Pandey said. "In the beginning, the whole programme had to take off and therefore, considering the exigencies of the requirement, this formulation of GSTN as a private entity was worked out," he added.

9. International Passengers need not pay GST at Indian Airports' Duty-Free Shops

- International passengers buying goods at airport 'duty-free' shops will not be subject to Goods and Services Tax, and the revenue department will soon clarify on this exemption, an official said.
- Following an order passed in March by the New Delhi bench of the Authority for Advance Ruling stating that GST would be leviable on sale of goods from 'duty-free' shops at airports, the revenue department had received many representations seeking clarification on the issue.
- "The position of the revenue department has always been that we cannot export our taxes. We will issue a clarification stating that duty-free shops would not levy GST," the official said.

10. GST to be levied on goods stored in customs warehouse only on final clearance: CBIC

- In a circular to principal chief commissioners and chief commissioners, the GST policy wing of the CBIC said "transfer/sale of goods while being deposited in a customs-bonded warehouse" is a common trade practice whereby an importer files an 'into-bond' bill for entry and stores the goods in a customs-bonded warehouse.
- The importer then supplies such goods to another person, who then files an 'ex-bond' bill of entry for clearing the said goods from the customs-bonded warehouse for home consumption.
- The circular said integrated tax shall be levied and collected at the time of final clearance of the warehoused goods for home consumption, which means at the time of filing the 'ex-bond' bill of entry.
- However, the value addition accruing at each stage of supply would be accounted for, on which GST would be payable at the time of clearance of the warehoused goods.

11. GST payers can approach jurisdictional tax officer to change email and mobile number

- The revenue department had received complaints from Taxpayers that the intermediaries who were authorized by them to apply for registration on their behalf had used their own e-mail and mobile number during the process.
- These intermediaries are not sharing the user details with the Taxpayers.
- With a view to address this difficulty of the Taxpayer, a functionality to update e-mail and mobile number of the Authorized Signatory is available in the GST system.
- "The e-mail and mobile number can be updated by the concerned jurisdictional tax authority of the Taxpayer".

12. Government extends sale of pre-GST goods with stickers of revised price till July 31, 2018.

- After implementing GST from July 1' 2017, the government had allowed use of stickers with revised rates, alongside the printed MRP for pre-packaged items to reflect changes in selling price for three months till September' 30. The deadline has been extended several times and the latest was April' 30.
- The deadline has been further extended till July' 31 on request made by manufacturers, packers and importers.

13. Second Special Drive Refund Fortnight held from 31.5.2018 to 16.6.2018

- The Government has launched the second "Special Drive Refund Fortnight" from 31.5.2018 to 14.6.2018. In view of overwhelming response from exporters and pending claims, the period of Refund fortnight extended by two more days i.e. upto 16th June, 2018.

14. Government clears Rs 38,062 Crore refund claims of Exporters till June 16

- The government has cleared pending Goods and Services Tax refunds to the tune of Rs 38,062 crore to exporters so far. "In all, Rs 21,142 crore (Integrated GST refunds), Rs 9,923 crore (RFD-01A refund by CBIC) and Rs 6,997 crore (RFD-01A refund by states), all totalling Rs 38,062 crore has been sanctioned till June 16, 2018," the Central Board of Indirect taxes and Customs said in a statement.

15. No pure GST on petrol, diesel; 28% tax plus VAT a possibility

- A peak tax rate of 28 percent plus states levying some amount of local sales tax or value added tax on petrol and diesel is likely to be the tax structure when the two auto fuels are covered under the Goods and Services Tax regime, a top government official said.
- The peak GST rate plus VAT will be equal to the present tax incidence, which is made up of excise duty, levied by the central government, and VAT charged by the states.
- But before the two fuels are put under the GST, the Centre has to decide if it is willing to let go of the nearly Rs 20,000 crore of input tax credit it currently pockets by keeping petrol, diesel, natural gas, jet fuel and crude oil out of the GST regime that came into force from July 1, 2017, the official said.
- "There is no pure GST on petrol and diesel anywhere in the world and so in India too it will have to be a combination of GST and VAT," said the official, who is closely involved with the GST implementation.
- The timing of including petrol products in the GST will be a political call which the Centre and states have to take collectively, he said.

16. India sees 20% rise in dollar millionaires despite GST impact: Report

- Despite adverse impact on GST implementation, India saw a 20 percent increase in both the number of dollar millionaires and their wealth in 2017 to emerge as the fastest growing market for high net population.

17. Prime Minister credits States for GST implementation.

- Describing the GST as a fine example of cooperative federalism, Prime Minister Narendra Modi said the new system is a "festival of honesty" which has ended 'inspector raj' in the country.
- As the new tax regime completes one year, the Prime Minister said if he has to credit anyone for the successful implementation of 'one nation one tax system, it is the States of our Nation.
- "GST is a great example of cooperative federalism, where all the states decided to take a unanimous decision in the interest of the nation, and then such a huge tax reform could be implemented in the country," he said.

18. GST Council to look at option of Centralized Appellate Authority.

- Under the Goods and Services Tax law, each state is required to set up an Authority for Advance Rulings comprising one member from the Central Tax Department, and the other from the respective State.
- In view of the confusion being created by contradictory rulings given by different authorities on the same or similar issues, the Finance Ministry is planning to set up a Centralized Appellate Authority which could reconcile the contradictory verdicts of different AARs.

19. Abolish IGST to make Tax System effective: Manish Sisodia.

- Manish Sisodia at an ASSOCHAM event in New Delhi said, he feels that IGST is a bad idea. In the last GST Council meeting, we got the figure of Rs 1, 81,418 Crore IGST which we have collected and is lying idle in an escrow account. This is neither in the account of State Government nor the Central Government.
- It's not helping Central or State Governments or Traders as it is just lying idle. It's a loss to the economy.

20. GST evasion of Rs 2,000 Crores detected in two (2) months.

- The Goods and Services Tax investigation wing has detected tax evasion of over Rs 2,000 crore in two months, and data analysis reveals that only one percent of over 1.11 crore registered businesses pay 80 percent of the taxes, a senior official said.
- The CBIC member John Joseph said that like small businesses that are making mistakes while filing the GST returns, multinationals and big corporates, too, have slip-ups.

21. Government notices to firms for 'wrongly' claiming transitional credit under GST.

- The Government has sent notices to companies for "wrongly" claiming transitional credit under GST, a move contested by these entities. Under the pre-GST regime, companies had personal ledger accounts (PLAs) to pay their excise duties. Under GST, they do not require PLAs. They have, instead, transferred their credits in PLAs to TRANS-1, a form for staking claims for taxes paid on pre-GST stock or what is termed transitional credit.
- Taking objection to that, indirect tax officials have sent notices to companies such as BR Agro, Chenab Textiles, Star Industries, Ritz Polymers, Gravita Metals and Bharat Udyog.

22. GSTN to go in for third-party audit of its software: CEO Prakash Kumar

- GSTN has decided to go in for third-party audit of its software developed by Infosys to ensure that all changes in law are adequately captured and its performance is not lagging on any count, a senior official said.
- GSTN operates the IT backbone for collection of Goods and Services Tax (GST) data of over 1.11 crore registered business entities. A third-party audit will ensure that data filed with GSTN is adequately secured and there are no glitches.

23. GST provisions on TDS, TCS, Reverse Charge Mechanism deferred till September.

- A senior official said that the revenue department has decided to keep in abeyance GST provisions relating to Reverse Charge Mechanism, Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) for another three months till September end.

24. GST in smooth phase, simple return-filing key agenda for 2nd year: Adhia

- Adhia on one year of GST, listed out the benefits of the new tax regime saying it has reduced plethora of taxes, removed cascading effect of taxation and state check post, increased taxpayer base with much less possibility of evasion and brought about end-to-end electronic filing.
- He said, the glitches in the new system are over and we are in a smooth phase of implementation.
- He further said that the Tax Officers are working on a single page return form which will be modular in nature and "user friendly". This year's main agenda would be to implement the new and simple system of filing of returns.

Support for the education of Meritorious and Economically Weaker sections of students of ICSI

The Institute is thankful to Shri Vivek Saraogi, MD of Balrampur Chini Mills Ltd. for the benevolent act of making a substantial contribution for supporting education of students of the Institute.

The Institute provides waiver in fees to the meritorious students as well as students of economically weaker sections of the society joining the Company Secretary ship Course through Student Education Fund Trust Scheme. This decision to support the students through the Institute will encourage all proud citizens of this country to follow suit and to contribute for such social cause.

To contribute for the education of students one can contact grss@icsi.edu<mailto:grss@icsi.edu>.

SREE SIDDAGANGA HOSPITALS PRIVATE LIMITED

is one of the leading hospitals in Karnataka & the first super-specialty hospital in Tumakaru. The Company's Registered office is situated at Survey No. 32, Dr. Sree Shivakumara Swamiji Road (B.H.Road), Tumakuru- 572102. The Company invites application for the Post of Company Secretary at Tumakuru on regular basis. The details are given below:

Qualification	Member of ICSI. Additional Qualification(s) like CA / CMA / LLB would be an added advantage.
Position	Company Secretary & Compliance officer
Experience	Minimum of 1-2 years' experience as Company Secretary in any Company post qualification.
Remuneration	As per Industry Standards
Place of posting	Tumkuru

Interested candidates may forward the resume their resumes to *sresiddagangahospital@gmail.com* OR hr@*siddagangahospital.com* Shortlisted candidates would be communicated to through e-mail or telephone for further discussions.

Norfolk Mechanical (India) Private Limited

having its registered office at E-101, 1st Floor, Silver Tower, Thakur Complex Kandivali (East), Mumbai - 400101, requires dynamic, diligent & result oriented Company Secretary.

The Candidate should be a qualified Company Secretary with 3 Years of experience preferably worked in Company or similar industry.

Candidate should be capable of liaising with various Government Authorities and shall have flair for writing, drafting and vetting of legal documents, agreements, contracts, MOU. Drafting and filing of various returns with different Government Authorities.

Interested candidates fulfilling the above criteria can email their CVs @ *darryl.edwards@rcrtom.com.au.*

Contrinex Automation Private Limited

having its registered office at Office No. 605, Sixth Floor, East Court Phoenix Market City, Vimannagar, Pune – 411014, requires dynamic, diligent & result oriented Company Secretary.

The Candidate should be a qualified Company Secretary with 3 Years of experience preferably worked in Company or similar industry.

Candidate should be capable of liaising with various Government Authorities and shall have flair for writing, drafting and vetting of legal documents, agreements, contracts, MOU. Drafting and filing of various returns with different Government Authorities.

Interested candidates fulfilling the above criteria can email their CVs @ Hrishikesh.Madal@contrinex.com.

IICA Indian Institute of Corporate Affairs

School of Corporate Law

SIX MONTHS CERTIFICATE COURSE ON CORPORATE LAW

(ONLINE)

July - December 2018

Certification from a Premier Institution established by Ministry of Corporate Affairs, Government of India

(July – December 2018)

Last date for registration: **24th July, 2018**

(Limited Seats per Batch)

This Certificate Programme will enable the participants in gaining a sound and comprehensive understanding of the concepts of corporate and allied laws including the Companies Act, 2013; Incorporation and Structure, Capital Market, SEBI and IPOs, Corporate Finance, Arbitration, Corporate Social Responsibility (CSR), Corporate Insolvency, Fundamentals of Intellectual Property Law, etc. The course is designed with inclusion of the latest developments on Corporate Laws in India.

- FOR WHOM: Government Officials, Industry, Professionals, Entrepreneurs, Academicians, Directors and Students.
- Course delivery by way of **Online Learning Management System (LMS)** spread over 6 months (120 Class Hours)

Contact:
Dr. Pyla Narayana Rao, Course Director,
School of Corporate Law, IICA
Web: www.iica.in E-mail: pyla.nari@gmail.com T: 0124-2640088/100 : Mob: 7042712183

Invitation

Dear Professional Colleagues,

We are pleased to inform you that the Institute is organising **Golden Jubilee Year National Convention of Company Secretaries (46th Edition)**, from Thursday, August 30, 2018 to Saturday, September 1, 2018 at MAYFAIR Convention, Mayfair Hotels & Resorts Limited, Bhubaneswar on the theme ***'A Journey of 50 Glorious Years- Connecting from Grassroots to Global' .***The Convention seeks to ponder upon the following sub-themes as under:

1. CS as Corporate Saviour-Professional DNA
2. CS in New Age Legislative Paradigm
3. CS in Economic Growth and Nation Building
4. Governance, Risk Management and Compliances- Global Perspective
5. ICSI Vision 2022- A path from dream to success
6. Transforming Profession to New Opportunities

The Convention will be venerated with the commencement of Opening Plenary at 12:00 Noon on August 30, 2018 and conclude with Valedictory Session 1:00 PM onwards on September 1, 2018.

Eminent Persons, Doyens of Industry and Experts from the Government, Regulators, Profession, Academia, Corporate Sector across the country and abroad will address the participants in their respective fields.

In this annual congregation, converging the exchange of professional knowhow, your participation will surely contribute pinnacle of intellectual deliberations and professional savoir faire. Moreover, the participants will also experience an appropriate platform for the mutual sharing of professional views and experience with their peers who are participating from all around India and overseas.

We are pleased to call upon you to register yourself along with other executives of your organization as delegate(s) for this Convention. Delegates may register online at the link https://goo.gl/HQPMCM

Your spouse and family members are also welcome for the National Convention, sight-seeing, cultural programme and other attractions.

A Souvenir containing theme articles, programme details, messages of good wishes and other interesting features will be brought out to commemorate this annual mega event. We request you to use your good offices in obtaining advertisement for the proposed Souvenir. We also look forward to your support by way of sponsorships.

The details of National Conventionare covered in this brochure.

Looking forward to your valuable contribution to Golden Jubilee Year National Convention of Company Secretaries.

With best regards,

Yours' sincerely,

CS Makarand Lele
President
ICSI

CS S K Agrawala
Council Member, ICSI &
Chairman,National Convention Organising Sub-Committee

CS Dinesh C. Arora
Secretary
ICSI

Golden Jubilee Year

NATIONAL CONVENTION OF COMPANY SECRETARIES

(46th Edition)

A Journey of 50 Glorious Years- Connecting from Grassroots to Global
August 30, 2018 to September 1, 2018

Venue: MAYFAIR Convention, Mayfair Hotels & Resorts Limited, Bhubaneswar

Half a century ago, the Institute of Company Secretaries of India was founded with a vision to establish, profess and propagate the best practices of governance in India and worldwide and herewith undertook to develop and regulate the profession of Company Secretaries.In these fifty golden years of its journey with heaps of milestones, the Institute has developed as a Premier National Professional Body.

This enriching journey which started in year 1968 with the small infrastructure has now expanded to length and width of the country with its headquarters at New Delhi, 4 Regional Offices and 70 Chapters, a research and training institute named CCGRT atNavi Mumbai, along with Centre of Excellence at Hyderabad.

In addition, the Institute has developed close association with Company Secretaries and Governance Institutes from around the world. The Institute is closely associated with government bodies in its various initiatives. It has also association with multilateral agencies engaged in Governance and Sustainability.The Institute is a founder member of Corporate Secretaries International Association (CSIA) which is an International Body of Institute of Company Secretaries and Governance Professionals. CSIA is a Global Body of Institutes engaged in the development and regulation of the continuously growing profession of corporate secretaries, company secretaries, chartered secretaries, board secretaries and other governance professionals.

It is rightly said that *'Success is not a tale of a day; it takes thought – provoking, motivating and emerging ideas and actions to create signpost of success.'*Similarly, today the Institute is hill-walking with professional excellence towards success as a global leader in Governance with flags high under the colour of hard-work, dedication, commitment, perseverance, enthusiasm and loyalty of the entire professional camaraderie of the Institute.

Captivating glorious contribution towards the culture of good governance, it is proud to proclaim that from a role limited to the erstwhile Companies Act, 1956 in initial days, today the triumph of professional excellence in the service of nation is ranging in progressive laws of the country including Company Act, 2013, and various amendments Insolvency and Bankruptcy Code, GST, Taxation laws, Security Laws, Intellectual Property Rights, Due Diligence, Capital Market and many others, where we are leading in shaping the corporate culture of the nation. The Institute is also working towards the segment wise role of Company Secretaries championing the various services.

With the mileposts achieved in last five decades, and are still advancing with a higher pace, the Institute has attained the fame of premier professional institute in Malaysia of the country in the area of compliance and governance, which ensure that *'laws would come, laws would be replaced, laws would be transformed, laws would be reformed, but Institute would its strides in ensuring effective compliances and governance of laws in the country.'*

The tale of success is multiplying day by day, year by year and decade by decade in ensuring our honoured appellation throughout the world. Taking the niche of professional excellence in serving the best practice of governance at the panchayat level to the adoption of Secretarial Standards by a sister foreign institute speaks loud of our flying colours connecting from Grassroots to Global.

At such a juncture, when we are celebrating 50 years of an enriching journey marking global fame, it would be perfectly pertinent to venerate this Golden Jubilee Year – National Convention of Company Secretaries (46th Edition) with rejoicing a theme ***'A Journey of 50 Glorious Years- Connecting from Grassroots to Global' .***

In order to make the most of this germane theme, this Golden Jubilee Year Convention is all set to observe intellectual deliberations on contemporary Sub-Themes as under:

1. CS as Corporate Saviour-Professional DNA
2. CS in New Age Legislative Paradigm
3. CS in Economic Growth and Nation Building
4. Governance, Risk Management and Compliances- Global Perspective
5. ICSI Vision 2022- A path from dream to success
6. Transforming Profession to New Opportunities

Tentative Programme Schedule

DAY 1 – Thursday, August 30, 2018	
10:00 AM - onwards	Registration of Delegates
12:00 Noon– 2:00 PM	Opening Plenary
2:00 PM – 3:00 PM	Lunch
3:00 PM – 4:30 PM	Technical Session-I
4:30 PM – 5:00 PM	Tea Break
5:00 PM – 6:00 PM	Special Session (B2B)
7:30 PM onwards	Cultural Programme and Dinner
DAY 2 – Friday, August 31, 2018	
8:30 AM – 9:30 AM	Women Power Breakfast
10:00 AM – 11:30 AM	Technical Session-II
11:30 AM – 12:00 Noon	Tea Break
12:00 Noon – 1:30 PM	Technical Session-III
1:30 PM – 2:30 PM	Lunch Break
2:30 PM – 4:00 PM	Technical Session-IV
4:00 PM – 4:30 PM	Tea Break
4:30 PM – 6:00 PM	Technical Session-V (Special Session)
7:30 onwards	Cultural Programme and Dinner
DAY 3 – Saturday, September 1, 2018	
10:00 AM – 11:30 AM	Technical Session-VI
11:30 AM – 12:00 Noon	Tea Break
12 Noon – 1:00 PM	Technical Session-VII
1:00 PM – 2:00 PM	Closing Plenary
2:00 PM- 3:00 PM	Lunch
3:00 PM onwards	Interactive Session (For ICSI Members)

Delegate Fee*

(Non-Residential)

Type of Delegate	*Early Bird Delegate fee (Discounted fee paid upto July 31, 2018)*	*Delegate Fee to be paid on or after August 01, 2018*
Members of ICSI/ICAI/ICoAI	**INR 6500**	**INR 7500**
Company Secretaries in Practice	**INR 6000**	**INR 7000**
Accompanying Spouse/Guest/Children/ Senior Members (60 years & above)	**INR 5700**	**INR 6500**
Students of ICSI	**INR 4500**	**INR 5000**
Non-Members	**INR 7000**	**INR 8000**
Foreign delegates	**USD 200**	**USD 250**

**Above fees is inclusive of GST @ 18 %*

***Registration link:** https://goo.gl/HQPMCM*

We request you to join in large numbers and make Golden Jubilee Year National Convention (46th Edition) a grand success.

CS Makarand Lele
President
ICSI

CS S K Agrawala
Council Member, ICSI &
Chairman, National Convention Organising Sub-Committee

CS Dinesh C. Arora
Secretary
ICSI

HOTEL ACCOMMODATION

Special arrangements made by the Institute

The delegates are requested to plan their itinerary in advance to avoid inconvenience at a later stage. The Institute has finalised packages from the under-mentioned hotels wherein arrangements have been made for accommodation for delegates at special tariff.

TARIFF

Sl. No.	Name and Address of the Hotels & distance from the venue	Star Category	Distance from Bhubaneswar Airport	Distance from Bhubaneswar Railway Station	Rooms available on first come first serve basis	Tariff + GST Single / double occupancy	Contact person
1	**Mayfair Lagoon** (Across the Convention Centre) 8B, Jaydev Vihar, Bhubaneswar – 751013 Odisha	5 star	7 KM	6 KM	37 Executive Rooms 03 Suites 04 Deluxe Cottage 01 Villa	Rs.8,000/- + GST 28% (Single/Double) Rs.16,000/- + GST 28% (Single/Double) Rs.20,000/- + GST 28% (Single/Double) Rs.45,000/- + GST 28% (Single/Double) (Extra Person/ Bed : Rs.2000 + GST 28%)	Mr. Manas Panda, Manager, Sales Mobile No. 9238400930 Phone: +91 674 6660 101 Fax: +91 674 2360 129 Email : corporatesales2@mayfairhotels.com reservations_lagoon@mayfairhotels.com Website : www.mayfairhotels.com
2	**Trident** (About 350 metres from the venue on same street) Mayfair Road, Jayadev Vihar, Bhubaneswar – 751013, Odisha	5 star	7 KM	6 KM	40 Deluxe Rooms	Rs. 8,000/- + GST 28% (Single) Rs. 9,000/- + GST 28% (Double)	Mr. Vijay Sahani Mobile No. 9937222220 Phone: +91 674 2301 010 Email : vijay.sahani@tridenthotels.com Website : www.tridenthotels.com
3	**Swosti Premium** (About 600 metres from the venue on same street) P-1, Jaydev Vihar, Nandankanan Rd, Bhubaneswar - 751013, Odisha	4 Star	6 KM	7 KM	60 Deluxe Rooms 40 Premium Rooms	Rs. 4,500/- + GST 18% Single Rs. 5,000/- + GST 18% (Double) Rs. 5,500/- + GST 18% (Single) Rs. 6,000/- + GST 18% (Double)	Mr. Hemanta Sahoo, Sr. Relationship Manager Mobile No. 9337223587 Email : sales@swostipremium.com OR Mr. Debaseesh Mohanty, Manager Sales Mobile No. 9338089752 Email : sales.swosti@swosti.com Website : www.swostihotels.com Telephone: +91 674 3017 000 Toll Free: 1800 1231 414 Fax: +91 674 230 1800
4	**Sandy Tower** (About 1 KM from the venue) P-1 & P-1/A, Jaydev Vihar, Nandankanan Rd, Bhubaneswar - 751013, Odisha	4 Star	7.5 KM	7 KM	50 Deluxe Rooms	Rs. 4,000/- + GST 18% (Single) Rs. 4,500/- + GST 18% (Double)	Mr. Swarup Samantaray, Asstt Manager, Sales Mobile No. 7205088997 Phone: +91 674 6665 555 Email : sales@sandystower.com Website: www.sandystower.com
5	**The Ginger** (About 550 metres from the venue) Opposite Nalco	3 Star	7.5 KM	7.5 KM	70 Standard Rooms	Rs. 2199/- + GST 18% (Single)	Mr. Shaikh Sajid Ali, Executive Sales & Marketing Mobile No. 9776957271,

Sl. No.	Name and Address of the Hotels & distance from the venue	Star Category	Distance from Bhubaneswar Airport	Distance from Bhubaneswar Railway Station	Rooms available on first come first serve basis	Tariff + GST Single / double occupancy	Contact person
	Headquarters, Joydev Vihar, Nandankanan Road, Nayapalli, Bhubaneswar – 751013 Odisha				30 Superior Rooms	Rs. 2,599/- + GST 18% (Double) Rs. 2,999/- + GST 18% (Single) Rs. 3,499/- + GST 18% (Double)	Phone: +91 674 6663 333 Email : sales.bhubaneshwar1@gingerhotels.com Website: www.gingerhotels.com
6	**Pal Heights** (About 800 metres from the venue) J-7, Jayadev Vihar Rd, Block N5, Jayadev Vihar, Bhubaneswar - 751013 Odisha	3 Star	6 KM	5 KM	74 Deluxe Rooms	Rs. 3,400/- + GST 18% (Single) Rs. 4,200/- + GST 18% (Double)	Ms. Samita Patro, Sr. Sales & Marketing Mobile No. 7504426942 Phone: +91 674 2360 156 / 2361 106 Fax: +91 674 2361 156 Email : sales1@palheights.com Website: www.palheights.com
7	**The Crown** (About 1 KM from the venue) A1/(a), IRC Village, Nayapalli, Bhubaneswar – 751015, Odisha	3 Star	7 KM	7 KM	30 Executive Rooms 10 Premium Rooms	Rs. 3,600/- + GST 18% (Single) Rs. 4,100/- + GST 18% (Double) Rs. 4,100/- + GST 18% (Single) Rs. 4,600/- + GST 18% (Double)	Mr. Ranjan Satapathy, Manager, Sales Mobile No. 9861003074 / 9861884137 Phone: +91 674 3000 000 Fax: +91 674 2362 001 Email: ranjan@thecrown.in/sales@thecrown.in Website: www.thecrown.in
8	**Suryansh** (About 3 KMS from the venue) P-1, Jayadev vihar, Near Kalinga Hospital Nandan Kanan Road, Bhubaneswar - 751023 Odisha	3 Star	8 KM	7 KM	40 Standard Rooms	Rs. 2,232/- + GST 12 % (Single) Rs. 2,800/- + GST 18 % (Double) Rs. 3,000/- + GST 18 % (Triple)	Mr. Tapas Mohapatra, Executive-Sales & Marketing Mobile No. 7381035666 / 7008795978 Phone: +91 674 2303 300 Email : tapas@suryanshhotels.com website: - www.suryanshhotels.com
9	**Hotel Siddhartha** (About 1.5 KMS from the venue) A1/2, NH16, Indradhanu Market, IRC Village, Nayapalli, Bhubaneswar - 751015 Odisha	3 Star	6.5 KM	6 KM	Deluxe Room 30 Rooms Super Deluxe Junior Suite Room	Rs. 2,500/- + GST 18 % (Single) Rs. 3,000/- + GST 18 % (Double) Rs. 3,000/- + GST 18 % (Single) Rs. 3,500/- + GST 18 % (Double) Rs. 5,500/- +GST 18 % (Double)	Mr. S.C Patnaik (General Manager) Mobile No. 9853088104 Phone: +91 674 2551 122 Email Id:hotelsidharth@ rediffmail.com Website: - www.hotelsidharth.com
10	**The New Marrion** (About 5 KMS from the Venue) 6, Janpath,	3 Star	5 KM	2 KM	35 Standard Rooms	Rs. 3,500/- + GST 18 % (Single)	Mr. Pradeep Singh, Manager Sales & Marketing Mobile No. 9238022019 / 9776020304

Sl. No.	Name and Address of the Hotels & distance from the venue	Star Category	Distance from Bhubaneswar Airport	Distance from Bhubaneswar Railway Station	Rooms available on first come first serve basis	Tariff + GST Single / double occupancy	Contact person
	Bhubaneswar - 751001 Odisha					Rs. 4,000/- + GST 18 % (Double)	Phone: +91 674 2380 850 Email : sales@hotelnewmarrion.com Visit us: www.hotelnewmarrion.com
11	**The HHI** (About 5 KM from the venue) A-112, Shriya Talkies Street, Unit - 3, Kharvel Nagar, Janpath Bhubaneswar - 751001	3 Star	4.5 KM	1 KM	70 Standard Rooms	Rs. 3,400/- + GST 18% (Single) Rs. 3,900/- + GST 18 % (Double)	Mr. Jyoti Prakash, Asst Manager, Sales Marketing Mobile No. 9937286925 / 9853317881 Phone: +91 674 6677 000 E-mail : salesbbsr@hindusthan.com Website: www.hhihotels.com
12	**La Frankin Hotel** (About 5 KMS from the venue) Plot-328/1110, Rasulgarh Square, N.H- 5, Bhubaneswar - 751010 Odisha	3 Star	9 KM	6KM	35 Standard Rooms	Rs. 3,000/- + GST 18 % (Single) Rs. 3,000/- + GST 18 % (Double)	Mr. Tapas Ranjan Adhikari, Manager Sales & Mrkt Mobile No. 8093088108 / 09439631851 Phone: +91 674 7177 777 E-mail : reservations@lafranklin.com Website : www.lafranklin.com
13	**VITS** (About 8 KMS from the venue) A/19, Cuttack-Puri Road, Laxmi Sagar Bhubaneswar - 751006 Odisha	3 Star	5 KM	4 KM	Executive Room Deluxe Room Superior Room Suite Room	Rs. 4,000/- + GST 18 % (Single) Rs. 4,500/- + GST 18 % (Double) Rs. 5,500/- + GST 18 % (Single) Rs. 6,000/- + GST 18 % (Double)	Mr. Rati Ranjan Sahoo, Sales Manager Mobile No. 8093099972 / 9438620828 Phone: +91 674 6601 075 E-mail: asmbhubaneshwar@vitshotels.com Website : www.vitshotels.com
14	**OTDC** (About 7 KMS from the venue) Lewis Road, Bhubaneswar - 751014 Odisha	2 Star	3 KM	3 KM	38 AC DR Deluxe Room 16 AC DR Room	Rs. 2,100/- + GST 18% Rs. 1,600/- + GST 18%	Mr. Alok Mishra, Marketing Manager Tel. No. : +91 674 2435618 Email: mkt.section@gmail.com Toll Free: 1800 208 1414 Tel. No. +91 674 2430 764 E-mail: otdc@panthanivas.com Website: www.otdc.in

Please visit the link https://www.icsi.edu/Webmodules/46NC/Announcement_HotelBooking_46thNC.pdf for downloading the form for Hotel booking and other details.

Important Instructions regarding Booking of Accommodation

1. All delegates may kindly note that Bhubaneswar is a tourist destination due to its proximity to the heavenly abode of Lord Jagannath and nearly several sea beaches which are among few finest in India. Therefore, air tickets, train tickets and Hotel rooms will get exhausted quickly. Hence, the delegates who are waiting for last minutes planning may face difficulty in getting confirmed reservations in flight/train and hotels. Of late, Bhubaneswar has been in news being the top rated smart city of the country and Bhubaneswar will be hosting FIH Hockey World Cup to be held in 2018.
2. In view of the above, all delegates are advised to plan their travel program at the earliest and book their flight/train tickets quickly. It is advisable to book hotels quickly before it gets exhausted. Ideally the hotel rooms must be booked latest by July 30th, 2018. After that delegates may face crisis of confirmed room reservations.
3. ICSI has taken the best efforts to negotiate rates for room in some of the hotels at Bhubaneswar. In spite of that over internet some hotel booking sites may offer further better rate than which ICSI has negotiated. Even the hotels have no control over the rates offered by the hotel booking sites which are purely driven by supply and demand situation on real time basis. Hence, delegates may check once those hotel booking sites before booking rooms directly with the hotels at price negotiated by ICSI. Delegates are requested to avail this opportunity quickly. Otherwise delegates may have to book rooms at very higher price due to huge tourist influx in the city.
4. For booking rooms in hotels, members/students/others (as the case may be) are required to first get themselves registered as delegate for the convention by paying the delegate fees online at following ICSI weblink:
   https://www.icsi.in/student/DelegateRegistration/tabid/137/ctl/DelegateRegistration/mid/454/EventId/54/Default.aspx
   While booking the rooms, delegate registration is compulsorily required to be mentioned on hotel room booking application form without which the hotel authorities may not entertain room booking request from delegates.
5. For booking of rooms in hotel, delegates may select the hotel as per their choice from the list of hotels given in the below mentioned table. They may download the room booking form the link given against that hotel's name. They are required to fill-up details in the form and after that scanned copy of this form are required to be sent by e-mail to respective hotel.
6. All payments related to stay of delegates in Hotel are required to be settled by the delegates with the hotel directly.
7. All delegates may kindly note that hotel rooms shall be booked on full room basis. If any delegate wants to share room with any other delegate, in such case it is advised to decide room partner in advance and should give details of partner (i.e. accompanying guest) in the booking form itself. Payment should be settled by either of the delegate and later on the total amount can be shared by them.
8. Pick up and drop facility to the Convention venue will be provided by ICSI to delegates to and from Hotel and also to and from Airport/railway station at certain intervals.
9. Hotel authorities have been requested to allow delegates for early check-in, but the facility will be provided subject to availability of room at the time of arrival of the delegate.

SPONSORSHIP / ADVERTISEMENT TARIFF

Sl. No.	Type of Sponsorship	Sponsorship Amount in Rs. and other Details
1	Principal Sponsor - One special full page advertisement in Souvenir - Delegate fee (non-residential) exemption - Display at Convention Backdrop - Special Acknowledgement	20,00,000 15 Delegates
2	Co-Sponsor - One special full page advertisement in Souvenir - Delegate fee (non-residential) exemption - Display at Convention Backdrop - Special Acknowledgement	12,00,000 10 Delegates
3	Sponsorship for Bags / Dinner Sponsor - One special full page advertisement in Souvenir - Delegate fee (non-residential) exemption - Display at the Convention Backdrop / Dinner site - Special Acknowledgement	10,00,000 8 Delegates
4	Platinum Sponsor / Lunch Sponsor - One special full page advertisement in the Souvenir - Delegate fee (non-residential) exemption - Display at Convention Backdrop / Lunch site - Special Acknowledgement	8,00,000 6 Delegates
5	Diamond Sponsor / Tea Sponsor - One special full page advertisement in the Souvenir - Delegate fee (non-residential) exemption - Display at Convention Backdrop/ Tea site - Special Acknowledgement	5,00,000 3 Delegates
6	Golden Sponsor - One special full page advertisement in the Souvenir - Delegate fee (non-residential) exemption - Display at Convention Backdrop - Special Acknowledgement	4,00,000 2 Delegates
7	Silver Sponsor - One special full page advertisement in the Souvenir - Delegate fee (non-residential) exemption - Display at Convention Backdrop - Special Acknowledgement	2,00,000 1 Delegate
8	Souvenir Sponsor - One special full page advertisement in Souvenir - Logo on the Souvenir Cover Page - Display at Convention Backdrop - Special Acknowledgement	5,00,000
9	Cultural Programme Sponsor - One special full page advertisement in Souvenir - Display at Convention Backdrop - Display at Cultural Programme site - Special Acknowledgement	5,00,000
10	ADVERTISEMENTS IN SOUVENIR - Back Cover (Display of one banner) - Third Cover (Display of one banner) - Second Cover (Display of one banner) - Special Full Page (Colour) - Full Page (B/W) - Half Page(Colour) - Half Page(B/W)	 1,00,000 75,000 75,000 50,000 30,000 30,000 15,000
11	Banner - 8' x 3' + Spl. Full Page Advertisement in Souvenir (Colour) - 8' x 3' - 6' x 3'	 1,00,000 50,000 35,000
12	Stalls - 6' x 6'	 50,000
13	Distribution of Publicity Material, literature, Pen/Pad etc.	1,00,000
14	Sponsorship of Pen, Pad	1,00,000
15	Miscellaneous (10 to 14) - For any member who procures advertisements in Souvenir above Rs.2,00,000 – Delegate fee (non-residential) exemption for 2 delegates - For any member who procures advertisements in Souvenir above Rs.1,00,000 – Delegate fee (non-residential) exemption for 1 delegate - 10% Incentive to the Chapter for procuring any of above sponsorships/advertisements	

Golden Jubilee Year
NATIONAL CONVENTION OF COMPANY SECRETARIES
(46th Edition)

SPONSORSHIP / ADVERTISEMENT FORM

The Secretary
The Institute of Company Secretaries of India
ICSI House, 22, Institutional Area
Lodi Road, New Delhi – 110 003

Dear Sir,

Kindly accept Principal / Co-sponsorship / Sponsorship for Bags / Sponsorship for Dinner / Platinum / Lunch / Diamond/ Tea / Golden / Silver sponsorship /Souvenir Sponsorship/ Cultural Sponsorship / Back Cover / 2nd Cover / 3rd Cover / Special Full Page (Colour)/Full Page (B/W)/ Half page (Colour)/ Half Page (B/W) advertisement for the proposed Souvenir/ Banner (8'x3'+Special Full Page Colour Advertisement in Souvenir)/ 8'x3' Banner / 6'x3' Banner / Distribution of Publicity material, Literature, Pen / Pad etc., /Sponsorship of Pen, Pad/ booking of Stall on the occasion of Golden Jubilee Year National Convention of Company Secretaries (46th Edition) to be held from Thursday, August 30, 2018 to Saturday, September1, 2018 at MAYFAIR Convention, Mayfair Hotels & Resorts Limited, Bhubaneswar on the theme **'A Journey of 50 Glorious Years – Connecting from Grassroots to Global'.**

We are forwarding herewith bank draft / Cheque / NEFT Mandate for Rs.______________ in favour of "The Institute of Company Secretaries of India" payable at New Delhi.

The Advertisement Matter / Art Work /Logo/ CD is / are enclosed / being sent separately.

Yours sincerely,

(Signature)
Sponsoring Authority
Date ______________

Name of Organisation ________________
____
Address __________________________
____
______________Pincode ___________
Contact Person ____________________
Designation _______________________
Email ____________________________
Tel. / Mobile no. ___________________

CORPORATE GOVERNANCE CORNER

Developments – June, 2018

Japan: a new edition of the corporate governance code and new guidelines on investor and company engagement

A new edition of "Japan's Corporate Governance Code" (Code) was published on 1st June 2018. Tokyo Stock Exchange, Inc. (TSE) incorporates the fundamental principles for corporate governance established in "Japan's Corporate Governance Code" (the Code) into its listing rules to contribute to effective corporate governance in Japan. TSE has partially revised the Securities Listing Regulations pertaining to the revision of Japan's Corporate Governance Code with effect from 1st June 2018.

This revision is based on the proposals made by the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code. Jointly operated by the Financial Services Agency and TSE, the Council made proposals to revise the Code in order to advance governance reform not just in form but also in substance through dialogue between companies and investors.

The new Code is available at: https://www.jpx.co.jp/english/news/1020/b5b4pj000000jvxr-att/20180601.pdf

Nigeria: Exposure draft of the Nigerian Code of Corporate Governance 2018

The Financial Reporting Council (FRC) under the Federal Ministry of Industry, Trade and Investment has released the exposure draft of the Nigerian Code of Corporate Governance (NCCG) 2018 for the private sector. The FRC, while announcing the release of the draft NCCG at a press briefing, said it planned to embark on public hearings and awareness campaigns in all the geopolitical zones of the country, including the Federal Capital Territory, to elicit comments and reactions from key stakeholders and the feedback would be taken into consideration in finalising the Code.

The comments on the exposure draft are invited by FRC and may be sent at fookediran@financialreportingcouncil.gov.ng or alawal@financialreportingcouncil.gov.ng. The last date of submitting the comments is 31st July 2018.

The copy of the exposure draft is available at: https://drive.google.com/file/d/1Px2bLCpRWZVjBLBxGr1OQ37-icAGIPN_/view

Pakistan: the Limited Liability Partnership Regulations, 2018

The Securities and Exchange Commission of Pakistan (SECP) notified the Limited Liability Partnership Regulations, 2018. The Regulations add to the new framework - the Limited Liability Partnership Act, 2017 and contain provisions concerning the incorporation of LLPs. The regulations specify the form and manner of registration of LLP, fitness and propriety of designated partners, accounts and audit requirement and conversion of existing firms and private limited companies to LLP. It is expected that through the introduction of LLP as a new business vehicle would contribute to conversion of informal, undocumented sector into a formal and regulated regime and documentation of economy.

The regulations are available at: https://www.secp.gov.pk/document/limited-liability-partnership-regulation-2018/?wpdmdl=31596


Unveiling value
through valuation
10%
60%
30%
Education Course
on Valuation of
Securities or
Financial Assets
REGISTERED VALUERS ORGANISATION
A wholly owned subsidiary of ICSI and registered with IBBI

About ICSI RVO

The field of valuation, as an area of activity is still untapped, demanding the presence of experts possessing the right knowledge and capabilities which brings upon the realisation that we Company Secretaries as professionals in India can provide the much needed support both as members of ICSI as well as by forming a significantly strong army of Valuation members.

In order to enable the members of ICSI, as well as other professionals and eligible persons to register as Registered Valuers, the ICSI on November 22, 2017 incorporated a not-for-profit private limited company under Section 8 of the Companies Act, 2013, by the name **ICSI Registered Valuers Organisation (ICSI RVO).**

ICSI RVO intends to enrol, educate, train and promote the profession of Registered Valuers as per the Companies (Registered Valuers and Valuation) Rules, 2017.

"You cannot connect dots looking forward, but you can connect dots looking backwards."

~ Steve Jobs

The concept of 'Registered Valuer' was introduced under section 247 of the Companies Act, 2013 to carry out valuation in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets or net worth of a company or its liabilities, as per the Companies (Registered Valuers and Valuation) Rules, 2017 notified by MCA on 18th October, 2017. The Rules will lead to setting-up of Valuation Standards which will further improve transparency and governance and, while bringing about a clarity regarding various aspect of valuation will have a major impact on the industry, professionals, stakeholders and the government as well. Needless to say, the requirement of Registered Valuers will definitely enhance professional opportunities for both the Company Secretaries as well as other professionals.

Some of the areas under Companies Act, 2013 requiring valuation include:

About the Institute of Company Secretaries of India (ICSI):

ICSI is a statutory body constituted under the Company Secretaries Act, 1980 to regulate and develop the profession of Company Secretaries. The Institute has been contributing in all initiatives of Govt. of India having potential to excel socio-economic growth of the nation and in one such initiative has delved into developing Registered Valuers by establishing its wholly owned subsidiary **ICSI Registered Valuers Organisation (ICSI RVO).**

SYLLABUS FOR VALUATION OF SECURITIES OR FINANCIAL ASSETS

S. NO.	COVERAGE	S. NO.	COVERAGE
1.	Macro Economics	2.	Finance
3.	Professional Ethics and Standards	4.	Financial Statement Analysis
5.	General laws and Judicial Pronouncements	6.	Overview of Valuation
7.	Valuation Approaches and Methodologies	8.	Valuation Application
9.	Laws and Regulations relevant to Financial Assets Valuation	10.	Case Studies

EDUCATIONAL QUALIFICATION & EXPERIENCE

Graduate Level
Graduate
in any stream

+

Post Graduate level
(1) Member of the The ICSI or ICAI or The ICMAI or;
(2) MBA/PGDBM specialisation in finance or;
(3) Post Graduate Degree in Finance

+

3 years of experience
in the discipline
after completing
graduation

REGISTRATION

Any individual willing to register himself as a Valuer Member may send an application in the form available at the website : **www.icsirvo.in**

The form shall be accompanied by a Demand Draft favouring ICSI Registered Valuers Organisation payable at New Delhi.

FEE FOR THE COURSE:

- Enrolment Fee : Rs. 8,850/- (Rs. 7,500 + GST @ 18%)
- Course Fee : Rs. 26,550/- (Rs. 22,500 + GST @ 18%)

THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
www.icsi.edu

ICSI Celebrated GST Day

The First GST Anniversary

Dear Professional Colleagues,

As the new tax regime completes one year, ICSI feels immense pleasure for becoming part of biggest tax reforms of the country. The concept of subsuming multiple taxes into one tax has eliminated cascading effect or double taxation and has created a common national market. With the availability of seamless input tax credit, the prices of goods and services have been decrease.

In the last one year Indian economy has witnessed continuous growth, tax base has significantly improved, compliance cost decreased significantly and with the introduction of e-way bill the movement of goods has been eased with abolition of multiple check points.

ICSI as a partner in nation building committed towards the effective implementation of GST, with this motive and to spread awareness of GST among members and students of Institute and other stakeholders, ICSI has started various initiatives, some of them are listed below:

Guinness World Record: Largest Taxation Lesson on “Tax Regime in India & Convergence of Indirect Taxes into GST- One Nation One Tax” on January 16, 2018 at Jaipur.

GST Newsletter: Monthly newsletter dedicated to the GST, 14 Editions have been released.

GST Educational Series: Daily GST Educational Series which are being very well received by all the stakeholders as well as public at large. Till date ICSI has brought out 268 issues of GST Educational Series.

Inclusion of GST in Syllabus: Incorporated GST in the syllabus of Executive and Professional level programme.

GST Point: GST Point is a call in session to resolve the queries of stakeholders and challenges being faced by them in day to day compliances. Till date ICSI has organized 91 sessions of GST Point.

GST Programmes: Various programmes, workshops and seminars on GST are being undertaken regularly at Regional Council and Chapter Office(s).

GST Accounts Assistant Course: A certificate course for all students in association with NSDC.

I congratulate our members, students and other stakeholders for successfully completing one year of GST implementation, and I hope the new tax regime will continue to be a success in the development of Indian economy.

CS Makarand Lele
President, ICSI

Corporate Capital Ventures

QUICK INTRODUCTION:

CCV is a SEBI Registered Category- I Merchant Banker provides specialized financial services.
Empanelled with BSE Limited and National Stock Exchange of India Limited, GAIL (India) Limited as an Independent Valuers.
Specializes in a full range of merchant banking services with a dedicated group of professionals

VALUATIONS & FINANCIAL MODELLING:

SERVICES PORTFOLIO:

- Financial Modelling
- Business Valuation
- Merger & Amalgamation Valuation / Swap Ratio
- Valuation of Options/ Derivatives / Sweat Equity
- Regulatory Valuation (RBI/FEMA/SEBI/ Income Tax Act)
- Fairness Opinion
- Startup Valuation
- Intellectual Property Valuation
- Brand Valuation

OTHER MERCHANT BANKING SERVICES:

Issue Management Services	Offer Management Services	Transaction Advisory
IPO/FPO (Main/SME Board)	Open Offer	Merger & Acquisitions
Right Issue	Buy Back Offer	Deal Structuring & Negotiations
Qualified Institutional Placement	Delisting Offer	Corporate Restructuring

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