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08

STUDENT COMPANY SECRETARY

[e-Journal for Executive & Professional Students]

Happy 75th Independence Day

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

Azadi Ka Amrit Mahotsav

STUDENT COMPANY SECRETARY

[e-Journal for Executive & Professional Students]

August 2021

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https://www.icsi.edu/student/academic-portal/guideline-answers/

Announcement for the Students

Students are invited to contribute articles for Student Company Secretary e-journal for the month of September at ***academics@icsi.edu***

on the topic

Social Stock Exchange (SSE)

Selected Articles will be published in the September issue of Student Company Secretary e-journal

हिमालयं समारभ्य यावत् इंदु सरोवरम् |
तं देवनिर्मितं देशं हिंदुस्थानं प्रचक्षते ||

(Starting from Himalayas and extending upto Indian Ocean is the nation created by God which is known as 'Hindustan'.)

Sourced from the Brihaspati Aagam, the above shloka summarises not just the physical territorial boundaries of our beloved nation but its strength, history and magnificence quite aptly and wonderfully. It is with these words that I extend my best wishes and heartiest congratulations to each one of you on the 75th Independence Day of India.

Friends, although the day is a reminder of the lives laid and the struggles made, it is a reminiscence and a reiteration of the faith and expectations of the founding fathers of this nation from the future generations. As professionals, believing ourselves to be imperative role players in the journey of nation building, the significance of this day is heightened magnanimously.

And whereas the month of August has been momentous for each one of us as the citizens of this nation, the August of 2021 has gained further more impetus for each one of you, with the June 2021 Examinations being held in this very month. While hoping that all of you must have written your examinations magnificently, putting in the best of your efforts, I also place trust in you on the fact that recognizing the true traits of a professional, you shall keep moving ahead on the journey of learning.

Brain Tracy said and I quote, *"Those people who develop the ability to continuously acquire new and better forms of knowledge that they can apply to their work and to their lives will be the movers and shakers in our society for the indefinite future."* To me, this is the true role of any professional and more importantly this is the very expectation of the entire base of stakeholders.

For men and women, holding high the goal of serving the nation; for professionals calling themselves Company Secretaries; for personnel serving in every segment of the Industry and every sector of the economic diversification, and for Governance Professionals keen to take on the world with their professional worth and acumen, it is indeed more than sought for and solicited that not only they enhance their knowledge and skill set on a continual basis but groom themselves to be the brand ambassadors of good governance in the India Inc., of the Institute on the Indian Diaspora and of the nation on the Global platform…

My best wishes to all of you !!!

Jai Hind ! Jai Bharat !

With warm regards,

(CS Nagendra D. Rao)
President
The Institute of Company Secretaries of India

RECENT INITIATIVES FOR STUDENTS

1. **Case Digest Series - 8** containing Case Snippets and Case Studies has been released in August 2021. The same is available on the Institute's website at the weblink: *https://www.icsi.edu/student/sample-case-studies/*

2. The **Student Company Secretary e-Journal** for Executive / Professional programme students of ICSI has been released for the month of **July, 2021**. The same is available on the Institute's website at the weblink: *https://www.icsi.edu/e-journals/*

3. The **CSEET Communique (e-bulletin)** for the month of **July, 2021** containing the latest updates in respect of Papers of the CSEET has been placed on the ICSI website. The same is also available at the CSEET Portal at the Institute's website at the weblink: *https://www.icsi.edu/student/cseet/cseet-e-bulletin/*

4. The **CS Foundation course e-bulletin** for Foundation programme students of ICSI has been released for the month of **July, 2021**. The same is available on the Institute's website at the weblink: *https://www.icsi.edu/e-journals/*

5. **Info Capsule Publication Series 7 (201-250)** has been released in August. The same is available on the Institute's website at the weblink: *https://www.icsi.edu/info-capsule-series/*

6. **Info Capsule** is being issued as an update on daily basis for members and students, covering latest amendments on various laws for the benefit of our members and students. The same is available on the ICSI website at the weblink *https://www.icsi.edu/infocapsule/*

7. **One Day free Programme for the students** on the theme "Transforming Education" is scheduled on 8th September 2021.

   For details, please click here
   https://www.icsi.edu/media/webmodules/ILD_Flyer1.jpg

8. **Webinar for CS Foundation Programme Students** appearing in June 2021 exam (Rescheduled to August 2021) through Remote Proctored Mode (anywhere mode) or Computer Based Examinations (CBE).

   For details, please click at the weblink :
   https://www.icsi.edu/media/webmodules/Webinar_CS_Foundation_Examination_RPM_070821.pdf

9. **The schedule of ICSI Classes** at Regional/Chapter offices for DEC-21 session of Examination is available at :
   https://www.icsi.edu/media/webmodules/Schedule_of_classes_for_DEC_21_session_at_RO_CHAPTERS.pdf

10. **Provisional registration** in CS Executive Programme for CSEET passed candidates

    For details, please click at the weblink : https://www.icsi.edu/media/webmodules/CSEET/Announcement%20_students_12th_20211.jpg

11. **Online Current Affairs and General Knowledge quiz 2021**

    For more details, please click at the weblink : https://www.icsi.edu/all-india-online-current-affairs-gk-quiz-2021/

12. **All India Company Law quiz 2021** for CS Students.

    For more details, please click at the weblink : https://www.icsi.edu/video-spice/

13. **Register for CSEET (November 2021 session)**

    Click here to register : https://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx

14. **Recorded video lectures for students of the Institute**

    URL to login: https://elearning.icsi.in

    Login credentials are sent to all registered students at email.

    After successful login, go to "My courses" or "My Communities" section, where you will find the recorded videos and other contents

15. **Online CSEET classes**

    Online CSEET Classes are being conducted by Regional/Chapter Offices for the students appearing in CSEET to be held in November 2021.

    For schedule of classes and to contact coordinators, please click at the weblink : https://www.icsi.edu/media/webmodules/websiteClassroom.pdf

16. **Granting exemption** to Graduates and Post Graduates from the recognized Universities from appearing in CSEET and enabling them to take direct admission in CS Executive Programme.

    For more details, please click at the weblink : https://www.icsi.edu/media/webmodules/granting_exemption_230621.pdf

17. **Opt out Facility for students** enrolled for June 2021 session to December 2021 Session:

    For details, please click at the weblink : https://www.icsi.edu/media/webmodules/Announcement_for_Opt_Out_Facility.pdf

18. **CS Foundation exam** (June 2021 session, rescheduled to August 2021) was held through Remote Proctored Mode.

19. **Concession in the fees** payable at the time of registration in CS Executive Program for the students who lost their parents/legal guardian/adoptive parents due to any reason, including Covid19 pandemic.

    For more details, please click at the weblink : https://www.icsi.edu/media/webmodules/Announcement_Concession_in_fees_in_case_of_death_of_parents.pdf

20. **21st All India Essay Writing Competition 2021**

For more details, please click at the weblink :

https://www.icsi.edu/media/webmodules/21st_All_India_Essay_Competition_by_NIRO.PDF

21. **Result of National Final Round of the 19th All India Moot Court Competition-2021**

For more details, please click at the weblink :
https://www.icsi.edu/media/webmodules/Moot.pdf

22. **Link of the Webinar** held on 28th July 2021 at 3 p.m. on the topic **"Secret to Success in Exam-Success Mantra"** for students appearing in June 2021 Session exam (Rescheduled to August 2021)

For more details, please click at the weblink : https://youtu.be/JukPQOip8Rc

23. **First Virtual International Conference on Sustainable Finance, Economics & Accounting in the Pre and Post - Pandemic Era [July 30-31, 2021]**

The Institute of Company Secretaries of India (ICSI) has participated in First Virtual International Conference on Sustainable Finance, Economics & Accounting in the Pre and Post - Pandemic Era on July 30-31, 2021 as Academic Partner with IIM Jammu in collaboration with the University of BRADFORD, UK.

The conference was aimed at bringing together leading academic experts, Professionals, Researchers and Research Scholars to exchange and share their ideas, experiences and research in the field of 'Sustainable Finance, Economics and Accounting'.

24. **Relaxation for complying with the requirement of Pre Examination test and One day Orientation Programme (ODOP) for enrolment to December 2020 and June 2021 session of CS examination (in view of unprecedented crisis in the country due to Corona virus outbreak)**

The students are required to comply with the two requirements i.e. pre-examination test and ODOP for enrolling themselves to appear in the Company Secretaries Examinations. Due to pandemic situation in the country, the students have been temporarily allowed to enrol themselves for the examination without complying with the requirement of ODOP. However, they have to comply with the above requirement. Further, students are also facilitated to complete this program through online mode.

25. **Report of ICSI Samadhan Diwas held on Wednesday, 14th July 2021**

The Samadhan Diwas is an initiative by the ICSI towards on the spot solution of the grievances of the students.

The ICSI has successfully organized Sixth Samadhan Diwas on Wednesday, 14th July 2021. The focus of the Samadhan Diwas was to facilitate the stakeholders to resolve their queries on the spot. In the Samadhan Diwas, students got opportunity to present their case and directly interact with ICSI officials.

Total more than 50 students attended and the Institute resolve all the issues on the spot. The Institute heard the pending matters of the students in following areas and resolved their issues.

1. Issues relating to Switchover from Old training to New Training Structure
2. Pending registration in Classroom EDP, e-EDP, e-MSOP
3. Instant issue of sponsorship letters for Practical Training
4. Exemption related matters in Practical Training
5. Resolving the issues of Training Completion Certificate

The students appreciated the efforts of the institute for creating a platform for direct interaction with the ICSI officials to solve their matter on the spot.

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Academics

- Unearthing Corporate Frauds – The Ever-Increasing Role and Scope for Governance Professional
- E-Commerce Ecosystem Under Consumer Protection (E-Commerce) Rules, 2020
- e-RUPI, the New Digital Payment Instrument of India
- The Taxation Laws (Amendment) Act, 2021 – Nullifies Retro Tax on Indirect Transfer

UNEARTHING CORPORATE FRAUDS – THE EVER-INCREASING ROLE AND SCOPE FOR GOVERNANCE PROFESSIONAL*

INTRODUCTION

The incidence of corporate frauds has a significant impact on the stakeholders and the economy. Corporate Frauds has acquired an inevitable existence in the life of common man which is a huge threat to the economy as a whole. Any corporate fraud is not only a spot on the name and business of the country but it also has adverse effect on the interests of the stakeholders, particularly the investors. Occurring of any corporate fraud in the country not only impact the employee, investors and creditors of the company but also the capital market. Moreover, such adverse impacts have also been witnessed on the existing as well as on the potential foreign investors, whose contribution is significant for the growth of a developing economy like India. This prompted our lawmakers to statutorily address the growing problem of corporate frauds by introducing stringent laws in order to protect the interest of innocent investors.

DEFINITION OF FRAUD UNDER VARIOUS LEGISLATIONS

As per Section 17 of Indian Contract Act, "Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent , with intent to deceive another party thereto of his agent, or to induce him to enter into the contract:—

1. the suggestion, as a fact, of that which is not true, by one who does not believe it to be true;
2. the active concealment of a fact by one having knowledge or belief of the fact;
3. a promise made without any intention of performing it;
4. any other act fitted to deceive;
5. any such act or omission as the law specially declares to be fraudulent.

Explanation - Mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud, unless the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak , or unless his silence is, in itself, equivalent to speech.

* *Directorate of Academics*

Views expressed in the Article may not express the views of the Institute.

Section 447 of Companies Act, 2013 provides for the definition of fraud and also the punishment for committing fraud. As per this section "Fraud" in relation to affairs of a company or anybody corporate includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss."

'Wrongful gain' has been defined to mean gain by unlawful means of property to which the person gaining is not legally entitled. Similarly, "wrongful loss" has been defined to mean loss by unlawful means of property to which the person losing is legally entitled. Therefore, to fall within the meaning of fraud, the following should have happened:

a) acts, omissions, concealment of fact or abuse of position should have taken place;

b) such acts, omissions, concealment of fact or abuse of position should have essence of *mensrea* in them; and

c) irrespective of the fact whether or not they resulted in 'wrongful gain' or 'wrongful loss'.

TYPES OF FRAUD

The forensic accountant could be asked to investigate many different types of fraud. The three categories of frauds are –

- ***Corruption-*** Corruption is a form of dishonest or fraudulent conduct by those in power and it typically involves bribery. It is abuse of entrusted power by those occupying a position, for private gain. A number of studies have revealed that there are certain factors that contribute to corruption in India like high taxes, complicated legislations, bureaucracy, low per capita income, illiteracy, the power vested with certain Government / public officer to question the citizens. However, now the scenario is slowly changing. Due to computerisation, demonetisation, restrictions of payment in cash, there is transparency in every field, human interface has reduced and hence scope for corruption has reduced to some extent. Authorities responsible for investigating Bribery and Corruption are
    - Central Vigilance Commission (CVC),
    - Comptroller and Auditor General of India,
    - Serious Fraud Investigation Office (SFIO),
    - Central Bureau of Investigation and Anti-Corruption Bureau,
    - Lokpal (Central Level) and Lok Ayukta (State Level), and
    - Enforcement Directorate.
- ***Asset Misappropriation Fraud-*** It happens when people who are entrusted to manage the assets of an organisation steal from it. Asset misappropriation fraud involves third parties or employees in an organisation who abuse their position to steal from it through fraudulent activity. It can also be known as insider fraud. Unauthorised use of

equipments, Fake Sales/Purchases, Inventory Shrinkage are some of the examples of asset misappropriation fraud.

- ***Financial Statement Fraud-*** • It can include deliberate falsification of accounting records; omission of transactions– either revenue or expenses, non-disclosure of relevant details from the financial statements, balances or disclosures from the financial statements; or the misapplication of financial reporting standards.
- ***Other Indicators*** include Delay in finalization of accounts; Frequent changes in accounting policies; Continuing losses; Over drawl of loans and advances; Higher cost per unit of production; High amount of losses or wastage shown in books; High investment in group companies; Profit not supported by increased cash availability. Insider trading practices

UNDERSTANDING CORPORATE FRAUD WITH THE HELP OF SOME RECENT CASES

1. YES Bank Crisis

YES Bank was once the country's fifth-largest private lender by market capitalization. YES Bank was founded by Rana Kapoor and Ashok Kapoor in 2004. Fraud led to the unexpected and sudden fall of YES Bank which was emerging as a good competition to other private banks. The bank had a differentiated business model, with focus on technology, branches network, retail loans etc. and was ranked number 1 bank in the Business Today-KPMG Best Banks Annual Survey 2008.

What has led to a crisis at YES Bank?

Promoter of the bank, Rana Kapoor had, over a short period of time, built an overwhelming image in the industry and had developed contacts with top industrialists of the country. Most of the decision making on key matters including large loans was centralised in his hands. He had the ambition to make YES Bank the largest private bank of the country. It was this ambition which perhaps led to the sharp downfall in fortunes of the bank, steeper than its rise to an eminent position in the banking industry.

The bank's loan book on March 31, 2014, was Rs 55,633 crore, and its deposits were Rs 74,192 crore. Since then, the loan book has grown to nearly four times as much, at Rs 2.25 trillion as on September 30, 2019. While deposit growth failed to keep pace and increased at less than three times to Rs 2.10 trillion. The bank's asset quality also worsened and it came under regulator RBI's scanner. Yes bank was lending aggressively disregarding the risk limits and also under-reporting the bad loans. They were lending to corporates that were already in very risky businesses and facing some challenges in their business like the Anil Ambani-led Reliance group, DHFL and IL&FS. All this happened in Rana Kapoor's tenure. The exposure of loans to such bad performing companies was huge in Yes Bank's case, and to add up they were hiding the NPAs or misreporting the same. After the above fiasco, Ravneet Gill took charge of Yes Bank but struggled to revive as deposits kept depleting and he wasn't able to raise enough capital given the loss of confidence in the market. The tipping point came when one of the bank's independent directors Uttam Prakash Agarwal, resigned from the board in January 2020 citing governance issues.

Several reasons behind the crisis of YES bank were:

a. **NPAs:** YES Bank ran into trouble following the central bank's asset quality reviews in 2017 and 2018, which led to a sharp increase in its impaired loans ratio and uncovered significant governance lapses that led to a complete change of management. The bank subsequently struggled to address its capitalisation issues. YES Bank suffered a dramatic doubling in its gross NPAs between April and September 2019 to Rs 17,134 crore.

b. **NBFC crisis**: The crisis in India's shadow-banking space started with the unravelling of Infrastructure Leasing & Financial Services (IL&FS) and then extended to Dewan Housing Finance Limited (DHFL). YES Bank's total exposure to IL&FS and DHFL was 11.5 per cent as of September 2019. In April 2019, the bank had classified about Rs 10,000 crore of its exposures, representing 4.1 per cent of its total loans under watch list, as potential non-performing loans over the next 12 months.

c. **Governance issue**: YES Bank faced several governance issues that led to its decline. On January 10, independent director Uttam Prakash Agarwal quit citing deteriorating corporate governance standards and compliance failure at the lender. In 2018-19, the bank under-reported NPAs to the tune of Rs 3,277 crore, prompting RBI to dispatch R Gandhi, one of its former deputy governors, to the board of the bank. Rana Kapoor, who was instrumental in building YES Bank from scratch, was asked to step down as chief executive in January 2019.

d. **Excessive withdrawals:** YES Bank's financial condition dissuaded many depositors from keeping funds in the bank over a longer term. The bank showed a steady withdrawal of deposits, which burdened its balance sheet and added to its woes. The bank had a deposit book of Rs 2.09 trillion at the end of September 2019.

Steps taken by RBI against YES Bank

i. RBI has taken over the YES Bank management

ii. The central has imposed a moratorium on the lender

iii. RBI announced a draft 'Scheme of Reconstruction' that entails SBI investing capital to acquire a 49% stake in the restructured private lender.

2. Punjab National Bank Case

Punjab National Bank is one of the largest public sector banks in India. The scam of Rs. 11,300 crores in the Punjab National Bank scam has come into the limelight. The PNB scam and irregularities, forgery commenced in the year 2011 and continued for six long years with the knowledge of a few banking officials of PNB. It is a case where Letter of Undertaking (LOU) from Punjab National Bank was taken by Nirav Modi without having a sanctioned credit limit or collaterals. The dispute mainly started due to illegal LOUs issued to Nirav Modi by few PNB banking officials.

The chronological dates on which the events and transaction concerning the scam took place is briefed as under:

- Punjab National Bank filed an FIR against Nirav Modi, Mehul Chowskhi and other charged with criminal conspiracy and cheating amounting to the tune Rs 11,300 Crores
- Central Bureau of Investigation (CBI) was handed over the investigation into the matter
- The Enforcement Directorate (ED) had registered a money laundering case against Nirav Modi and others under the provisions of PMLA based on the FIR registered by CBI under Sections 120-B r/w 420 of IPC, 1860 read with Section 13(2) read with 13(1)(d) of PC Act, 1988
- The Enforcement Directorate seized some movable assets like diamond, gold and jewellery worth Rs. 56.74 billion from the house of Nirav Modi and his office CBI after an investigation into the matter arrested two employees of Punjab National Bank and detained one representation of Nirav Modi Group. Simultaneously, Government of India suspended passport of Nirav Modi and Mehul Choskwi for the involvement in the PNB Scam.
- Subsequently, the Central Bureau of Investigation arrested the Chief Financial Officer (CFO) and two Senior Executives of Nirav Modi firm. It also sealed the Nirav Modi farmhouse at Alibaug, Mumbai.
- CBI seized nine luxurious cars which belong to Nirav Modi and his firm which worth crores of money.
- The Magistrate Court issued first bailable arrest warrant against Nirav Modi and Mehul Chowski. Enforcement Directorate on the same day filed a petition before the Special Court, Mumbai for seeking issuance of a non– bailable warrant (NBW) against the diamantaire – Nirav Modi and his firm.
- Enforcement Directorate moves before the Special Court to issue extradition proceeding against Nirav Modi.
- Government of India sent a letter requesting the UK authorities to initiate extradition proceeding against Nirav Modi.
- CBI officials requested Interpol Manchester to detain Nirav Modi about Nirav Modi presence in the country.
- UK authorities confirm the presence of the accused – Nirav Modi in the country.
- In a British newspaper named as UK Daily Telegraph which published a report on Nirav Modi presence and roaming in London streets. After knowing the incident Enforcement Directorate requested the Government of UK to take further action on the extradition proceeding of Nirav Modi in the UK court.
- Government of UK took action on the request of the Government of India and the Westminister Court, London issued an arrest warrant against Nirav Modi Nirav Modi was arrested in London by Scotland Yard Officers and produced before the Westminister Court. He applied for which was rejected by the Court. The accused Nirav Modi was sent to Her Majesty's Prison (HMP), Wandsworth till 29th March,2019

- The Westminister Court rejected the bail petition of the accused /fugitive offender – Nirav Modi on the ground that he may not appear before the Court on the fixed dates for further hearing of the matter.(29th March ,2019)
- After the plea made by Enforcement Directorate, Nirav Modi has been declared as Fugitive Offender by the Mumbai Court under the Fugitive Offender Act ,2018. Nirav Modi is currently in Wandsworth Prison in London, from where he is fighting for extradition charges.

Action taken by RBI after detection of PNB Fraud

- Reserve Bank of India discontinued the practice of LOUs/ FLCs for trade credits for imports into India.
- RBI also ordered all the banks to reconcile transactions in Nostro accounts on a real-time basis so that unrecorded and illegal transactions can be identified immediately.

3. Infrastructure Leasing & Financial Services Limited (IL&FS) Case

- IL&FS is a systemically important Core Investment Company with the Reserve Bank of India and is engaged in the business of giving loans and advances to its group companies (and holding an investment in such companies). IL&FS has a large number of group companies across various sectors such as Energy, Transportation, Financial Services.
- IL&FS Group, which had approximately over Rs. 91,000 crores in debt, was facing a severe liquidity crisis. Between July 2018 and September 2018, two of the subsidiaries of IL&FS Group reported having trouble in paying back loans and inter- corporate deposits to banks/lenders.
- In July 2018, the road arm of IL&FS was facing difficulty in making repayments due on its bonds. Further, in early September 2018, one of the subsidiaries of IL&FS Group was unable to repay a short-term loan of Rs. 1,000 crore taken from Small Industries Development Bank of India (SIDBI). Also, certain group companies defaulted in repayments of various short and long-term deposits, inter-corporate deposits, and commercial papers.
- IL&FS failed continuously to service its debt and the imminent possibility of a contagion effect in the financial market led the Central Government to move an application under Sections 241 and 242 of the Companies Act, 2013 before the NCLT (National Company law Tribunal). Section 241 deals with the cases of mismanagement and oppression by company's management.
- The NCLT suspended IL&FS board members and management and restrained the suspended members from alienating their personal assets.
- In view of the prima facie findings of ICAI and the SFIO interim report dated November 30, 2018, the Central Government filed a petition before the NCLT, Mumbai Bench under Section 130 of the Companies Act, seeking re-opening of the books of account of IL&FS and its group companies for the past five financial years. The NCLT vide its judgment dated January 1, 2019, allowed the petition of the Central Government.

- Upon an application filed by PTC India Financial Services Ltd, the NCLAT has, without going into the rival contention of the parties, made it clear that due to non-payment of dues by IL&FS or its entities including the 'Amber Companies', no financial institution will declare the accounts of IL&FS or its entities as Non-Performing Assets (NPA) without its prior permission.
- By its order dated May 2, 2019, NCLAT allowed the banks to declare as non-performing assets the accounts of IL&FS and its group companies that have defaulted on payments. However, the tribunal clarified that the banks cannot initiate the recovery process and debit money.
- On May 30, 2019 SFIO submitted a chargesheet against 30 parties, including two auditor firms, for concealing information by not flagging the alleged criminal conspiracy and misreporting the financial statements of the IL&FS firms.
- MCA moved against the auditors, Deloitte Haskins and Sells as well as BSR and Associates LLP and their former auditors, under Section 140(5) of the Companies Act, for their role in "perpetuating the fraud" at IFIN, a subsidiary of IL&FS. The Ministry sought debarment of these audit firms and their audit partners. It also sought interim attachment of their properties, including bank accounts and lockers.
- On June 4, the Supreme Court allowed the SFIO to reopen and recast accounts of IL&FS and two of its subsidiary companies for the last five years. The MCA had approached the Supreme Court seeking a vacation of the stay imposed by the Supreme Court through its order passed on April 29.

Reasons for Failure

- IL&FS hadn't disclosed bad loans on its books for years despite a big part of its loan book having soured.
- As it was the shadow bank or NBFC, "Unscrupulous, negligent and dormant management decisions were the main root cause of failure.
- Poor fund management and controls as IL&FS lent funds to insolvent entities and troubled projects.
- "Deficient audit" by the auditors as they failed to issue warnings.
- The auditors did not highlight the Reserve Bank of India's (RBI's) inspection report, which had labelled IFIN as over-leveraged, besides failing to report negative cash flows and adverse key financial ratios.
- RBI or any other entity did not strictly regulated NBFCs. The IL&FS crisis has raised concerns over the management of such entities.

Steps taken by RBI

- RBI is constantly monitoring NBFC's to prevent systemic shocks.
- RBI is monitoring top 50 NBFCs more closely. These 50 NBFCs represent 75% of the sector.
- Wherever necessary, RBI is making deep dive into their books, their balance sheet and other numbers.

- RBI has allowed bank lending to registered NBFCs for on-lending to agriculture.

4. DHFL Case

Dewan Housing Finance Corporation Limited (DHFL) is a leading housing finance company, headquartered in Mumbai with branches in major cities across India. Mr. Rajesh Kumar Wadhawan is the Founder of DHFL.

- DHFL has sanctioned and paid funds in unsecured and dubious loans.
- Loan amounting to thousands of crores of rupees were given to newly incorporated shell companies.
- The said loans were provided without any security or collateral and the proceeds were utilized by for private asset creation.
- DHFL has not adequately disclosed the terms of loan and repayment in the financial statements. They also ensured that most of the shell companies have hidden the name of the lender i.e. DHFL.
- Approximately 6 lacs dummy accounts were established at one branch, using the names of borrowers who had already repaid their loans. These accounts were used to issue loans to promoter firms, which were then used to syphon funds. These loans turned out to be non-recoverable in the end.
- The act of DHFL ensured that the recovery of such dubious loans would be impossible since the companies or their directors themselves do not own any assets.
- The promoters and their associates used these dubious loans to acquire personal assets which were completely ring-fenced from the recovery process since the companies or their directors themselves do not own any of these assets.
- Due to poor Corporate Governance concerns, the Reserve Bank of India (RBI) superseded the board of debt-laden DHFL.
- RBI has initiated the process of resolution of the Company under the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Finance Service providers and Application to Adjudicating Authority rules, 2019.

Reasons for failure:

- DHFL case is absolute failure of Corporate Governance.
- The act of promotors in diversion of loan amounts to shell company without scrutiny or security shows a complete deviation from the corporate governance policies.

ROLE OF GOVERNMENT AGENCIES IN COMBATTING CORPORATE FRAUD

Many scams were unearthed during past few years and the enforcement agencies have now become alert and proactive in monitoring instances of Corporate Fraud. To monitor various frauds, a number of anti-corruption legislations have been enacted in India which includes Prevention of Corruption Act 1988 (PCA); The Benami Transactions (Prohibition) Act 1988 (amended in August 2016), Prevention of Money Laundering Act 2002, Lokpal and Lok

Ayukta Act 2013, Foreign Contribution Regulation Act 2010 (FCRA) (amended in 2016), The Black Money (Undisclosed) Foreign Income and Assets and Imposition of Tax Act 2015, Companies Act, 2013, Right to Information Act 2005 (RTI), Indian Penal Code 1860 (IPC), various Regulations framed by SEBI to curb malpractices in the securities market etc.

1. Fugitive Economic Offenders Act, 2018

Over the past few years, India has seen a rise in the number of banking frauds. The reason behind the fraud can be attributed to various factors such as negligence of the authorities, absence of due diligence while giving out loans as well as rampant corruption among the hierarchy of the employees of the banks. There have been several instances of economic offenders fleeing the jurisdiction of Indian courts anticipating the commencement of criminal proceedings or sometimes during the pendency of such proceedings. The absence of such offenders from Indian courts has several deleterious consequences, such as, it obstructs investigation in criminal cases, it wastes precious time of courts and it undermines the rule of law in India. Further, most of such cases of economic offences involve non-repayment of bank loans thereby worsening the financial health of the banking sector in India. The existing civil and criminal provisions in law are inadequate to deal with the severity of the problem.

In order to address the said problem and lay down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts, Parliament enacted a legislation, namely, the Fugitive Economic Offenders Act, 2018 to ensure that fugitive economic offenders return to India to face the action in accordance with law. The said Act will also facilitate the functioning of the Prevention of Money Laundering Act, 2002. The proceedings commenced under the former will come to an end as soon as the economic offender submits himself before the jurisdiction of the Indian Courts. Thus, this is an act, to bring back the economic offenders to the country. The act facilitates the recovery of dues from these economic offenders by empowering the investigative agencies to confiscate and sell the properties. It has come as a ray of hope for the banks and financial institutions who are primary victims of such offences.

As per the act fugitive **economic offender** is a person against whom a warrant for arrest had been issued for any scheduled offense, which is above the value of 100 Crores, and such a person had left India so as to avoid criminal prosecution.

Scheduled offense under the act primarily includes offenses listed under various Indian statues (IPC, Negotiable Instrument Act, Prohibition of Benami Property transaction Act, Prevention of corruption Act, Companies Act, SEBI Act etc.) provided the value of the offense must be over 100 Crore. In total this act lists out 55 offenses which includes counterfeiting currency and government stamps, dishonoring of cheques, benami property, tax evasion, money laundering, insider trading etc.

Economic offenders and relevant case laws

Vijay Vittal Mallya is an Indian businessman and a former Member of Parliament.

He was once known as 'the king of good times' before he got into the controversies starting right from 2012 when his giant airline company closed down due to insolvency and subsequently failure to pay the salaries of its employees. By March 2016, the Consortium of banks approached the SC to holdout against him from going abroad by the

time, he left India. He became the first fugitive economic offender under the new FEO Act, 2018

2. Serious Fraud Investigation Office (SFIO)

Section 211 of the Companies Act, 2013, empowers the Central Government to establish an office called Serious Fraud Investigation Office (SFIO) to investigate frauds relating to companies. No other investigating agency shall proceed with investigation in a case in respect of any offence under the Act, once the case has been assigned to SFIO. The SFIO has power to arrest individuals if it has reason to believe that he is guilty based on the material in possession. SFIO shall submit a report to the Central Government on conclusion of investigation. Central Government may direct SFIO to initiate prosecution against the company. SFIO shall share information they possess regarding a case being investigated by the latter and vice versa.

Auditors shall report material fraud to the Central Government within 30 days. Immaterial fraud shall be reported to the board or the auditor of the company. Audit committee is required to monitor that every listed company shall establish a vigilance mechanism for directors and employees to report genuine concerns. The vigilance mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism. It shall make provision for direct access to the Chairperson of the Audit Committee in appropriate cases.

Independent directors shall report concerns about actual or suspected fraud. They must also ascertain and ensure that the company has an adequate and functional vigilance mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

3. Role of Securities and Exchange Board of India in curbing Insider Trading Practices

SEBI's insider trading probe revolves around Unpublished Price Sensitive Information (UPSI) and its possession by entities that have traded in the stock and their linkages. Insider trading erodes investor confidence, and affects market integrity. To address these concerns, SEBI has taken several initiatives to curb the insider trading practices and to build the confidence of the investors who are investing in the Indian market. Insider Trading Regulations, 2015 is much appreciated as it deals with a wide range of problems related to Insider Trading and also has severely reduced loopholes.

When it comes to detection of insider trading cases, in the two years including the financial year (FY) 2018-19 and 2019-20, SEBI detected 119 cases of insider trading, which is higher than the number of cases detected by SEBI in any of the previous years since its inception. The highest number of insider trading cases which SEBI detected was 34 in 2016-17, which has jumped to 70 in 2018-19 and 49 in 2019-20. Trends in investigations by SEBI suggest that share price rigging has gone down and is at its lowest in nearly a decade. However, insider trading is on the rise. Among others, detection of Insider trading in Aptech; Kishore Biyani of Futures Group; Sun Pharma board members; and Spice Jet etc. are a few examples which were taken up by the SEBI aggressively in its clean-up drive.

ROLE OF GOVERNANCE PROFESSIONALS IN UNEARTHING CORPORATE FRAUDS

1. Role of Independent Director and Audit Committee

The corporate governance norms have been strengthened by the new Companies Act, 2013 and the regulations of the Securities Exchange Board of India (SEBI) for listed companies where key emphasis is given to the frauds by recognizing it as a key risk and has placed the accountability of the effective risk management on the Board of directors and the senior management. In the case of listed entities, there is additional fencing by 'Audit Committee' where independent directors on the board of directors to have necessary checks and take pro-active measures of risk mitigation.

The provisions of the Companies Act, 2013 require companies to have proactive fraud risk management policies. The Act requires independent directors to increase safeguards against fraud and reminds them of their whistleblowing responsibilities. Objections must be documented, and now that the Act defines fraud and safeguards explicitly, ignorance of the parameters of either will no longer be a defense.

The Satyam case has brought out the failure of the corporate governance structure that hinges on the Independent Directors, who are supposed to bring objectivity to the oversight function of the board and improve its effectiveness. An Independent Director is a Non-Executive Director who does not have a material or pecuniary relationship with company, except sitting fees, but is one who is enriched with appropriate balance of skill, experience, independence and knowledge of the corporate and assigned with the task to monitor and guide the Board in risk management, thereby improving corporate credibility and accountability and also play a significant role by acting as a watchdog in various committees constituted by the company to ensure good Corporate Governance and enhancing the corporate or company image in the business world.

Duties of independent director for prevention of fraud

Independent Director should:

1. Ascertain and ensure that the company has an adequate and functional vigil mechanism and the interests of a person who uses such mechanism are not affected on account of such use;
2. Report about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
3. Act within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
4. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

2. Role of Forensic Audit in Unearthing frauds

Forensic Audit is an examination and evaluation of a firm's or individual's financial information for use as evidence in court. A Forensic Audit can be conducted in order to prosecute a party for fraud, embezzlement or other financial claims. Forensic auditing has taken an important role in both private and public organizations since the dawn of the 21st century especially in the advance economies. The catastrophe of some formerly prominent public companies such as Enron and WorldCom (MCI Inc.) and the recent incidence of frauds taken place in the corporates including PNB, IL&FS etc. have fueled

the importance of forensic auditing for ensuring the directed growth of the corporates and inclusive growth of economy. Forensic auditing procedures target mostly financial and operational fraud, discovery of hidden assets, and adherence to central regulations.

Forensic audit an apt tool in the contemporary times, ensuring financial health of the companies through aiding in the Prevention, Regulation and Penalization of financial frauds and scams. It is becoming increasingly frequent for top leadership searches as stringent corporate governance norms and increasing stakes are prompting Indian and multinational companies to make sure that the people they take on board have no blotches on their track record. This realizes the significance of Forensic Audit in the contemporary time for the corporates to rationalize premier principles of Good Governance.

3. Whistleblowing mechanism

The term 'whistleblowing' is used when a person, mostly an insider of an organization like an employee or consultant, makes a disclosure or passing of information of illegal activity or suspected wrongdoing, frauds, etc. in order to bring the attention of those who are in charge to investigate and resolve the same.

A strong whistleblower policy should be in place to protect the whistleblowers and to maintain the confidentiality of information. Adopting a dedicated hotline for whistleblowers which the employees can use to report any kind of probable wrongdoing or instances of fraud. Many companies today have integrated a whistleblower hotline with their fraud risk management strategy.

4. Risk Management Committee

Risk Management Committee is the committee formed by board of directors to oversee the risk management policy and global risk management framework of the business.

Risk Management Committee will assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of the Corporation, the Corporation's risk management and compliance framework, and the governance structure that supports it.

5. Fraud Monitoring Committee

Although the fraud related aspects may be taken care of by the Audit Committee, but in some companies which are in field of financial services, there may be need of the separate fraud monitoring committee, which may take care of the checks and balances and preventive measures in order to discourage the employees in their modus operandi.

6. Formal policy for fraud prevention

Every organisation has to put in place a policy that will define how the philosophy of the organisation in dealing with corporate frauds. The policy will also act as the base document for all the organisational training programs for the employees and where one will look for what to do in a given situation. It is a comprehensive document that defines fraud, the measures for detection and prevention of fraud, and how it will be dealt with by the organisation.

7. Internal control system

The internal controls in an organisation attempt to detect any kind of wrongdoings, detect errors and frauds, and to safeguard the organisation's resources. These controls

should be dynamic which evolves and adapt to the changes in the business in order to respond effectively to fraud management.

A comprehensive review of risks has to be made by the management in order to strengthen the internal control systems. Though most organisations have an internal audit of control mechanisms, but an independent audit should be conducted on a periodic basis which gives a true and unbiased opinion on the existing internal control mechanism which will prevent any potential chances of fraud.

CONCLUSION

Corproate Frauds have increased considerably over the last ten years. The cost to business and the public can only be estimated, as many crimes go unreported. It is truly said that 'Necessity is the mother of Invention'. Increasing number of corporate frauds has alarmed the Government to follow strict implementation of laws, proper investigation procedure and effective role of investigating agencies. Apart from the role of government and investigating agencies, a concerted effort must be exerted by the management, the external auditors, and by all employees of the organization in order to combat the corporate fraud. The role of professionals is also equally important. The duty of the auditor either Financial Auditor or Secretarial Auditor is to provide a true and fair picture of the company and detect the default and fraud in the company.

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E-COMMERCE ECOSYSTEM UNDER CONSUMER PROTECTION (E-COMMERCE) RULES, 2020*

Introduction

E-Commerce is a type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet. Electronic commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer and consumer to business.

Increasing E-Commerce activities necessitated a national policy to ensure that the interests of the consumers are protected and a level playing field is created in this segment so as to dissuade a monopolistic control of any single player. Accordingly, the draft National E-Commerce policy was placed in public domain on 23 February 2019 seeks to create a facilitative regulatory environment for growth of E-Commerce sector.

The National E-Commerce Policy aims to create a framework for achieving holistic growth of the e-commerce sector along with existing policies of Make in India and Digital India. Inclusive growth of the sector will be important catalyst for achieving economic growth and other public policy objectives.

The E-Commerce sector is driven by technology and data. Continuously evolving technologies and volumes of data generated in a consumer-oriented country like India require an enabling regulatory framework for empowering domestic entrepreneurs, leveraging access to data, connecting MSMEs, vendors, traders, etc. to the digital ecosystem as well as empowering consumers to retain control of the data generated and owned by them.

Laws Governing E-Commerce in India

E-Commerce companies are subject to various extant rules and regulations. Owing to the cross cutting nature of E-Commerce, different laws and regulations across sectors govern the present E-Commerce activities, some of which are:

- Income Tax Act, 1961
- Information Technology Act, 2000
- Foreign Exchange Management Act, 1999 & FDI Policy
- Payment and Settlement Systems Act 2007
- Companies Act, 2013
- Laws related to Goods and Services Tax
- Consumer Protection Act, 2019

* *Chittaranjan Pal, Assistant Director, The ICSI*

Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.

According to the Consumer Protection Act, 2019, "e-commerce" means buying or selling of goods or services including digital products over digital or electronic network. Further, for the purposes of preventing unfair trade practices in e-commerce, direct selling and also to protect the interest and rights of consumers, the Central Government may take such measures prescribed manner under Section 94 of the Act. To protect the interests of consumers, prevent their exploitation and encourage free and fair competition in the market, Consumer Protection (E-Commerce) Rules, 2020 notified by the Government on July 23, 2029

Applicability

- E-commerce entity which is not established in India, but systematically offers goods or services to consumers in India
- All models of e-commerce, including marketplace and inventory models of e-commerce
- All goods and services bought or sold over digital or electronic network including digital products
- All forms of unfair trade practices across all models of e-commerce
- All e-commerce retail, including multi-channel single brand retailers and single brand retailers in single or multiple formats

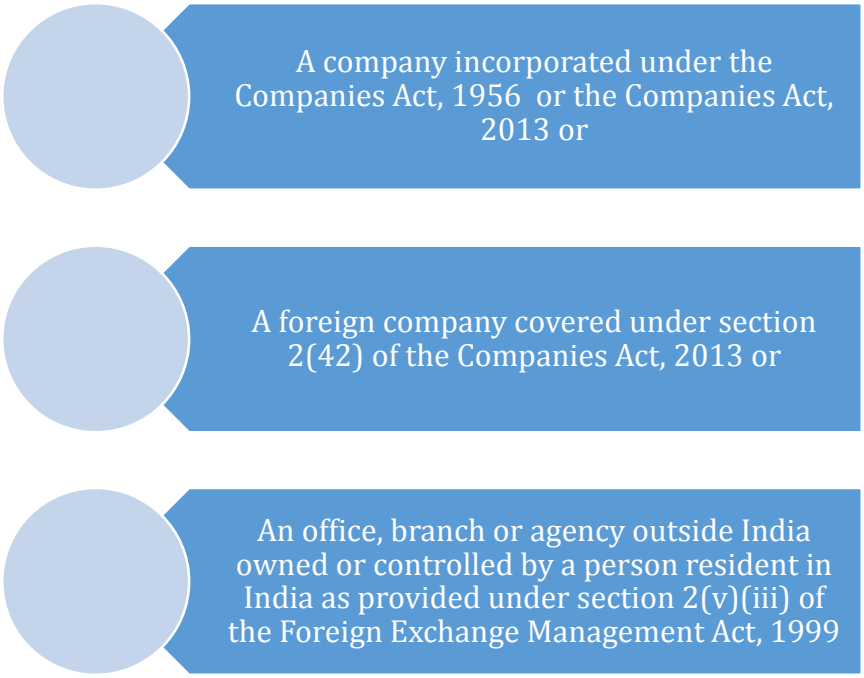
Non-Applicability

Consumer Protection (E-Commerce) Rules, 2020 shall not apply to any activity of a natural person carried out in a personal capacity not being part of any professional or commercial activity undertaken on a regular or systematic basis.

E-Commerce Entity

An e-commerce entity is defined as any person who owns, operates or manages digital or electronic facility or platform for electronic commerce, but does not include a seller offering his goods or services for sale on a marketplace e-commerce entity.

An e-commerce entity shall be:



Duties of E-Commerce Entities

- Every e-commerce entity shall provide the following information in a clear and accessible manner on its platform, displayed prominently to its users, namely:--legal name of the e-commerce entity; principal geographic address of its headquarters and all branches; name and details of its website; contact details like e-mail address, fax, landline and mobile numbers of customer care as well as of grievance officer.
- E-commerce entity shall not adopt any unfair trade practice, whether in the course of business on its platform or otherwise.
- Every e-commerce entity shall establish an adequate grievance redressal mechanism having regard to the number of grievances ordinarily received by such entity from India, and shall appoint a grievance officer for consumer grievance redressal, and shall display the name, contact details, and designation of such officer on its platform.
- Every e-commerce entity shall ensure that the grievance officer acknowledges the receipt of any consumer complaint within forty-eight hours and redresses the complaint within one month from the date of receipt of the complaint.
- Where an e-commerce entity offers imported goods or services for sale, it shall mention the name and details of any importer from whom it has purchased such goods or services, or who may be a seller on its platform.
- Every e-commerce entity shall endeavour on a best effort basis to become a partner in the convergence process of the National Consumer Helpline of the Central Government.

- E-commerce entity shall not impose cancellation charges on consumers cancelling after confirming purchase unless similar charges are also borne by the e- commerce entity, if they cancel the purchase order unilaterally for any reason.
- Every e-commerce entity shall only record the consent of a consumer for the purchase of any good or service offered on its platform where such consent is expressed through an explicit and affirmative action, and no such entity shall record such consent automatically, including in the form of pre-ticked checkboxes.
- Every e-commerce entity shall effect all payments towards accepted refund requests of the consumers as prescribed by the Reserve Bank of India or any other competent authority under any law for the time being in force, within a reasonable period of time, or as prescribed under applicable laws.
- E-commerce entity shall not (a) manipulate the price of the goods or services offered on its platform in such a manner as to gain unreasonable profit by imposing on consumers any unjustified price having regard to the prevailing market conditions, the essential nature of the good or service, any extraordinary circumstances under which the good or service is offered, and any other relevant consideration in determining whether the price charged is justified; (b) discriminate between consumers of the same class or make any arbitrary classification of consumers affecting their rights under the Act.

Draft Consumer Protection (E-commerce) Rules, 2020

Government has received several complaints against widespread cheating and unfair trade practices being observed in e-commerce ecosystem. To protect the interests of consumers, prevent their exploitation and encourage free and fair competition in the market, the Government of India is sharing a draft of the proposed amendments to the Consumer Protection (E-commerce) Rules, 2020. The proposed amendments aim to bring transparency in the e-commerce platforms and further strengthen the regulatory regime to curb the prevalent unfair trade practices. The proposed amendments ***inter-alia*** are as follows:

- ***Chief Compliance Officer :*** To ensure compliance of the Consumer Protection Act, 2019 and Rules, appointment of Chief Compliance Officer, a nodal contact person for 24x7 coordination with law enforcement agencies, officers to ensure compliance to their orders and Resident Grievance Officer for redressing of the grievances of the consumers on the e-commerce platform, has been proposed. This would ensure effective compliance with the provisions of the Act and Rules and also strengthen the grievance redressal mechanism on e-commerce entities.
- **Registration :** Putting in place a framework for registration of every e-commerce entity with the Department for Promotion of Industry and Internal Trade (DPIIT) for allotment of registration number which shall be displayed prominently on website as well as invoice of every order placed the e-commerce entity. Registration of e-commerce entities would help create a database of genuine e-commerce entities and ensure that the consumers are able to verify the genuineness of an e-commerce entity before transacting through their platform.
- ***Prohibition of Mis-Selling :*** To protect the interests of consumers, mis-selling has been prohibited i.e. selling goods and services entities selling goods or services by deliberate misrepresentation of information by such entities about such goods or services. To ensure that consumers are aware about the expiry date of the products they are buying on the e-commerce platform all sellers on marketplace e-commerce entities and all

inventory e-commerce entities to provide best before or use before date to enable consumers to make an informed purchase decision.

- ***Filter Mechanism :*** To ensure that the domestic manufacturers and suppliers get a fair and equal treatment on the e-commerce platform it has been provided that where an e-commerce entity offers imported goods or services, it shall incorporate a filter mechanism to identify goods based on country of origin and suggest alternatives to ensure fair opportunity to domestic goods.
- ***Fall-Back Liability :*** To ensure that consumers are not adversely affected in the event where a seller fails to deliver the goods or services due to negligent conduct by such seller in fulfilling the duties and liabilities in the manner as prescribed by the marketplace e-commerce entity, provisions of Fall-back liability for every marketplace e-commerce entity have been provided.
- ***Prevent from Mislead :*** E-Commerce entity shall not mislead users by manipulating search result or search indexes having regard to the search query of the user.

Conclusion

Consumer Protection (E-Commerce) Rules, 2020 as well as the proposed amendment enhance the regulatory oversight in e-commerce and provide positive impact on the consumer and business sentiment. It also prevent the unfair trade practices of the marketplace e-commerce entities engaging in manipulating search result to promote certain sellers, preferential treatment to some sellers, indirectly operating the sellers on their platform, impinging the free choice of consumers, selling goods close to expiration etc. Rules prevent e-commerce entity to organize a flash sale of goods or services offered on its platform and provide a level playing field and ultimately enhance the customer choice at lower prices.

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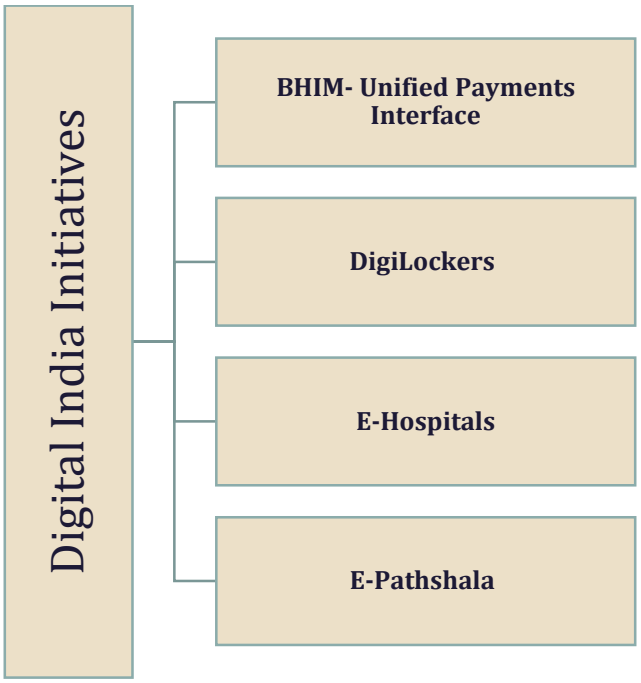
e-RUPI, THE NEW DIGITAL PAYMENT INSTRUMENT OF INDIA*

Introduction

The honorable Prime Minister of India Mr. Narendra Modi has been launching digital initiatives from time to time. The Government of India is also participating in the digital revolution under the flagship programme called Digital India launched on July 01, 2015 with a vision to transform India into a digitally empowered society and knowledge economy.



In 2013, the Government of India shifted to a system of Direct Benefit Transfer (DBT), where the Union government used Jan Dhan Accounts*, Aadhaar numbers and mobile numbers to verify the details of a beneficiary. In this case, when a subsidy was claimed, such as for food grains, the money was transferred to bank account of the beneficiary. During the COVID-19 pandemic, the Union government had announced a Rs. 1.7 lakh crore DBT package as part of the Pradhan Mantri Garib Kalyan Yojana (PMGKY). There were some issues pertaining to accessing bank accounts, Aadhaar authentication failures, etc. The Government wants to find a solution to remove this problem and e-RUPI is the answer to stop the leakages in the system.

** Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, a basic savings & deposit accounts, remittance, credit, insurance, pension in an affordable manner. Under the scheme, a Basic Savings Bank Deposit (BSBD) which is also called Jan Dhan Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet, by persons not having any other account.*

* *CA Sarika Verma, Assistant Director, The ICSI*

Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.

What is e-RUPI?

e-RUPI is one time cashless and contactless payment mechanism launched on August 02, 2021. It is a Digital platform which will be used for making digital payments and to strengthen the Direct Benefit Transfer (DBT) scheme and digital transactions [Business to Business (B2B) transactions] among Micro, Small, and Medium Enterprises (MSMEs). It is like the precursor of a Central Bank Digital Currency (CBDC). National Payments Corporation of India (NPCI) in association with Department of Financial Services (DFS), Ministry of Health and Family Welfare (MoHFW), National Health Authority (NHA), and partner banks, together associated in development of the 'e-RUPI'.

How to use e-RUPI?

e-RUPI is a **QR** code or SMS string-based e-voucher which will be delivered to the mobile of the users. It is operable on basic phones also, and hence it can be used by persons who do not own smart-phones or in places that lack internet connection. The users will be able to redeem this voucher without any digital payment app, internet banking, or card. This initiative will connect the sponsor of services with the beneficiaries and service providers. The connection will hold in a digital manner without any kind of physical interface. Being a prepaid voucher, e-RUPI would assure real time payments to the service provider.

Who can use e-RUPI?

Private sector in addition to the Union Government & State Governments may use e-RUPI payment system for the benefits of their employees or for their CSR initiatives. Any government agencies and corporation can generate e-RUPI vouchers via their partner banks. Interested entity and the beneficiary will linked through the e-RUPI and send the voucher with the help of participating banks. If any organization wants to help someone in their treatment, education or for any other work, then they will be able to give an e-RUPI voucher instead of cash.

A Quick Response (QR) code is type of barcode easily readable with digital devices like smartphones. They store information as a series of pixels in a square grid that can be read in two directions - top to bottom and right to left - unlike standard barcodes that can only be read top to bottom.

As per the NPCI, eleven banks as per details given below can help to issue e-RUPI:

Sr. No.	Bank Name	Issuer	Acquirer	Acquiring App / Entity
1	Axis Bank	✓	✓	Bharat Pe
2	Bank of Baroda	✓	✓	BHIM Baroda Merchant Pay
3	Canara Bank	✓		NA
4	HDFC Bank	✓	✓	HDFC Business App
5	ICICI Bank	✓	✓	Bharat Pe & PineLabs
6	Indusind Bank	✓		NA
7	Indian Bank	✓		NA
8	Kotak Bank	✓		NA
9	Punjab National Bank	✓	✓	PNB Merchant Pay
10	State Bank of India	✓	✓	YONO SBI Merchant
11	Union Bank of India	✓		NA

e-RUPI Voucher

It is basically a digital voucher which a beneficiary gets on his phone in the form of an SMS or QR code. It is a pre-paid voucher, which he/she can go and redeem it at any centre that accepts its.

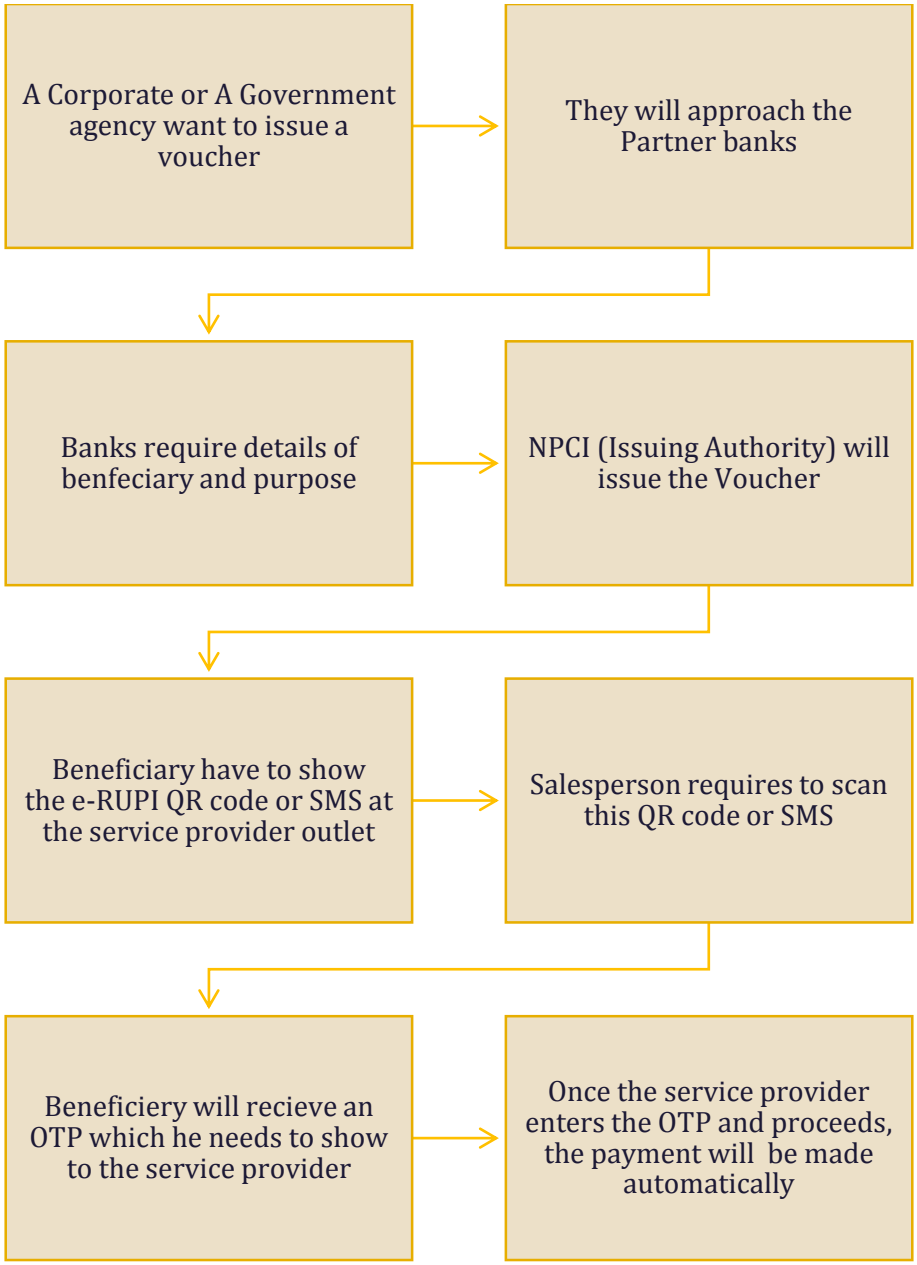
Source: https://www.npci.org.in/what-we-do/upi/erupi-live-partners

Presently the NPCI has tied up with more than 1,600 hospitals where e-RUPI can be redeemed. The List of Live Hospitals on e-RUPI is available at

https://www.npci.org.in/PDF/npci/e-rupi/live-hospitals.pdf

Voucher Issuance and Redemption Procedure

The e-RUPI application is available on Google play store or Apple App Store. It can be easily downloaded from there. The process for issuance and redemption of voucher is given below for easy understanding of the reader.



Benefits of e-RUPI

For Consumers	•Contactless - Beneficiary should not carry a print out of the voucher. •Easy redemption - Only 2 step redemption process. •Safe and Secure - Beneficiary doesn't need to share personal details while redemption hence privacy is maintained. •No digital or bank presence required - Consumer redeeming the voucher need not have a digital payment app or a bank account. •No smartphone is required- It is operable on basic phones and internet connection required.
For Hospitals	•Easy & Secure - Voucher is authorized via a verification code. •Hassle free & Contactless payment collection - Handling of cash or cards is not required. •Quick redemption process - The voucher can be redeemed in a few steps and lesser decline due to pre-blocked amount.
For Corporates	•Payment processes is contactless. •Corporates can enable well-being of their employees. •End to end digital transaction and doesn't require any physical issuance hence leading to cost reduction. •Voucher redemption can be tracked by the issuer. •Quick, safe & contactless voucher distribution.

Difference between e-RUPI, Unified Payments Interface (UPI), Cryptocurrency and Central Bank Digital Currency (CBDC)

Basis for difference	e-RUPI	Unified Payments Interface (UPI)	Cryptocurrency	Central Bank Digital Currency (CBDC)
Meaning	e-RUPI is one time cashless and contactless payment mechanism. It is a Digital platform which will be used for making digital payments.	Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.	A Cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.	A Central Bank Digital Currency (CBDC) is the legal tender issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency.
Type	It is an e-voucher.	It is an application used for receipt or payment of money.	It is a Digital Currency.	It is a Digital Currency.
Regulator	The National Payments Corporation of India.	Reserve Bank of India.	Not yet regulated in India.	Reserve Bank of India.
Uses	It can be redeemed at service providers counters.	UPI used for receipt or payment of money.	Cryptocurrencies can be used for speculative purposes and for payments as well.	CBDCs can only be used for payments and other monetary transactions.

Conclusion

United States of America, South Korea and several other countries have used similar voucher based initiatives for welfare services. The main objective and long-term vision behind e-RUPI is to reach 190 million unbanked citizens of the India and fold them into a formal financial system, and close part of the digital gap. This digital payment system can provide equal access to financial, healthcare, and welfare services to each and every citizen of our country. It also expected that the successful deployment of e-RUPI can boost India's GDP by 14 per cent. Apart from fast-tracking digital payments, e-RUPI will also accelerate direct benefit disbursals at the last mile and help bring the unbanked and underbanked into the financial inclusion fold.

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THE TAXATION LAWS (AMENDMENT) ACT, 2021 – NULLIFIES RETRO TAX ON INDIRECT TRANSFER*

Before going into the brief analysis of the Indian retrospective tax legislation, let's have a brief look on Supreme Court decision in Vodafone Case in 2012.

Vodafone Case

Fact of the Case: The Dutch group Vodafone International Holding (VIH) purchased 100 % shares in CGP Investments (Holding) Ltd (CGP), a Cayman Islands group, from Hutchison Telecommunications International Limited for USD 11.1 billion in February 2007.

Hutchison Essar Limited (hereinafter HEL), an Indian Company, was governed by CGP (hold 67% shares) through various transitional organisations / authoritative courses of action.

The acquisition resulted in Vodafone acquiring control over CGP and its subsidiaries downstream, including eventually Hutchison Essar Limited.

Vodafone Company received a show-cause notice from the Indian Tax Department in September 2007 to explain why tax was not withheld on payments made to HTIL in connection with the transaction in question above.

The tax department argued that the aforementioned transaction involving the sale of CGP shares had an effect on the aberrant or indirect sale of India-based properties.

Issue: Should the indirect transfer of "India - based capital assets" be subject to taxation?

Judgment: Prior to 2012, the issue of taxability of gains arising from transfer of shares of a foreign company deriving substantial value from assets in India (indirect transfer) was a subject matter of intense litigation in India.

Section 9 of the Income Tax Act, 1961 mentions about the Incomes which shall be deemed to accrue or arise in India. (Such deeming provision is mentioned to mainly enable the Scope of Total Income under Section 5(2) of Income Tax Act, 1961 and thus to cover the same in the Charging Section i.e., Section 4 of Income Tax Act)

* *CA Govind Agarwal, Assistant Director, The ICSI*

Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.

Section 9(1)(i) specifies that any Income accruing or arising, whether directly or indirectly, through the transfer of a capital asset situated in India, shall be deemed to be accrue or arise in India.

With regard to Section 9 of the Income tax Act, 1961, which states that income is considered to accrue or arise in India if it accrues to or arises from a transfer of capital assets in India or to a non-resident, the Court observed that there is an omission under Section 9(1)(i) of the word 'indirect transfer.' If the word 'indirect' used is read with the phrase' Capital asset located in India 'on the off chance, then it would be made worthless.

And there is no 'look through' clause in Section 9(1)(i) and can therefore not be expanded to include indirect transfers of capital assets located in India. Therefore, the transfer of shares to CGP did not result in the transfer of capital assets located in India and was not subject to taxation.

Pursuant to a challenge by Vodafone International Holdings B.V in the Supreme Court of India against imposition of tax by Income Tax Department, the Supreme Court of India on January 20, 2012 discharged VIHBV of the tax liability and held that sale of share in question to Vodafone did not amount to transfer of a capital asset within the meaning of Section 2(14) of the Income Tax Act, 1961. Further, the Apex Court not only quashed the demand of INR 120 billion by way of capital gains tax but also directed the Income tax department to refund of INR 25 billion which was deposited by the Vodafone in terms of the interim order along with interest at 4% p.a. within two months.

Amendment vide Finance Act, 2012 [Post Supreme Court Judgment in Vodafone case with respect to Taxability of Indirect Transfer of India based Capital Assets]

After the Supreme Court's verdict in Vodafone Case, the Central Board of Direct Taxes came out with an amendment vide Finance Act 2012, which provided for the insertion of explanations 4 and 5 in Section 9(1)(i) of the Income Tax Act, 1961 as under:

Explanation 4 *clarified the meaning of the term "through", stating that: "For the removal of doubts, it is hereby clarified that the expression 'through' shall mean and include and shall be deemed to have always meant and included 'by means of', 'in accordance of' or 'by reason of'."*

Explanation 5 clarified that "an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India".

The above amendments also clarified that the term "transfer" includes and shall be deemed to have always included disposing of or parting with an asset or any interest therein, or creating any interest in any asset in any manner whatsoever, directly or indirectly, absolutely or conditionally, voluntarily or involuntarily, by way of an agreement (whether entered into in India or outside India) or otherwise, notwithstanding that such transfer of rights had been characterized as being effected or dependent upon or flowing from the transfer of a share or shares of a company registered or incorporated outside India.

Analysis of Amendment made vide Finance Act, 2012

Explanation 5 to the provisions of Section 9(1)(i) covered all the transactions which took place from the year 1961 till 2012 that involved transfer of the shares of foreign company which derives its value substantially from assets located in India.

Eg., A company XYZ of UK holds shares of a company ABC in USA, The company ABC holds substantial shares of a company PQR in India. Now, as per the amendment made in the Finance Act, 2012; if the company XYZ sells shares of ABC, it shall be deemed (and shall always be deemed) that the transferred shares of ABC of USA (Capital asset) have been situated in India. This would attract the deeming provision mentioned in Section 9(1)(i) and tax would be payable to Indian Government.

The amendment was made retrospectively by mentioning the word "and shall always be deemed". Huge reactions were received from India and around the world for bringing in a law which goes back to 1961 retrospectively, which created an uncertainty and lack of trust among the foreign investors in India.

The issue however remained unsolved for a long time and huge demands were raised for transactions which took place before 2012 as well.

Later on, the issue was taken to the Permanent Court of Arbitration by invoking the clauses of the Bilateral Investment Treaty with the United Kingdom & Netherlands. In the year 2020, the International Arbitration Court (of Netherlands) ruled in favour of the taxpayer and the said demand raised using retrospective legislation was said to be "breach of the guarantee of fair and equitable treatment" guaranteed under the bilateral investment protection pact between India and the Netherlands.

The Taxation Laws (Amendment) Act, 2021

'The Taxation Laws (Amendment) Act, 2021 received the assent of the President amend the Income Tax Act, 1961 and the Finance Act, 2012 to scrap the effect of **RETRO TAX** amendment which took place in the year 2012 after Supreme Court judgement (January 20, 2012 in the case of *Vodafone International B.V* vs. *Union of India & Anr*.

Analysis of Amendment in "The Taxation Laws (Amendment) Act, 2021

The Taxation Laws (Amendment) Act, 2021 scraped the said retrospective clarificatory amendment made in Finance Act, 2012. The Act amend the Income Tax Act, 1961 so as to provide that no tax demand shall be raised in future on the basis of the retrospective amendment for any indirect transfer of Indian Assets if the transaction was undertaken before May 28, 2012 (Date on which the Finance Bill, 2012 received the assent of the President).

The following proposals have been made to scrap the retrospective amendment:

No tax demand to be raised in future for transactions made before May 28, 2012.

Demands already raised for transactions made before May 28, 2012 shall be nullified to the extent it relates to the said income on fulfilment of specified conditions (such as withdrawal or furnishing of undertaking for withdrawal of pending litigation and furnishing of an undertaking to the effect that no claim for cost, damages, interest, etc., shall be filed.)

Where any amount has been collected as per the retrospective amendment in Finance Act, 2012 or any amount becomes refundable after nullifying the order already passed; such amount shall be refunded to him without any interest under Section 244A on fulfilment of specified conditions.

Further, Section 119 of Finance Act, 2012 provides that "Notwithstanding anything contained in any judgment, decree or order of any Court or Tribunal or any authority, all notices sent or purporting to have been sent, or taxes levied, demanded, assessed, imposed, collected or recovered or purporting to have been levied, demanded, assessed, imposed, collected or recovered under the provisions of Income-tax Act, 1961 (43 of 1961). in respect of income accruing or arising through or from the transfer of a capital asset situate in India in consequence of the transfer of a share or shares of a company registered or incorporated outside India or in consequence of an agreement, or otherwise, outside India, shall be deemed to have been validly made, and the notice, levy, demand, assessment, imposition, collection or recovery of tax shall be valid and shall be deemed always to have been valid and shall not be called in question on the ground that the tax was not chargeable or any ground including that it is a tax on capital gains arising out of transactions which have taken place outside India, and accordingly, any tax levied, demanded, assessed, imposed or deposited before the commencement of this Act and chargeable for a period prior to such commencement but not collected or recovered before such commencement, may be collected or recovered and appropriated in accordance with the provisions of the Income-tax Act, 1961 as amended by this Act, and the rules made thereunder and there shall be no liability or obligation to make any refund whatsoever."

Accordingly, The Act also amend the Finance Act, 2012 so as to provide that the validation of demand, etc., under section 119 of the Finance Act, 2012 shall cease to apply and refunds shall be made on fulfilment of specified conditions.

Specified Conditions have been mentioned as under:

i. where the said person has filed any appeal before an appellate forum or any writ petition before the High Court or the Supreme Court against any order in respect of said income, he shall either withdraw or submit an undertaking to withdraw such appeal or writ petition, in such form and manner as may be prescribed;

ii. where the said person has initiated any proceeding for arbitration, conciliation or mediation, or has given any notice thereof under any law for the time being in force or under any agreement entered into by India with any other country or territory outside India, whether for protection of investment or otherwise, he shall either withdraw or shall submit an undertaking to withdraw the claim, if any, in such proceedings or notice, in such form and manner as may be prescribed;

iii. the said person shall furnish an undertaking in such form and manner as may be prescribed, waiving his right, whether direct or indirect, to seek or pursue any remedy or any claim in relation to the said income which may otherwise be available to him under any law for the time being in force, in equity, under any statute or under any agreement entered into by India with any country or territory outside India, whether for protection of investment or otherwise; and

iv. such other conditions as may be prescribed.

Now that the bill has been passed in Lok Sabha, it is expected that the foreign investment may increase and help in promoting faster economic growth and investment as said by the Finance Minister.

Source: The Taxation Laws (Amendment) Bill, 2021
http://164.100.47.4/BillsTexts/LSBillTexts/Asintroduced/120_2021_LS_E.pdf

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Practice Mentor

MSME (UDYAM) REGISTRATION*

The Ministry of Micro, Small and Medium Enterprises issued a notification dated 26th June 2020 regarding revision of definition of Micro, Small and Medium Enterprises (MSMEs) and process of registration. Apart from the old criteria of categorization of MSMEs on the basis of investment in Plant and Machinery/Equipment, an additional criterion of turnover has been included. Moreover, the difference between manufacturing and services sector has been removed and now both are at the same level of treatment. This revision is paving the way for strengthening of Atmanirbhar Bharat Abhiyan and growth of the MSMEs. Particularly, the provision of excluding the exports from counting of turnover is encouraging the MSMEs to export more and more without fearing to forego the benefits of being an MSME.

Classification of Micro, Small or Medium Enterprise

As a result of change in classification criteria w.e.f. 1st July 2020, an Enterprises is being classified as a Micro, Small or Medium Enterprises on the basis of the following criteria, namely:-

(i) a micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;

(ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and

(iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Becoming a Micro, Small or Medium Enterprise

The Ministry of MSME launched a portal-Udyam Registration Portal (https://udyamregistration.gov.in) on 1st July 2020. Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal, based on self-declaration with no requirement to upload documents, papers, certificates or proof.

Upon registration, an enterprise (referred to as "Udyam" in the Udyam Registration portal) will be assigned a permanent identity number to be known as "'Udyam Registration Number".

An e-certificate, namely, "Udyam Registration Certificate" shall be issued on completion of the registration process.

* *Prepared by Akansha Gupta, Executive (Academics), The ICSI and reviewed by CS G Sriram, PCS, Chennai.*

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Retail and wholsale Traders can register as MSME in Udyam Registeration Portal

The Ministry of Micro, Small and Medium Enterprises through an office memorandum dated 02/07/2021 had said that retail and wholesale trade would be classified as MSMEs for the limited purpose of priority sector lending and they would be allowed to be registered on Udyam Registration Portal.

Link: https://udyamregistration.gov.in/docs/OM_regarding_inclusion_of_Traders02072021.pdf

Inclusion of Urban Street Vendors in MSME Category

The Ministry of Micro, Small and Medium Enterprises through an office memorandum dated 09/08/2021 had said that Street Vendors would be classified as MSMEs for the limited purpose of priority sector lending and they would be allowed to be registered on Udyam Registration Portal as Retail Traders.

Link: https://udyamregistration.gov.in/docs/OM_Urban_street_vendors_09082021.pdf

Key features of the Udyam Registration portal are as under:

- It is a unified portal with registration process free of cost, paperless and digital.
- The portal is aimed at reducing transaction time and cost for entrepreneurs and promotes Ease of Doing Business.
- The new MSME registration process is simple, seamless and entrepreneur friendly.
- All the relevant data is being fetched from Income Tax and GST Networks at the backend.
- Udyam Registration is mandatory to avail benefits under most of the schemes of Ministry of MSME and availing credit from financial institutions as per RBI notification no. RBI/2020-2021/26 dated 21st August, 2020. *(https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=11951)*
- Ministry of MSME has also commenced API integration of Udyam Registration portal with GeM so that MSEs can participate in Government procurement easily.

Registration Process at Udyam Registration portal

(1) The form for registration shall be as provided in the Udyam Registration portal.

(2) There will be no fee for filing Udyam Registration.

(3) Aadhaar number shall be required for Udyam Registration.

(4) The Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of a karta in the case of a Hindu Undivided Family (HUF).

(5) In case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust, the organisation or its authorised signatory shall provide its GSTIN and PAN along with its Aadhaar number.

(6) In case an enterprise is duly registered as an Udyam with PAN, any deficiency of information for previous years when it did not have PAN shall be filled up on self-declaration basis.

(7) No enterprise shall file more than one Udyam Registration: Provided that any number of activities including manufacturing or service or both may be specified or added in one Udyam Registration.

(8) Whoever intentionally misrepresents or attempts to suppress the self-declared facts and figures appearing in the Udyam Registration or updation process shall be liable to such penalty as specified under section 27 of the Act.

Registration for Existing Enterprises

(1) All existing enterprises registered under EM–Part-II or UAM shall register again on the Udyam Registration portal on or after the 1st day of July, 2020.

(2) All enterprises registered till 30th June, 2020, shall be re-classified in accordance with this notification.

(3) The existing enterprises registered prior to 30th June, 2020, shall continue to be valid only for a period up to the 31stday of March, 2021.

(4) An enterprise registered with any other organisation under the Ministry of Micro, Small and Medium Enterprises shall register itself under Udyam Registration.

Highlights of the Udyam Registration process

- Aadhaar/PAN is required for registration;
- After completion of the process of registration, an Udyam Registration Certificate will be issued;
- This certificate will have a dynamic QR Code from which the web page on Udyam Registration Portal and details about the Enterprises can be accessed;
- There will be no need for renewal of Registration;
- PAN & GST linked details on investment and turnover of Enterprises will be taken automatically from the respective Government databases;
- No Enterprises is supposed to file more than one Udyam Registration. However, any number of activities including manufacturing or services, or both, may be specified or added in one Registration.

Updation of Information and Transition period in Classification

(1) An enterprise having Udyam Registration Number shall update its information online in the Udyam Registration portal, including the details of the ITR and the GST Return for the previous financial year and such other additional information as may be required, on self declaration basis.

(2) Failure to update the relevant information within the period specified in the online Udyam Registration portal will render the enterprise liable for suspension of its status.

(3) Based on the information furnished or gathered from Government's sources including ITR or GST return, the classification of the enterprise will be updated.

(4) In case of graduation (from a lower to a higher category) or reverse-graduation (sliding down to lower category) of an enterprise, a communication will be sent to the enterprise about the change in the status.

(5) In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent reclassification, an enterprise will maintain its prevailing status till expiry of one year from the close of the year of registration.

(6) In case of reverse-graduation of an enterprise, whether as a result of re-classification or due to actual changes in investment in plant and machinery or equipment or turnover or both, and whether the enterprise is registered under the Act or not, the enterprise will continue in its present category till the closure of the financial year and it will be given the benefit of the changed status only with effect from 1st April of the financial year following the year in which such change took place.

Facilitation and Grievance Redressal of Enterprise

(1) The Champions Control Rooms functioning in various institutions and offices of the Ministry of Micro, Small and Medium Enterprises including the Development Institutes (MSME-DI) shall act as Single Window Systems for facilitating the registration process and further handholding the micro, small and medium enterprises in all possible manner.

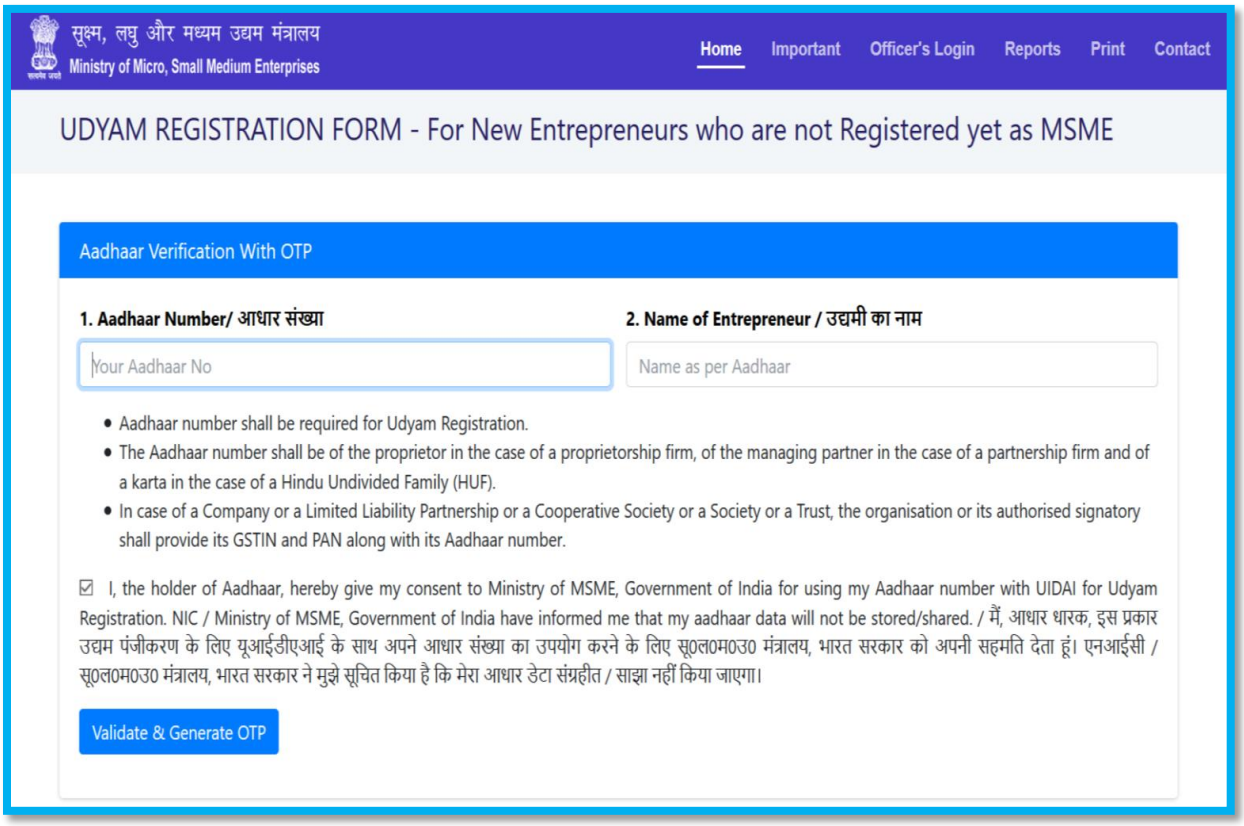
(2) The District Industries Centres (DICs) will also act as Single Window facilitation Systems in their Districts.

(3) Any person who is not able to file the Udyam Registration for any reason including for lack of Aadhaar number, may approach any of the above Single Window Systems for Udyam Registration purposes with his Aadhaar enrolment identity slip or copy of Aadhaar enrolment request or bank photo pass book or voter identity card or passport or driving licence and the Single Window Systems will facilitate the process including getting an Aadhaar number and thereafter in the further process of Udyam Registration.

(4) In case of any discrepancy or complaint, the General Manager of the District Industries Centre of the concerned District shall undertake an enquiry for verification of the details of Udyam Registration submitted by the enterprise and thereafter forward the matter with necessary remarks to the Director or Commissioner or Industry Secretary concerned of the State Government who after issuing a notice to the enterprise and after giving an opportunity to present its case and based on the findings, may amend the details or recommend to the Ministry of Micro, Small or Medium Enterprises, Government of India, for cancellation of the Udyam Registration Certificate.

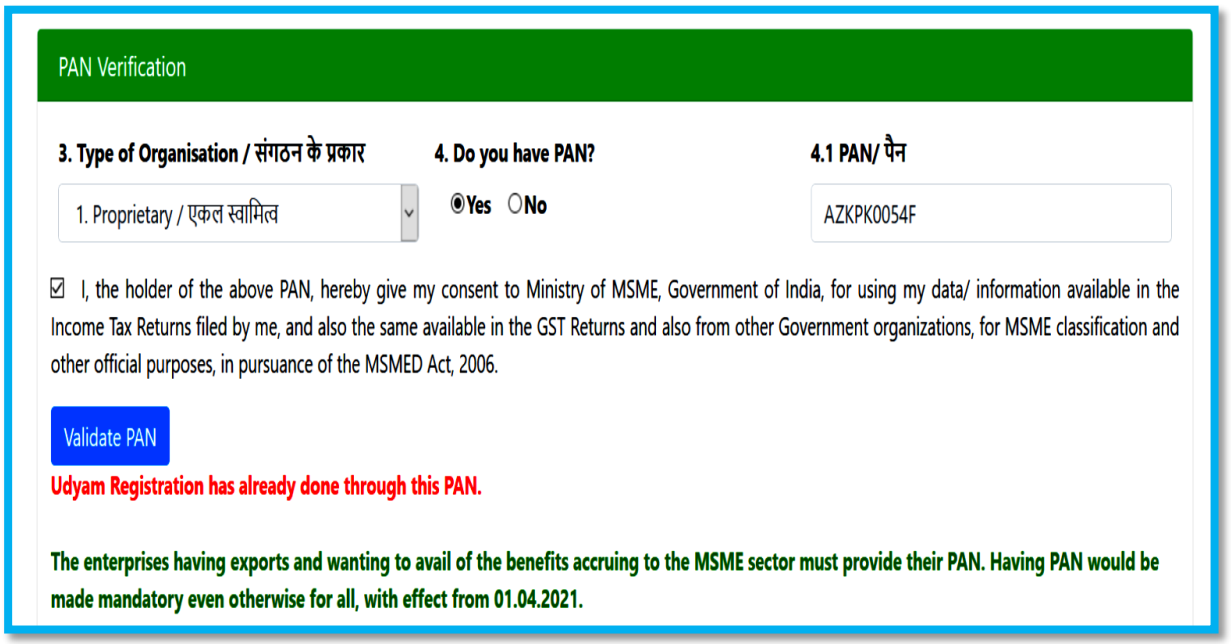
Steps for Udyam Registration for New Entrepreneurs (With Pan Yes)

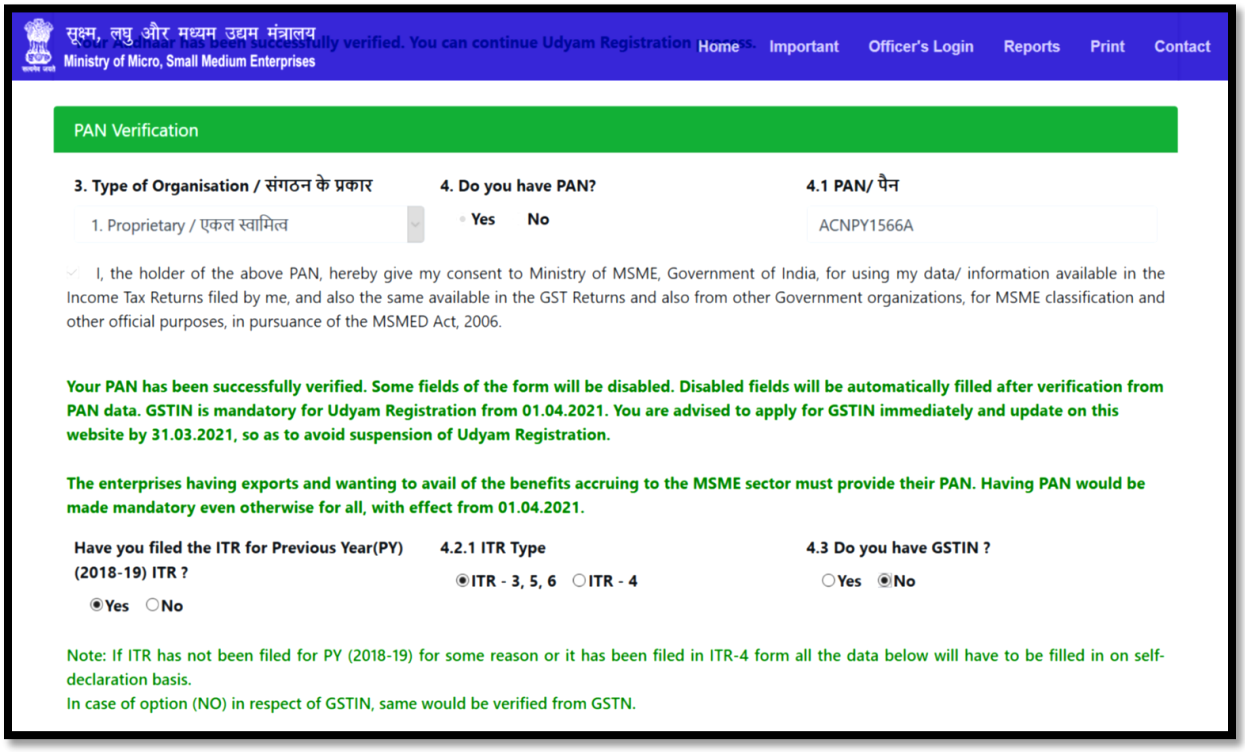
1. Aadhaar Verification with OTP



2. PAN Verification

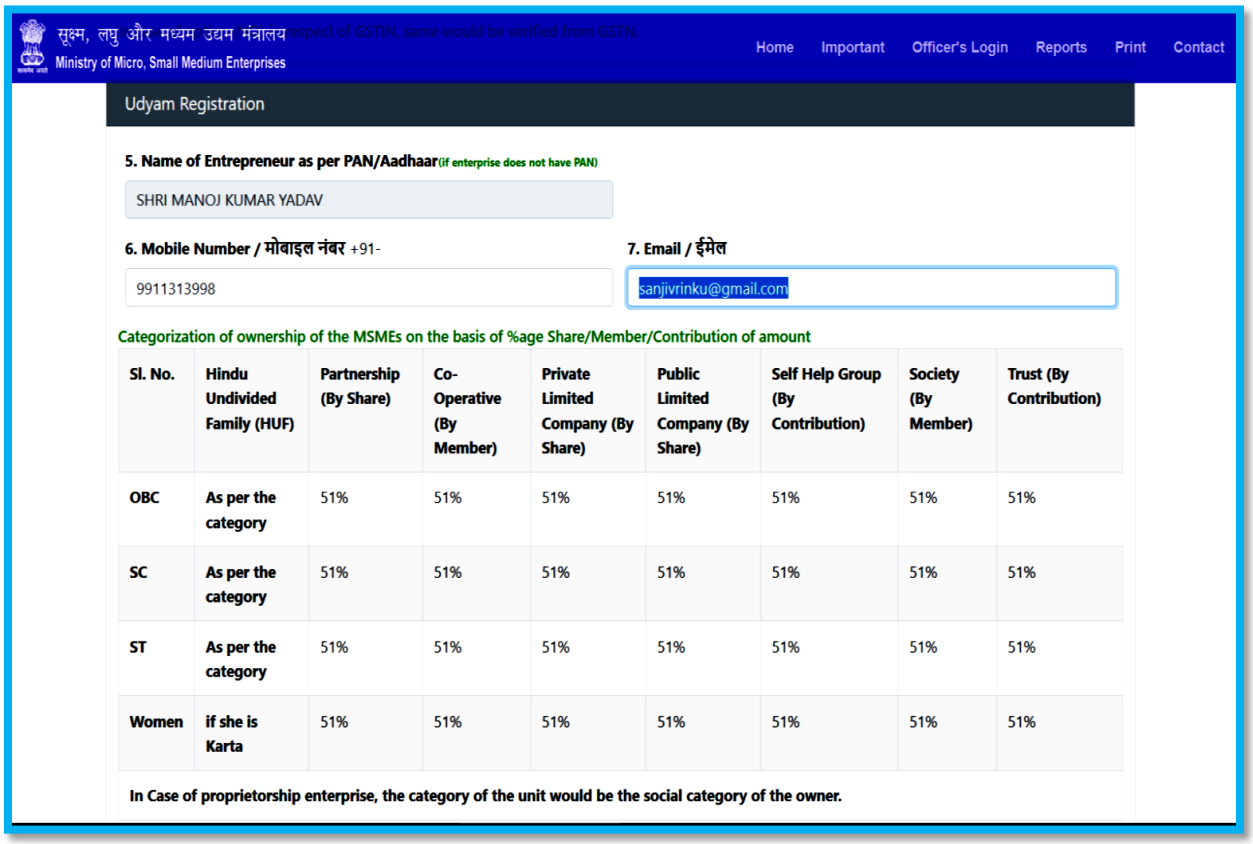
If PAN already exists in Udyam Registration then Message will appear **"Udyam Registration has already done through this PAN"** as shown in below screenshot.





3. Udyam Registration Detail

After Verification of PAN Udyam Registration box will appear to fill the details.



8. Social Category / सामाजिक वर्ग

◉ General / सामान्य ○ SC / अनुसूचित जाति ○ ST / अनुसूचित जनजाति ○ OBC / अन्य पिछड़ा वर्ग

9. Gender / लिंग

◉ Male / पुरूष ○ Female / स्त्री ○ Others / अन्य

10. Specially Abled(DIVYANG) / दिव्यांग

○ Yes / हाँ ◉ No / नहीं

Point No. 11 The name of the Enterprise/Entrepreneur would be same as that mentioned in the PAN.

11. Name of Enterprise / उद्यम का नाम

ABC Pvt. Ltd.

Point No.12 may be filled in on self-declaration basis, if there is no GSTIN; otherwise the information would be auto-filled from the GSTN.

Plant/Unit Name / इकाई का नाम

Unit Name | Add More

SN	Unit Name	Delete
1	ABC Chemical	✖
2	ABC Petro	✖

12. Location of Plant(s)/Unit(s)

Unit Name / इकाई का नाम

ABC Petro

Flat/Door/Block No./फ्लैट / द्वार / ब्लॉक सं: Flat/Door/Block No.

Name of Premises/ Building / परिसर/ भवन का नाम: Name of Premises/ Building

Village/Town / ग्राम/नगर: Village/Town

Block / खंड: Block

Road/ Street/ Lane/सड़क/ मार्ग / गली: Road/ Street/ Lane

City/शहर: City

Pin/पिन: Pin

State/राज्य: Choose State/UT

District/जिला: Choose District

Add More

SN	USN	Unit Name	Flat	Building	Village/Town	Block	Road	City	Pin	State	District	Delete
1	1	ABC Chemical	15/A	XYZ Apartment	-	-	Laxmi Nagar	Delhi	110092	10.DELHI / दिल्ली	2.EAST / पूर्वी	✖
2	2	ABC Petro	20/B	CDE Apartment	-	-	Inderpuri	Delhi	110012	10.DELHI / दिल्ली	1.CENTRAL / सेंट्रल	✖

13. Official Address of Enterprise / कार्यालय का पता

Flat/ Door/ Block No. / फ्लैट / द्वार / ब्लॉक सं: 13/A

Name of Premises/ Building / परिसर/ भवन का नाम: ABC Apartment

Village/Town / ग्राम/नगर: -

Block / खंड: -

Road/ Street/ Lane/सड़क/ मार्ग / गली: Laxmi Nagar

City/शहर: Delhi

Pin/पिन: 110092

State / राज्य: 10.DELHI / दिल्ली

District / जिला: 2.EAST / पूर्वी

14. Previous EM-II/UAM Registration Number, If Any / पिछले EM-II/UAM पंजीकरण संख्या, यदि कोई है

◉ N/A ○ EM-II ○ Previous UAM

15. Status of Enterprise

a. Date of Incorporation/registration: 04/05/2018

b. Whether production/business commenced: ◉ Yes ○ No

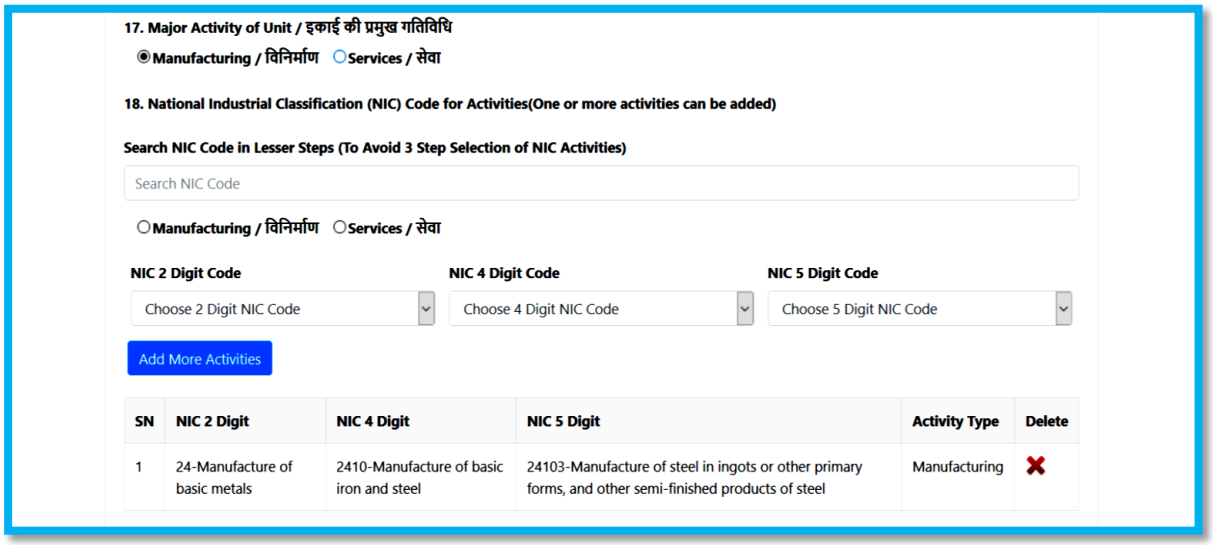
Date of commencement: 04/05/2018

16. Bank Details / बैंक विवरण

Bank Name / बैंक विवरण: SBI

IFS Code / आईएफएस कोड: SBIN0564654

Bank Account Number / बैंक खाता संख्या: 64444464564645



17. Major Activity of Unit / इकाई की प्रमुख गतिविधि

◉ Manufacturing / विनिर्माण ○ Services / सेवा

18. National Industrial Classification (NIC) Code for Activities(One or more activities can be added)

Search NIC Code in Lesser Steps (To Avoid 3 Step Selection of NIC Activities)

Search NIC Code

○ Manufacturing / विनिर्माण ○ Services / सेवा

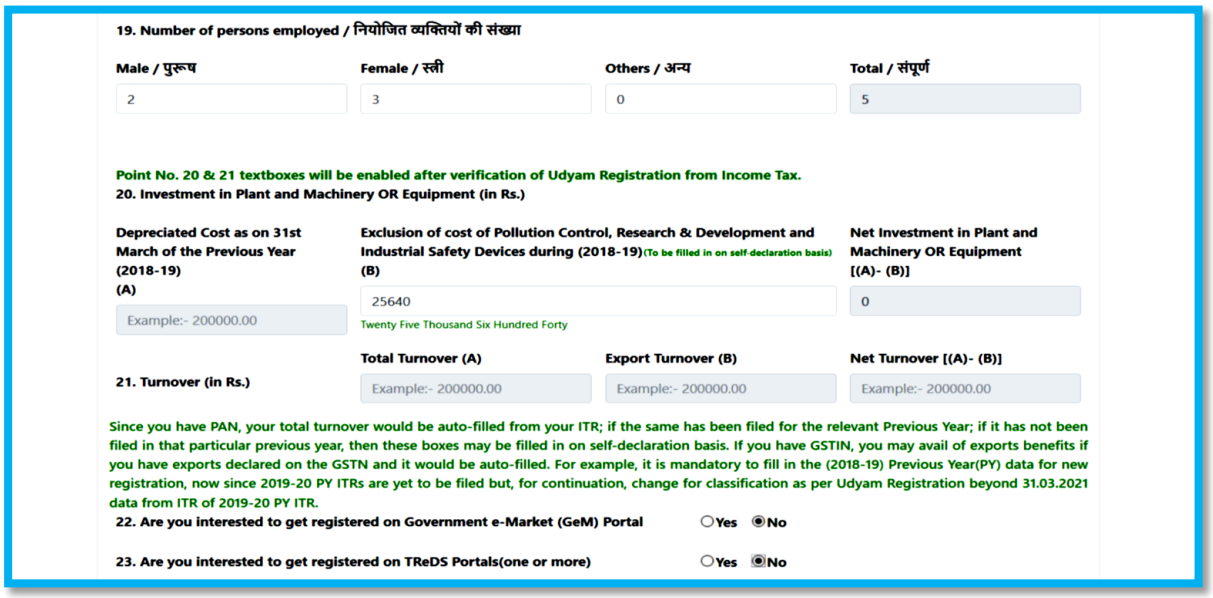
NIC 2 Digit Code: Choose 2 Digit NIC Code

NIC 4 Digit Code: Choose 4 Digit NIC Code

NIC 5 Digit Code: Choose 5 Digit NIC Code

Add More Activities

SN	NIC 2 Digit	NIC 4 Digit	NIC 5 Digit	Activity Type	Delete
1	24-Manufacture of basic metals	2410-Manufacture of basic iron and steel	24103-Manufacture of steel in ingots or other primary forms, and other semi-finished products of steel	Manufacturing	✖



19. Number of persons employed / नियोजित व्यक्तियों की संख्या

Male / पुरूष	Female / स्त्री	Others / अन्य	Total / संपूर्ण
2	3	0	5

Point No. 20 & 21 textboxes will be enabled after verification of Udyam Registration from Income Tax.

20. Investment in Plant and Machinery OR Equipment (in Rs.)

Depreciated Cost as on 31st March of the Previous Year (2018-19) (A)	Exclusion of cost of Pollution Control, Research & Development and Industrial Safety Devices during (2018-19) (To be filled in on self-declaration basis) (B)	Net Investment in Plant and Machinery OR Equipment [(A)- (B)]
Example:- 200000.00	25640	0
	Twenty Five Thousand Six Hundred Forty	

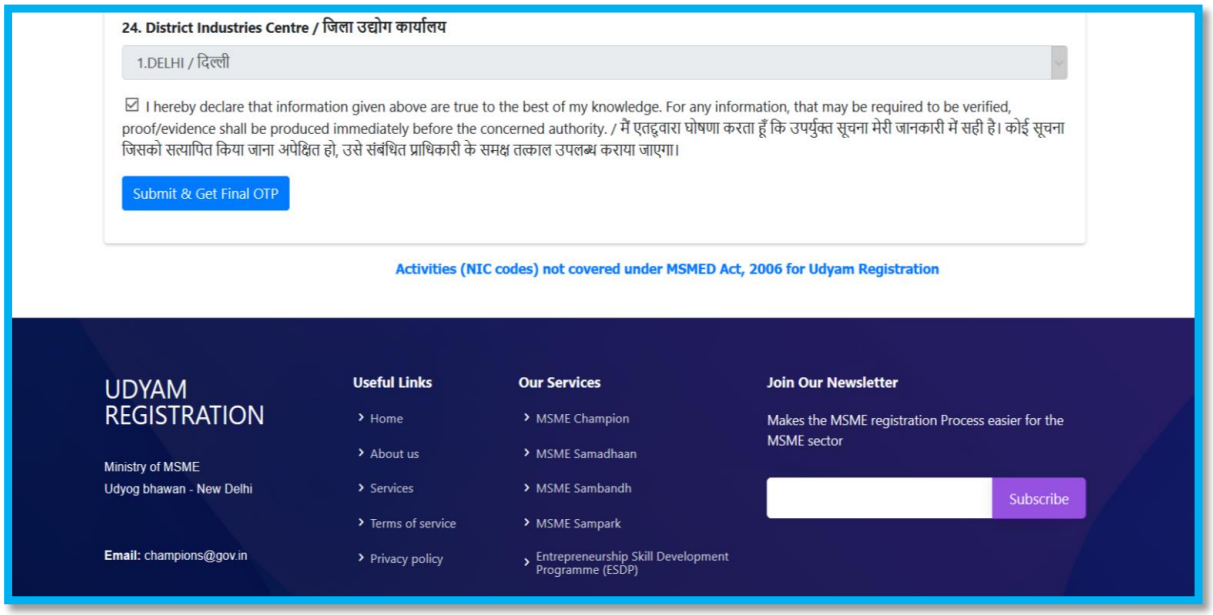
21. Turnover (in Rs.)

Total Turnover (A)	Export Turnover (B)	Net Turnover [(A)- (B)]
Example:- 200000.00	Example:- 200000.00	Example:- 200000.00

Since you have PAN, your total turnover would be auto-filled from your ITR; if the same has been filed for the relevant Previous Year; if it has not been filed in that particular previous year, then these boxes may be filled in on self-declaration basis. If you have GSTIN, you may avail of exports benefits if you have exports declared on the GSTN and it would be auto-filled. For example, it is mandatory to fill in the (2018-19) Previous Year(PY) data for new registration, now since 2019-20 PY ITRs are yet to be filed but, for continuation, change for classification as per Udyam Registration beyond 31.03.2021 data from ITR of 2019-20 PY ITR.

22. Are you interested to get registered on Government e-Market (GeM) Portal ○ Yes ◉ No

23. Are you interested to get registered on TReDS Portals(one or more) ○ Yes ◉ No



24. District Industries Centre / जिला उद्योग कार्यालय

1.DELHI / दिल्ली

☑ I hereby declare that information given above are true to the best of my knowledge. For any information, that may be required to be verified, proof/evidence shall be produced immediately before the concerned authority. / मैं एतद्द्वारा घोषणा करता हूँ कि उपर्युक्त सूचना मेरी जानकारी में सही है। कोई सूचना जिसको सत्यापित किया जाना अपेक्षित हो, उसे संबंधित प्राधिकारी के समक्ष तत्काल उपलब्ध कराया जाएगा।

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Activities (NIC codes) not covered under MSMED Act, 2006 for Udyam Registration

UDYAM REGISTRATION

Ministry of MSME
Udyog bhawan - New Delhi

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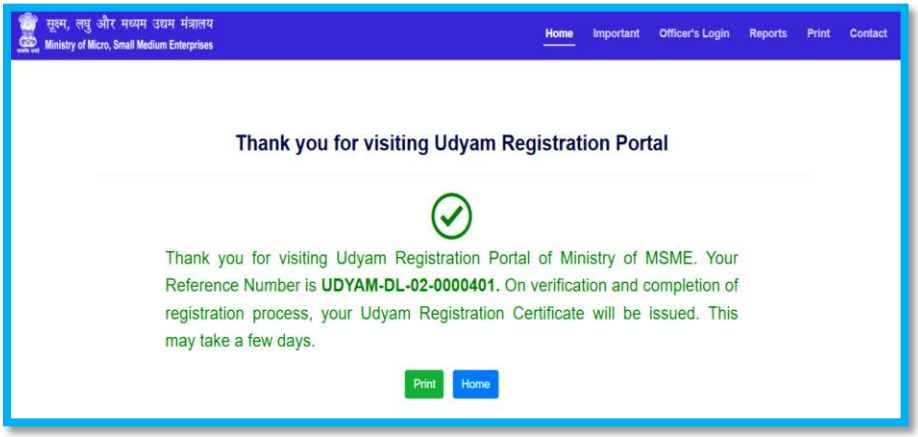
4. After Successful Registration "Thank You" message will appear with Reference Number. This reference number will active for print after update of Income tax data and export data from GSTN (If Exporter).



Sample Udyam Registration Certificate

Source: *https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm*

REGULATORY UPDATE

COMPANY LAW

1. The MCA notified the commencement date for Section 4 of the Companies (Amendment) Act, 2020 (Notification No: S.O. 2904(E), dated July 22, 2021)

The MCA has appointed September 01, 2021 as the commencement date of Section 4 of the Companies (Amendment) Act, 2020 for implementation of amendments in the Rectification of Name of Company provisions under Section 16 of the Companies Act, 2013.

Impact:

- ***The time limit of compliance of direction given by the Central Government to change the name of company has been reduced from 6 months to 3 months.***
- ***Further, the Central Government has been empowered to allot a new name to the company, in case of default in complying with its direction instead of imposing punishment for non-compliance for such default.***

The company is however not prevented from subsequently changing its name.

For details:
https://www.mca.gov.in/bin/dms/getdocument?mds=%252BrVndsNHmju%252FOHCLaLZgVA%253D%253D&type=open

2. The Companies (Incorporation) Fifth Amendment Rules, 2021, (Notification No: G.S.R. 503(E), dated July 22, 2021) (Effective from September 01, 2021)

In exercise of the powers conferred by sub-sections (1) and (3) of section 16, and sub-sections (1) and (2) of section 469 of the Companies Act, 2013, the Central Government hereby makes the Companies (Incorporation) Fifth Amendment Rules, 2021 to further amend the Companies (Incorporation) Rules, 2014, namely:-

In the Companies (Incorporation) Rules, 2014, after rule 33, the following rule shall be inserted, namely:-

Rule 33A-Allotment of a new name to the existing company under section 16(3) of the Companies Act, 2013

(1) In case a company fails to change its name or new name, as the case may be, in accordance with the direction issued under section 16(1) of the Companies Act, 2013 within a period of three months from the date of issue of such direction, the letters "ORDNC" (which is an abbreviation of the words "Order of Regional Director Not Complied"), the year of passing of the direction, the serial number and the existing Corporate Identity Number (CIN) of the company shall become the new name of the company without any further act or deed by the company, and the Registrar shall accordingly make entry of the new name in the register of companies and issue a fresh certificate of incorporation in Form No. INC-11C.

Provided that nothing contained in sub-rule (1) shall apply in case e-form INC-24 filed by the company is pending for disposal at the expiry of three months from the date of issue of direction by Regional Director unless the said e-form is subsequently rejected.

(2) A company whose name has been changed under sub-rule (1) shall at once make necessary compliance with the provisions of section 12 of the Companies Act, 2013 and the statement, "Order of Regional Director Not Complied (under section 16 of the Companies Act, 2013)" shall be mentioned in brackets below the name of company, wherever its name is printed, affixed or engraved.

Provided, no such statement is required to be mentioned in case the company subsequently changes its name in accordance with the provisions of section 13 of the Companies Act, 2013.

For details: https://www.egazette.nic.in/WriteReadData/2021/228419.pdf

3. The Companies (Specification of definitions details) Third Amendment Rules, 2021, (Notification No: G.S.R. 539(E), dated August 05, 2021)

In exercise of the powers conferred by sub-clause (ix) of clause (76), sub-clause (iii) of clause (77) of section 2, read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013, the Central Government hereby makes the Companies (Specification of definitions details) Third Amendment Rules, 2021 to further amend the Companies (Specification of definitions details) Rules, 2014.

In Rule 2(1)(h) of the Companies (Specification of definitions details) Rules, 2014 under the definition of "Electronic Mode", the following explanation shall be inserted, namely:-

"Explanation.- For the purposes of this clause, electronic based offering of securities, subscription thereof or listing of securities in the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005 (28 of 2005) shall not be construed as 'electronic mode' for the purpose of clause (42) of section 2 of the Act."

Impact:

Rule 2(1)(h) of the Companies (Specification of Definitions Details) Rules, 2014 defines the term 'electronic mode' in the context of a foreign company.

With the insertion of this Explanation, it is clarified that electronic-based offering of securities, subscription thereof, or listing of securities in the IFSC under SEZ Act, 2005 is not to be construed as 'electronic mode' for the purpose of Section 2(42) of the Companies Act, 2013 related to the definition of Foreign Companies.

For details:
https://www.mca.gov.in/bin/dms/getdocument?mds=BW%252BhMYuS7OEaivjpQALEqw%253D%253D&type=open

4. The Companies (Registration of Foreign Companies) Amendment Rules, 2021 (Notification No. G.S.R. 538(E), dated August 05, 2021)

In exercise of the powers conferred by clause (c) and clause (h) of sub-section (1) and sub-section (3) of section 380, clause (a) of sub-section (1) and sub-section (3) of section 381, section 385, clause (a) of section 386, section 389 and section 390, read with section 469 of the Companies Act, 2013 (18 of 2013), the Central

Government hereby makes the Companies (Registration of Foreign Companies) Amendment Rules, 2021 to further amend the Companies (Registration of Foreign Companies) Rules, 2014.

In Rule 2(1)(c) of the Companies (Registration of Foreign Companies) Rules, 2014 under the definition of "Electronic Mode", the following explanation shall be inserted, namely:-

"Explanation.- For the purposes of this clause, electronic based offering of securities, subscription thereof or listing of securities in the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005 (28 of 2005) shall not be construed as 'electronic mode' for the purpose of clause (42) of section 2 of the Act."

Impact:

Rule 2(1)(c) of the Companies (Registration of Foreign Companies) Rules, 2014 defines the term 'electronic mode' in the context of a foreign company.

With the insertion of this Explanation, it is clarified that electronic-based offering of securities, subscription thereof, or listing of securities in the IFSC under SEZ Act, 2005 is not to be construed as 'electronic mode' for the purpose of Section 2(42) of the Companies Act, 2013 related to the definition of Foreign Companies.

For details:
https://www.mca.gov.in/bin/dms/getdocument?mds=ZYCEKajcqyG6nnlL9Hb0jA%253D%253D&type=open

5. Notification under Section 393A of the Companies Act, 2013 (Notification No: S.O. 3156(E), dated August 05, 2021)

The MCA in exercise of the powers conferred by Section 393A of the Companies Act, 2013, hereby exempts, the following class of companies from the provisions of Sections 387 to 392 (both inclusive) of the Companies Act, 2013, namely:

(a) Foreign companies;

(b) Companies incorporated or to be incorporated outside India, whether the company has or has not established, or when formed may or may not establish, a place of business in India,

insofar as they relate to the offering for subscription in the securities, requirements related to the prospectus, and all matters incidental thereto in the International Financial Services Centres set up under Section 18 of the Special Economic Zones Act, 2005 (28 of 2005).

For details:
https://www.mca.gov.in/bin/dms/getdocument?mds=o23jWYkDh8z2%252FHp9wmxBtQ%253D%253D&type=open

SECURITIES LAWS AND CAPITAL MARKET

1. Master Circular for Commodity Derivatives Market

(Circular No. SEBI/HO/CDMRD/DMP/P/CIR/2021/589 dated July 01, 2021)

In order to ensure availability of comprehensive information mentioned in the circulars at one place, SEBI has been releasing Master Circular by compiling all the circulars issued by the department till the date of Master circular. With the said objective, Commodity Derivatives Market Regulation Department (CDMRD) of SEBI has issued a Master circular comprising of information mentioned in various circulars pertaining to commodity derivatives segment till April 30, 2021. Further, references in the circular to the Statutes/Regulations which now stand repealed have been suitably updated.

This Master Circular shall supersede previous Master Circular SEBI/HO/CDMRD/DNPMP/CIR/P/2020/118 dated July 10, 2020.

For details:
https://www.sebi.gov.in/legal/master-circulars/jul-2021/master-circular-for-commodity-derivatives-market_50869.html)

2. Issue of No Objection Certificate for release of 1% of Issue amount

(Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2021/588 dated July 05, 2021)

Background

The issuer company deposits 1% of the issue amount of the securities offered to the public and/or to the holders of the existing securities of the company, as the case may be, with the designated stock exchange. SEBI vide its Circular No. CIR/OIAE/1/2009 dated November 25, 2009 had laid down guidelines for obtaining NOC for release of 1% of issue amount. As per the said circular dated November 25, 2009, the issuer company is required to submit an application on its letter head addressed to SEBI in the format specified in Annexure – A, after lapse of 4 months from listing on the Exchange which was the last to permit listing, for the purpose of obtaining the NOC.

Brief of the circular

SEBI reduced the time period to 2 months, from 4 months at present, for companies to submit an application with the SEBI for obtaining a 'No Objection Certificate' for release of 1% of issue amount.

In addition, the merchant banker shall submit a certificate confirming that all the Self-Certified Syndicate Banks involved in ASBA process have unblocked ASBA accounts. SEBI shall consider application as incomplete if the application is not accompanied by a confirmation by merchant banker that all the accounts in ASBA have been 'unblocked'.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/issue-of-no-objection-certificate-for-release-of-1-of-issue-amount_50898.html

3. Standard Operating Procedure for handling of technical glitches by Market Infrastructure Institutions (MIIs) and payment of "Financial Disincentives" thereof

(Circular No. SEBI/HO/MRD1/DTCS/CIR/P/2021/590 dated July 05, 2021)

MIIs (i.e. Stock Exchanges, Clearing Corporations and Depositories) are systemically important institutions as they, inter-alia, provide infrastructure necessary for the smooth and uninterrupted functioning of the securities market.

With increasing dependence on technology, as the operations and functioning of MIIs are fully automated right from order entry to order matching to trade confirmation leading up to clearing and settlement of trades, SEBI observed that the instances of technical glitches at MIIs, leading to business disruption/unavailability of services provided by MIIs, have been occurring, despite various mechanisms such as Business Continuity Planning, Disaster Recovery policies, System Audit etc.

Considering the criticality of smooth functioning of systems of MIIs (as any disruption adversely impacts all classes of investors / market participants as well as the credibility of the securities market), specifying a pre-defined threshold for downtime of systems of MIIs becomes desirable. For any downtime or unavailability of services, beyond such pre-defined time, there is a need to ensure that "Financial Disincentive" is paid by the MIIs as well as Managing Director (being the executive head in-charge of all the day to day operations) and Chief Technology Officer (being the executive head incharge of technology) of the MII. This will encourage MIIs to constantly monitor the performance and efficiency of their systems and upgrade/ enhance their systems etc. to avoid any possibility of technical glitches/disruption/disaster and restart their operations expeditiously in the event of glitch/disruption/disaster.

Further, MIIs are advised to follow the Standard Operating Procedure (SOP) for handling technical glitches and comply with the "Financial Disincentive" structure as annexed to this circular.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/standard-operating-procedure-for-handling-of-technical-glitches-by-market-infrastructure-institutions-miis-and-payment-of-financial-disincentives-thereof_50903.html

4. Master Circular for Stock Exchange and Clearing Corporations

(Circular No. SEBI/HO/MRD2/MRD2_DCAP/P/CIR/2021/0000000591 dated July 5, 2021)

In order to enable the users to have an access to all the applicable circulars/directions at one place, SEBI has uploaded the Master Circular for Stock Exchanges and Clearing Corporations on its website. This Master Circular is a compilation of the relevant circulars/communications issued by SEBI up to March 31, 2021 and shall come into force from the date of its issue. References in the circular to the Statutes/Regulations which now stand repealed, have been suitably updated.

This Master Circular shall supersede the previous Master Circular SEBI/HO/MRD/DP/CIR/P/117 dated October 25, 2019

For details:
https://www.sebi.gov.in/legal/master-circulars/jul-2021/master-circular-for-stock-exchanges-and-clearing-corporations_50914.html

5. Standard Operating Procedure for listed subsidiary company desirous of getting delisted through a Scheme of Arrangement wherein the listed parent holding company and the listed subsidiary are in the same line of business.

(Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0585 dated July 06, 2021)

SEBI, vide notification dated June 10, 2021, has notified the amendments made to the SEBI (Delisting of Equity Shares) Regulations, 2021 wherein, in Chapter VI, Part C, and Regulation 37, special provisions for a listed subsidiary company getting delisted through a scheme of arrangement have been inter-alia inserted with respect to a listed holding company and the listed subsidiary company who are in the **'same line of business'**.

SEBI, vide this circular, has clarified the criteria that need to be fulfilled by the listed holding company and the listed subsidiary company for the purposes of defining 'same line of business' as under:

i. Principal economic activities of both Holding company and Subsidiary Company need to be under the same group as per the National Industrial Classification (NIC) Code.

ii. Not less than 50% of revenue from the operations of the listed holding and listed subsidiary company must come from the same line of business.

iii. In addition, not less than 50% of the net tangible assets of the listed holding company and the listed subsidiary must be invested in the same line of business.

iv. In case of change of name of the listed entities within the last one year, at least 50% of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has to be earned by it from the activity indicated by its new name.

v. The listed holding company and the listed subsidiary have to provide self certification with respect to both the companies being in the same line of business.

All of the above mentioned criteria shall be certified by the Statutory Auditor and SEBI Registered Merchant Banker.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/standard-operating-procedure-for-listed-subsidiary-company-desirous-of-getting-delisted-through-a-scheme-of-arrangement-wherein-the-listed-parent-holding-company-and-the-listed-subsidiary-are-in-the-s-_50926.html

6. Review of Advance Intimation timelines for modifications in the contract specifications of commodity derivatives contracts

(Circular No. SEBI/HO/CDMRD_DOP/P/CIR/2021/592 dated July 08, 2021)

SEBI has specified the procedure for carrying out modifications in the contract specifications of commodity derivatives contracts vide circular no. SEBI/HO/CDMRD/CIR/P/2019/135 dated November 14, 2019. Based on their materiality, the contract modifications are categorized into Category A, Category B and Category C. As per the aforesaid circular, the permission to modify contract specifications is subject to the condition that before introduction of any modification, the Stock Exchanges shall inform SEBI and market participants along with reasons for the modifications. The advance intimation timelines mentioned in the aforesaid circular are 10 days for Category A and 30 days for Category B and Category C contract modifications.

In order to bring in uniformity while giving effect to the contract modifications so that they have the desired impact and the modified contract represents a healthy replica of the physical market, SEBI has reduced the number of days of advance intimation for all the three categories i.e. Category A, Category B and Category C, **to 10 days.**

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/review-of-advance-intimation-timelines-for-modifications-in-the-contract-specifications-of-commodity-derivative-contracts_50958.html

7. Valuation of securities with multiple put options present ab-initio

(Circular No. SEBI/HO/IMD/DF4/P/CIR/2021/593 dated July 09, 2021)

In respect of valuation of securities with multiple put options present ab-initio wherein put option is factored into valuation of the security by the valuation agency, SEBI has taken certain decision based on the recommendation of Mutual Fund Advisory Committee. It has been decided that if the put option is not exercised by a Mutual Fund, while exercising the put option would have been in favour of the scheme, a justification for not exercising the put option shall be provided by the Mutual Fund to the Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period. The Valuation Agencies shall not take into account the remaining put options for the purpose of valuation of the security.

The circular will be applicable with effect from October 1, 2021.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/valuation-of-securities-with-multiple-put-options-present-ab-initio_50979.html

8. Introduction of Expected Loss (EL) based Rating Scale and Standardisation of Rating Scales Used by Credit Rating Agencies

(Circular No. SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594 dated July 16, 2021)

The SEBI has introduced the Expected Loss (EL) based Rating Scale to be used by Credit Rating Agencies (CRAs) for ratings of projects/ instruments associated with infrastructure sector. The Expected Loss (EL) based Rating Scale is divided into seven levels, spanning from lowest to highest expected loss.

Further, in order to standardise the usage of rating scales, CRAs are advised to align their rating scales with the rating scales prescribed under the guidelines of respective financial sector regulator or authority. CRAs are also advised that in cases where a rating scale has not been prescribed by a financial sector regulator or authority, CRAs shall only use rating scales prescribed by the SEBI from time to time.

All the provisions of this circular are applicable with immediate effect except that 'Standardisation of Rating Scales Used by Credit Rating Agencies' comes into effect from April 01, 2022.

The CRAs shall ensure compliance with the requirements of this circular, latest by March 31, 2022 and also place the compliance status of this circular before their Board of Directors. Further, the CRAs are advised to confirm compliance of this circular to SEBI latest by April 15, 2022.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/introduction-of-expected-loss-el-based-rating-scale-and-standardisation-of-rating-scales-used-by-credit-rating-agencies_51197.html

9. Block Mechanism in demat account of clients undertaking sale transactions

(Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/595 dated July 16, 2021)

SEBI has provided a mechanism of block in the demat account of clients undertaking sale transactions. Under this mechanism, when the client intends to make a sale transaction, shares will be blocked in the demat account of the client in favour of Clearing Corporation. If sale transaction is not executed, shares shall continue to remain in the client's demat account and will be unblocked at the end of the T day.

Thus, this mechanism will do away with the movement of shares from client's demat account for early pay-in and back to client's demat account if trade is not executed. The proposed facility of block mechanism is on optional basis and Early Pay-in mechanism shall continue. The facility of block mechanism shall be available to the clients from August 01, 2021.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/block-mechanism-in-demat-account-of-clients-undertaking-sale-transactions_51170.html

10. Segregation and Monitoring of Collateral at Client Level

(Circular No. SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20, 2021)

SEBI came out with a framework for segregation and monitoring of collateral at client level amid instances of misuse of client collateral by Trading Members (TM)/ Clearing Member (CM). Segregation of client collateral refers to the procedures that enable identification and protection of client collateral from misuse by trading or clearing member and protection from default of such member or other clients.

SEBI has put in place a reporting mechanism that will entail disaggregated information segment-wise and asset type wise break-up of each client collateral. SEBI has also laid down guidelines on collateral deposit and allocation, collateral valuation, blocking of margin, withdrawal of collateral and default and default management process. The measures will help in further strengthening the mechanism of protection of client collateral from misuse by trading member (TM) or clearing member (CM). The framework pertaining to reporting mechanism and collateral deposit as well as allocation will come into effect from 1st October, while other provisions will become effective from 1 December 2021.

With the objective of providing visibility of client-wise collateral (for every client) at all levels- trading member, clearing member, and clearing corporation (CC), SEBI stated that a reporting mechanism covering both cash and non-cash collateral will be specified by the clearing corporations. As per this reporting mechanism, the TM would report disaggregated information on collaterals up to the level of its clients to the CM.

Further, clearing member would report disaggregated information on collaterals up to the level of clients of TM and proprietary collaterals of the TMs to the exchanges and clearing corporations. This information would be required to be reported daily.

In case of securities collateral provided to CC through margin pledge or re-pledge in the depository system, the CC has visibility of the client to whom such securities belong to, and accordingly can assign the value of the securities collateral, based on applicable haircut, to that client's account. Likewise, for other forms of collateral placed with the CC, the CCs will provide a facility to CMs for upfront segment-wise allocation of collateral to a TM and client or CM's own account. The CC will ensure that the collateral allocated to a client is used towards the margin obligation of that client only by making use of such collateral allocation information.

There will be no change in the procedures pertaining to placing of securities as collateral through the margin pledge or re-pledge mechanism in the depository system, and this collateral will be identified as belonging to a client or as being proprietary securities of the TM or CM, as per the existing procedures.

According to SEBI, allocation provided by the CM to CC and by TM to CM will be considered as final by the CC and CM respectively for the purpose of granting exposure and utilisation during default. Any false allocation by members shall be treated as a violation and disciplinary action shall be taken against the members. Further, the TM and CM will have to ensure that sufficient collateral is allocated to clients to cover their margin requirements. However, if the client margin applicable at the CC for a client in a segment exceeds the collateral allocated to the client plus the securities collateral re-pledged to CC (from that client's account) in the

respective segment, then the proprietary collateral of the TM and CM will be blocked.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/segregation-and-monitoring-of-collateral-at-client-level_51265.html)

11. Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees due to Covid-19

(Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2021/597 dated July 20, 2021)

In view of the prevailing situation due to Covid-19 pandemic and representations received from the Debenture Trustees, SEBI has extended the timelines for compliance with the following regulatory requirements of the SEBI circular dated November 12, 2020 for the quarter/ half year/ year ending March 31, 2021, as under:

S.No.	Regulatory requirements of SEBI circular dated November 12, 2020		Current timeline	Extended timeline
1.	Submission of reports/ certifications to Stock Exchanges as per clause 2.1 of the circular		July 15, 2021	
	a.	Asset Cover Certificate		August 31, 2021
	b.	A statement of value of pledged securities		August 31, 2021
	c.	A statement of value for Debt Service Reserve Account (DSRA) or any other form of security offered		August 31, 2021
	d.	Net worth certificate of guarantor (secured by way of personal guarantee)		October 31, 2021
	e.	Financials/ value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)		October 31, 2021
	f.	Valuation report and title search report for the immovable/ movable assets, as applicable.		October 31, 2021

2.	Following disclosures on the website as per **clause 4** of circular: i. Monitoring of asset cover certificate and quarterly compliance report of the listed entity. ii. Monitoring of utilization certificate iii. Status of information regarding breach of covenants/ terms of the issue, if any action taken by debenture trustee iv. Status regarding maintenance of accounts maintained under supervision of debenture trustee	July 15, 2021	August 31, 2021

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/relaxation-in-timelines-for-compliance-with-regulatory-requirements-by-debenture-trustees-due-to-covid-19_51268.html

12. Continuous disclosures in compliances by REITs / InvITs – Amendments

(Circular No. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/599 & SEBI / HO/ DDHS/DDHS_Div3/P/CIR/2021/600 dated July 22, 2021)

In order to further enhance investor protection and to increase transparency in grievance redressal, SEBI has come out with modified guidelines for Grievance Redressal Mechanism for Real Estate Investment Trusts ("REITs") and Infrastructure Investment Trusts ("InvITs").

As per the circulars issued by SEBI in this regard, all the complaints including SCORES complaints received by the REIT/InvIT shall be disclosed in the format mentioned in Annexure - A on the website of the REIT/ InvIT and also filed with the recognized stock exchange(s), where their units are listed within 21 days from the end of financial year or end of quarter, as the case may be.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/continuous-disclosures-in-compliances-by-invits-amendments_51301.html
https://www.sebi.gov.in/legal/circulars/jul-2021/continuous-disclosures-in-compliances-by-reits-amendments_51305.html

13. Nomination for Eligible Trading and Demat Accounts

(Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated July 23, 2021)

SEBI vide this circular informed that investors who are opening new trading and demat account from October 1, 2021 will have the option of providing nomination or opting out nomination. Also, the SEBI has issued a format for nomination form (Annexure A) and opting out of nomination through a 'declaration form' (Annexure B) in this regard.

In this regard, Trading Members and Depository Participants (hereinafter, intermediaries), shall activate new Trading and Demat accounts from October 01, 2021, only upon receipt of above formats.

Further, all existing eligible trading and demat account holders will have to provide choice of nomination by March 31, 2022, failing which the trading and demat accounts will be frozen.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/nomination-for-eligible-trading-and-demat-accounts_51313.html

14. Holding of Annual General Meeting (AGM) by top 100 listed entities by market capitalization – Reg.

(Circular No. SEBI/HO/CFD/CMD1/P/CIR/2021/602 dated July 23, 2021)

Regulation 44(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 requires top 100 listed entities by market capitalization to hold their AGM within a period of 5 months from the date of closing of the financial year.

On receipt of representations from the Institute of Company Secretaries of India (ICSI) and listed entities, the SEBI has extended the timeline for conduct of AGM by top-100 listed entities by market capitalization. Accordingly, such entities shall hold their AGM within a period of 6 months from the date of closing of the financial year for 2020-21.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/extension-of-time-for-holding-the-annual-general-meeting-agm-by-top-100-listed-entities-by-market-capitalization_51318.html

15. Timelines related to processing of scheme related applications filed by AMCs

(Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/603 dated July 23, 2021)

SEBI came out with a framework to promote ease of doing business and to bring uniformity in the timelines for processing scheme related applications filed by asset management companies (AMCs).

Under the framework, the application filed by AMCs for certain matters i.e. change in the fundamental attributes of a scheme, merger/consolidated of schemes, rollover of close-ended schemes and conversion of close-ended schemes to the

open-ended scheme, may be deemed to be taken on record in case no modifications are suggested or no queries are raised by SEBI within 21 working days.

No objection will have been deemed to be communicated in case no modifications are suggested or no queries are raised by SEBI within 21 working days.

The circular shall be applicable for all the applications received on or after September 01, 2021.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/circular-on-timelines-related-to-processing-of-scheme-related-applications-filed-by-amcs_51326.html

16. RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions / service requests

(Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604 dated July 26, 2021)

In order to make it more convenient to the existing and future investors to transact and avail services while invested in Mutual Funds, Registrar and Transfer Agents (RTAs) of Mutual Funds will implement standardized practices, system interoperability amongst themselves to jointly develop a common industry wide platform that will deliver an integrated, harmonized, elevated experience to the investors across the industry.

The platform will in phases, enable a user-friendly interface for investors for execution of mutual fund transactions, initiation and tracking of service requests as well as queries and complaints, access investment related reports, transactions reports, capital gains or loss report, details of unclaimed dividend and redemption among others. Through this platform, investors will be able to access these services for all Mutual Funds in an integrated manner. Asset Management Companies (AMCs) and Depositories will facilitate the RTAs for development of the proposed platform.

The platform may also over time, provide services to the distributors, registered investment advisors, AMCs, Stock Exchange platforms and digital platforms for transacting in mutual funds to further augment ease of investing and servicing of investors through the above stakeholders in consultation with SEBI.

AMCs and Depositories shall facilitate and RTAs shall make the aforesaid platform operational in a phased manner (starting with non-financial transactions) and shall be fully operational by December 31, 2021.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/circular-on-rta-inter-operable-platform-for-enhancing-investors-experience-in-mutual-fund-transactions-service-requests_51395.html

17. SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2021 & SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2021 (July 30, 2021)

SEBI vide its notifications dated July 30, 2021, amends the provisions of SEBI (Real Estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014, which shall come into force on the date of their publication in the Official Gazette.

Vide this amendment, the SEBI has reduced the minimum subscription amount, from any investor in initial and follow-on offer which shall fall within the range of Rs. 10,000-15,000 for both REITs and InvITs, compared to the earlier requirement of Rs. 50,000 for REITs and Rs. 1 lakh for InvITs.

Also, the amendment has revised the trading lot for the purpose of trading of units which will be of one unit for REITs and InvITs, compared to the earlier requirement of 100 units.

Further, a new sub-regulation 26B(3) has been inserted in SEBI (Infrastructure Investment Trusts) Regulations, 2014 which provides that the minimum number of unit holders in an InvIT, other than the sponsor(s), its related parties and its associates, shall be five, together and collectively holding at least twenty-five percent of the total units of the InvIT, at all times.

Explanation. - For the purposes of this sub-regulation, a unit holder along with its associates and related parties, shall be considered as a single unit holder."

For details:
https://www.sebi.gov.in/legal/regulations/jul-2021/securities-and-exchange-board-of-india-infrastructure-investment-trusts-amendment-regulations-2021_51547.html

https://www.sebi.gov.in/legal/regulations/jul-2021/securities-and-exchange-board-of-india-real-estate-investment-trusts-amendment-regulations-2021_51549.html)

18. SEBI (Bankers to an Issue) (Amendment) Regulations, 2021 (July 30, 2021)

SEBI vide its notification dated July 30, 2021, amends the provisions of SEBI (Bankers to an Issue) Regulations, 1994, which shall come into force on the date of their publication in the Official Gazette.

The amendment substitutes the term "banker to an issue" under the Regulation 2(aa) which means a scheduled bank or such other banking company as may be specified by the SEBI from time to time, carrying on any of the activities, including acceptance of application and application monies; acceptance of allotment or call monies; refund of application monies; payment of dividend or interest warrants.

Further, Regulation 22 related to "Action on inspection or investigation report" has been substituted with *"SEBI shall, after consideration of inspection or investigation report, take such action as it may deem fit and appropriate including action under Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008."* Chapter V of SEBI intermediaries' regulations deals with Action in case of default and manner of suspension or cancellation of the certificate.

For details:
https://www.sebi.gov.in/legal/regulations/jul-2021/securities-and-exchange-board-of-india-bankers-to-an-issue-amendment-regulations-2021_51542.html

19. Deployment of unclaimed redemption and dividend amounts and Instant Access Facility in Overnight Funds

(Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/608 dated July 30, 2021)

The Instant Access Facility (IAF) would now be permitted in overnight funds along with liquid schemes of mutual funds. The change has been brought into effect by the SEBI by partially modifying its circular related to IAF issued in May, 2017.

SEBI vide this circular provided that "MFs (All Mutual Funds)/ AMCs (Asset Management Companies) can offer IAF only in Overnight and Liquid Schemes of the MF. IAF facilitates credit of redemption proceeds in the bank account of the investor on the same day of redemption request.

In addition to this, unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, would be permitted for investment in a separate plan of only overnight scheme from December 1, 2021.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/deployment-of-unclaimed-redemption-and-dividend-amounts-and-instant-access-facility-in-overnight-funds_51513.html

20. Intra-day Net Asset Value (NAV) for transactions in units of Exchange Traded Funds directly with Asset Management Companies

(Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/0606 dated July 30, 2021)

The SEBI had prescribed the guidelines pertaining to applicability of 'closing NAV of the day' in respect of transactions in units of mutual fund schemes. In view of the feedback of the industry and recommendations of the Mutual Fund Advisory Committee, for transactions in units of Exchange Traded Funds (ETFs) by authorised participants and large investors directly with Asset Management Companies (AMCs), SEBI has clarified that "intra-day NAV, based on executed price at which securities representing the underlying index or underlying commodity(ies) are purchased/sold, shall be applicable".

Appropriate disclosure in this regard shall be provided in the Scheme Information Document, Key Information Memorandum and Common application form.

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/circular-on-intra-day-net-asset-value-nav-for-transactions-in-units-of-exchange-traded-funds-directly-with-asset-management-companies_51520.html)

21. Securities Contracts (Regulation) (Second Amendment) Rules, 2021 (July 30, 2021)

Ministry of Finance (MoF) vide its notification dated July 30, 2021, has notified the Securities Contracts (Regulation) (Second Amendment) Rules, 2021 which shall come into force on the date of their publication in the Official Gazette.

Sub-rule (6) has been inserted in Rule 19A which provides that 'Notwithstanding anything contained in sub-rules (1) to (5), the Central Government may, in the

public interest, exempt any listed public sector company from any or all of the provisions of this rule'.

Vide this amendment, the Central Government, has been empowered to exempt any listed public sector company from any or all of the provisions of Rule 19A sub-rules (1) to (5) of Securities Contracts (Regulation) Rules, 1957 which prescribed that a listed entity shall maintain public shareholding of at least 25%.

For details:
https://www.sebi.gov.in/legal/rules/jul-2021/securities-contracts-regulation-second-amendment-rules-2021_51666.html

22. Relaxation in timelines for compliance with regulatory requirements

(Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/607 dated July 30, 2021)

In view of the prevailing situation due to Covid-19 pandemic and representation received from Stock Exchanges, SEBI has extended the timelines for compliance with the following regulatory requirements by the Trading Members / Clearing Members / KYC Registration Agencies, as under:

Sr. No.	Submission/Compliance	Current timeline / Period of exclusion	Extended timeline / Period of exclusion
1.	KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days.	Till July 31, 2021, documents may be uploaded on to the system of KRA within 15 working days. *A 30-day time period is provided to SEBI Registered Intermediary after July 31, 2021 to clear the backlog	Till September 30, 2021, documents may be uploaded on to the system of KRA within 15 working days. *A 30-day time period is provided to SEBI Registered Intermediary after September 30, 2021 to clear the backlog
2.	Submission of Internal Audit Report for Half year ended (HYE) March-2021	Till July 31, 2021	Till September 30, 2021
3.	System Audit /Cyber Audit Report – Algo / Type III Members for the period ended March 31, 2021		

4.	Submission of System Audit Report for the period ended March 2021		
5.	Submission of Cyber Security & Cyber Resilience Audit Report for the period ended March 2021		
6.	Reporting of Risk Based Supervision		
7.	Maintaining call recordings of orders / instructions received from clients		
8.	To operate the trading terminals from designated alternate locations		Till December 31, 2021

For details:
https://www.sebi.gov.in/legal/circulars/jul-2021/relaxation-in-timelines-for-compliance-with-regulatory-requirements_51497.html

INDIRECT TAX LAWS

Goods and Services Tax

1. Clarification regarding extension of limitation under GST Law in terms of Hon'ble Supreme Court's Order dated April 27, 2021 (Circular No. 157/13/2021- GST dated July 20, 2021)

The matter of extension of period of limitation under Section 168A of the CGST Act, 2017 was deliberated in the 43rd Meeting of GST Council. Council, while providing various relaxations in the compliances for taxpayers, also recommended that wherever the timelines for actions have been extended by the Hon'ble Supreme Court, the same would apply.

On the basis of the legal opinion, it is hereby clarified that various actions / compliances under GST can be broadly categorized as follows: -

(a) Proceedings that need to be initiated or compliances that need to be done by the taxpayers :- These actions would continue to be governed only by the statutory mechanism and time limit provided / extensions granted under the statute itself. Various Orders of the Hon'ble Supreme Court would not apply to the said proceedings / compliances on part of the taxpayers.

(b) Quasi-Judicial proceedings by tax authorities :- The tax authorities can continue to hear and dispose off proceedings where they are performing the functions as quasi-judicial authority. This may *interalia* include disposal of application for refund, application for revocation of cancellation of registration, adjudication proceedings of demand notices, etc.

(c) Appeals by taxpayers / tax authorities against any quasi-judicial order:- Wherever any appeal is required to filed before Joint / Additional Commissioner (Appeals), Commissioner (Appeals), Appellate Authority for Advance Ruling, Tribunal and various courts against any quasi-judicial order or where a proceeding for revision or rectification of any order is required to be undertaken, the time line for the same would stand extended as per the Hon'ble Supreme Court's order.

The extension of timelines granted by Hon'ble Supreme Court vide its Order dated April 27, 2021 is applicable in respect of any appeal which is required to be filed before Joint / Additional Commissioner (Appeals), Commissioner (Appeals), Appellate Authority for Advance Ruling, Tribunal and various courts against any quasi-judicial order or where proceeding for revision or rectification of any order is required to be undertaken, and is not applicable to any other proceedings under GST Laws.

For details:
https://www.cbic.gov.in/resources//htdocs-cbec/gst/157-13-2021%20GST%20Circular.pdf

2. Provisions of Section 110 and 111 of the Finance Act, 2021 made applicable (Notification No. 29/2021- Central Tax dated July 30, 2021)

This notification seeks to notify section 110 and 111 of the Finance Act, 2021 w.e.f. 01.08.2021. Section 110 omits section 35(5) of CGST Act which means GST Audit (GSTR-9C) by CA / CMA is no longer required and Section 111 substitutes section 44 (Annual return) of CGST Act, 2017.

For details:
https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-29-central-tax-english-2021.pdf

3. Central Goods and Services Tax (Sixth Amendment) Rules, 2021 (Notification No. 30/2021- Central Tax dated July 30, 2021)

This notification seeks to amend Rule 80 of the CGST Rules, 2017 and notify Form GSTR 9 and 9C for FY 2020-21. Rule 80 provides for exemption from GSTR-9C to taxpayers having Annual Aggregate Turnover (AATO) upto Rs. 5 crores.

For details:
https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-30-central-tax-english-2021.pdf

4. Exemption to taxpayers having AATO upto Rs. 2 crores from the requirement of furnishing annual return (Notification No. 31/2021- Central Tax dated July 30, 2021)

This notification seeks to exempt the registered person whose aggregate turnover in the financial year 2020-21 is up to two crore rupees, from filing annual return for the said financial year. This notification came into force from August 01, 2021.

For details:
https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-31-central-tax-english-2021.pdf

Customs

5. Implementation of RMS for processing of Duty Drawback claims – (Circular No. 15/2021- Customs dated July 15, 2021)

Risk Management System (RMS) in export was introduced with effect from July 15, 2013. RMS processed the data and provided output to ICES up to goods examination stage. RMS will process the shipping bill data after the Export General Manifest (EGM) is filed electronically and will provide required output to ICES for selection of shipping bills for risk-based processing of duty drawback claims. The risk-based processing of shipping bills with claim of duty drawback is being initiated with effect from July 26, 2021.

For details:
https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-15-2021.pdf;jsessionid=29E55E8BCB09FC50FDFBE981BA5F8A6B

6. Clarification regarding applicability of IGST on repair cost, insurance and freight, on goods re-imported after being exported for repairs, on the recommendations of the GST Council made in its 43rd meeting (Circular No. 16/2021- Customs dated July 19, 2021)

Notification Nos. 45/2017-Customs and 46/2017-Customs, both dated 30th June, 2017, issued at the time of implementation of GST, prescribe certain concession from duty / taxes on reimport of goods exported for repair outside India. The GST Council deliberated on the issue and recommended that a suitable clarification, including any clarificatory amendment, if required, may be issued for removal of any doubt, to clarify the decision of the GST Council that re-import of goods sent abroad for repair attracts IGST and cess (as applicable) on a value equal to the repair value, insurance and freight.

For details:
https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-16-2021.pdf

DIRECT TAX

1. Income-tax (18th Amendment), Rules, 2021 (Notification No. 76 dated July 02, 2021)

The Central Board of Direct taxes through notification dated July 2, 2021 has issued the Income tax (18th Amendment) Rules, 2021. The amendment provides that in case of the amount which is chargeable to income-tax as income of specified entity under the head Capital gains, the specified entity shall furnish the details of amount attributed to capital asset remaining with the specified entity in new Form No. 5C.

Form No. 5C shall be furnished electronically either under digital signature or through electronic verification code and shall be verified by the person who is authorized to verify the return of income of the specified entity under section 140 of the Income-tax Act, 1961.

For details:
https://www.incometaxindia.gov.in/communications/notification/notification_76_2021.pdf

2. Guidelines under section 9B and sub-section (4) of section 45 of the Income-tax Act, 1961 (Circular No. 14 dated July 02, 2021)

The Government has inserted a new section 9B of the Income Tax Act, 1961 and substituted sub-section (4) of section 45 of the Income Tax Act, 1961 by the Finance Act, 2021. The CBDT has come out with Notification No. 76 dated July 2, 2021 to insert sub-rule (5) to Rule 8AA and a new Rule-8AB so as to prescribe the manner of calculating the income chargeable to tax under section 45(4) of the Act as "capital gains" and also the manner in which such income shall be attributed to remaining assets with the specified entity under clause (iii) of section 48 of the Act.

Further, the CBDT issued Circular No. 14 dated July 02, 2021 to provide guidelines for application of section 9B and section 45(4) read with the aforesaid rules.

For details:
https://www.incometaxindia.gov.in/communications/circular/circular_14_2021.pdf

3. Income Tax (19th Amendment), Rules, 2021 (Notification No. 77 dated July 7, 2021)

The Central Board of Direct taxes hereby makes Income-tax (19th Amendment), Rules, 2021 further to amend the Income-tax Rules, 1962. As per notification, after rule 8AB, rule 8AC [i.e. Computation of short term capital gains and written down value under section 50 where depreciation on goodwill has been obtained] has been inserted.

For details:
https://egazette.nic.in/WriteReadData/2021/228152.pdf

4. Notification No. 78 (dated July 9, 2021)

The Central Government notifies, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Haryana Building and Other Construction Workers Welfare Board' (PAN AAATH6995H), a Board constituted by the State Government of Haryana, in respect of the certain specified income arising to that Board subject to certain conditions.

For details:
https://www.incometaxindia.gov.in/communications/notification/notification_78_2021.pdf

5. Notification No. 79 (dated July 12, 2021)

The Central Government approves M/s Patanjali Research Foundation Trust, Haridwar (PAN :- AABTP8183E) under the category "Research Association" for Scientific Research for the purposes of clauses (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5D of the Income-tax Rules, 1962.

For details:
https://www.incometaxindia.gov.in/communications/notification/notification_79_2021.pdf

6. Notification No. 80 (dated July 14, 2021)

The Central Government hereby notifies, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Haryana Labour Welfare Board' (PAN AAATH2451C), a Board constituted by the State Government of Haryana, in respect of the certain specified income arising to that Board subject to certain conditions.

For details:
https://www.incometaxindia.gov.in/communications/notification/notification_80_2021.pdf

7. Notification No. 81 (dated July 14, 2021)

The Central Government hereby notifies, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Himachal Pradesh Computerization of Police Society', (PAN AABAH0360G), a body established by the State Government of Himachal Pradesh, in respect of the certain specified income arising to that body subject to certain conditions.

For details:
https://www.incometaxindia.gov.in/communications/notification/notification_81_2021.pdf

8. Income-tax (20th Amendment) Rules, 2021 (Notification No. 82 dated July 27, 2021)

The Central Board of Direct Taxes (CBDT) vide notification dated 27th July, 2021 has issued the Income-tax (20th Amendment) Rules, 2021 further amending the Income-tax Rules, 1962. Through this amendment, in Rule 12 which relates to 'Return of Income & Return of Fringe Benefits' the assessment year for the assessment procedure shall be substituted from '2019' to '2020'.

For details:
https://www.incometaxindia.gov.in/communications/notification/notification_82_2021.pdf

9. Income-tax (21st Amendment) Rules, 2021 (Notification No. 83 dated July 29, 2021)

The Central Board of Direct Taxes (CBDT) on July 29, 2021 has issued the Income-tax (21st Amendment) Rules, 2021 to further amend the Income-tax Act, 1961 as follows:

Rule 131 provides for omission of certain Rules and saving clause under the Act.

Rule 132 provides for electronic furnishing of any forms, returns, statements, reports, orders etc. in two ways:

- Under digital signature in cases where, the return of income is required to be furnished under digital signature; or
- Through electronic verification code in other cases.

Further, The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems) with the approval of Board shall be responsible for the following:

1. Specify the forms, returns, statements, reports, orders, which are to be furnished electronically;
2. Lay down the data structure, standards and procedure of furnishing and verification of such forms, returns, statements, reports, orders, including modification in format, if required, to make it compatible for furnishing electronically; and
3. Formulation and implementation of appropriate security, archival and retrieval policies in relation to the said Forms, returns, statements, reports, orders.

For details:
https://www.incometaxindia.gov.in/communications/notification/notification_83_2021.pdf

BANKING LAWS

1. **Guidelines for Managing Risk in Outsourcing of Financial Services by Co-operative Banks (Notification no. RBI/2021-22/64DOR.ORG.REC. 27/ 21.04.158/ 2021-22 dated June 28, 2021)**

   It is observed that the co-operative banks are increasingly using outsourcing as a means for reducing costs as well as for availing specialist expertise, where these are not available internally. To enable the co-operative banks to put in place necessary safeguards for addressing the risks inherent in outsourcing of activities, guidelines on managing risks in outsourcing. Reserve Bank of India has advised the Co-operative banks to conduct a self-assessment of their existing outsourcing arrangements and bring the same in line with captioned guidelines within a period of six months from the date of issue of related circular.

   For details:
   https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12123&Mode=0

2. **Review of Instructions on Interest on overdue domestic deposits (Notification no. RBI/2021-22/66 DoR.SPE.REC.29/13.03.00/2021-2022 dated July 02, 2021)**

   The Reserve Bank of India has decided that if a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

   For details:
   https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12125&Mode=0

3. **Mandatory Leave for Employees Posted in Sensitive Positions or Areas of Operation (Notification no. RBI/2021-22/70DoR.ORG. REC.31/ 21.06.017/ 2021-22 dated July 09, 2021)**

   As a prudent operational risk management measure, the banks shall put in place a 'mandatory leave' policy wherein the employees posted in sensitive positions or areas of operation shall be compulsorily sent on leave for a few days (not less than 10 working days) in a single spell every year, without giving any prior intimation to these employees, thereby maintaining an element of surprise.

   For details:
   https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12129&Mode=0

4. **Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021 (Notification no. RBI/ DOR/2021-22/80DOR.No.RET.REC.32/12.01.001/2021-22 dated July 20, 2021)**

   The reserve Bank of India has issued the Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021 which are applicable to all Scheduled Commercial Banks (SCBs) (including Regional

Rural Banks), Small Finance Banks (SFBs), Payments Banks, Local Area Banks (LABs), Primary (Urban) Co-operative Banks (UCBs), State Co-operative Banks (StCBs) and District Central Co-operative Banks (DCCBs) unless stated to the contrary.

For details:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12131&Mode=0

5. Loans and Advances – Regulatory Restrictions (Notification no. RBI/2021-22/72DOR.CRE.REC. No.33/13.03.00/2021-22 dated July 23, 2021)

The Reserve Bank of India (RBI) has revised the threshold limit of personal loan amount that can be sanctioned to any bank director and their families not more than ₹5 crore. Earlier the threshold of personal loan that can be given to any bank director stood at ₹25 lakh.

For details: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12132&Mode=0

6. Access for Non-banks to Centralised Payment Systems (Notification no. RBI/2021-22/73 DPSS.CO. LVPD No.S290/04.04.009/2021-22 dated July 28, 2021)

It was announced that the Reserve Bank of India (RBI) shall encourage participation of non-banks in RBI-operated Centralised Payment Systems (CPS) viz. Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT) systems, in a phased manner. On a review of extant arrangements and after detailed discussions with Payment System Providers (PSPs), it is advised that, in the first phase, authorised non-bank PSPs, viz. PPI Issuers, Card Networks and White Label ATM Operators shall be eligible to participate in CPS as direct members.

For details: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12133&Mode=0

INSURANCE LAWS

1. Insurance Regulatory and Development Authority of India (Indian Insurance Companies) (Amendment) Regulations, 2021 (Ref. No: F. No. IRDAI / Reg / 6/ 178 /2021 dated July 09, 2021)

Insurance Regulatory and Development Authority of India (IRDAI) has issued the IRDAI (Indian Insurance Companies) (Amendment) Regulations, 2021 to harmonise the provisions of various regulations applicable to insurance companies with Insurance (Amendment) Act, 2021 read with Indian Insurance Companies (Foreign Investment) Rules, 2015 by amending the corresponding regulations.

For details:
https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4524&flag=1

ECONOMIC LAWS

1. Review of Foreign Direct Investment (FDI) Policy on Petroleum & Natural Gas Sector (July 29, 2021)

The Government of India vide Press Note No. 3 (2021 Series) has reviewed the extant FDI policy on Petroleum & Natural Gas sector and has made the following amendment in the Consolidated FDI Policy Circular of 2020, as amended from time to time (FDI Policy).

A new Para 5.2.4.3 is inserted under Para 5.2.4 of the FDI Policy. Accordingly, Para 5.2.4 of FDI Policy is amended to be read as under:

5.2.4 Petroleum & Natural Gas

Sector/Activity	**% of Equity/ FDI Cap**	**Entry Route**
5.2.4.1 Exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG Regasification infrastructure, market study and formulation and Petroleum refining in the private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields Of national oil companies.	100%	Automatic
5.2.4.2 Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Automatic

5.2.4.3 Notwithstanding anything contained at Para 5.2.4.2 above, foreign investment up to 100% under the automatic route is allowed in case an 'in-principle' approval for strategic disinvestment of a PSU has been granted by the Government.

For details: https://dipp.gov.in/sites/default/files/pn3-2021.PDF

INSOLVENCY AND BANKRUTCY

1. Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

The Insolvency and Bankruptcy Board of India (IBBI) notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2016 on 14th July, 2021.

The amendment regulations enhance the discipline, transparency, and accountability in corporate insolvency proceedings:

(a) A corporate debtor (CD) may have changed its name or registered office address prior to commencement of insolvency. The stakeholders may find it difficult to relate to the new name or registered office address and consequently fail to participate in the CIRP. The amendment requires an insolvency professional (IP) conducting CIRP to disclose all former names and registered office address(es) so changed in the two years preceding the commencement of insolvency along with the current name and registered office address of the CD, in all its communications and records.

(b) The interim resolution professional (IRP) or resolution professional (RP) may appoint any professional, including registered valuers, to assist him in discharge of his duties in conduct of the CIRP. The amendment provides that the IRP/RP may appoint a professional, other than registered valuers, if he is of the opinion that the services of such professional are required and such services are not available with the CD. Such appointments shall be made on an arm's length basis following an objective and transparent process. The invoice for fee shall be raised in the name of the professional and be paid into his bank account.

(c) The RP is duty bound to find out if a CD has been subject to avoidance transactions, namely, preferential transactions, undervalued transactions, extortionate credit transactions, fraudulent trading and wrongful trading, and file applications with the Adjudicating Authority seeking appropriate relief. This not only claws back the value lost in such transactions increasing the possibility of reorganisation of the CD through a resolution plan, but also disincentivises such transactions preventing stress to the CD. For effective monitoring, the amendment requires the RP to file Form CIRP 8 on the electronic platform of the Board, intimating details of his opinion and determination in respect of avoidance transactions. The IBBI has specified the format of CIRP 8 through a Circular issued today. This Form needs to be filed in respect of every CIRP ongoing or commencing on or after 14th July, 2021.

For details:
https://ibbi.gov.in//uploads/press/0fb013e44352de2938ee7c9a5c84037c.pdf

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Company Law Corner

SIGNIFICANT BENEFICIAL OWNERS

BACKGROUND OF SIGNIFICANT BENEFICIAL OWNER (SBO)

The legal concept of beneficial ownership is where specific property rights in equity belong to a person even though legal title of the property belongs to another person.

Financial Action Task Force (FATF) an inter-governmental body established in 1989 by more than 35-member countries including India with objective of combating money laundering, terrorist financing and other related threats to the integrity of the international financial system has issued detailed guidelines in connection with beneficial ownership.

As per FATF, beneficial ownership is the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.

Company Law Committee (CLC) – 2016

Misuse of corporate vehicles for the purpose of evading tax or money laundering for corrupt or illegal purposes, including for terrorist activities has been a major concern worldwide. Complex structures and chains of corporate vehicles are used to hide the real owner behind the transactions made using these structures. Realizing this, jurisdictions world over has been putting in place mechanisms to identify the natural person controlling a corporate entity. Following recommendations of Financial Action Task Force (FATF), India has also tightened the concepts of beneficial interest and beneficial owner as contained in the Prevention of Money Laundering Act as well as introduced a comprehensive definition through SEBI guidelines in 2010. The SEBI guidelines issued in 2010 are aimed at identifying beneficial owners of security accounts held by various intermediaries. However, since then, jurisdictions world over has taken significant steps on beneficial ownership provisions.

The committee has noticed three major short comings in the existing provisions at that time. Though section 89 deals with the concept of 'Beneficial Interest', there was no definition of 'beneficial Interest'. There was no obligation on the company to collect information pertaining to 'beneficial ownership', because there was no concept of beneficial ownership. There were no enabling provisions to maintain a separate register detailing with the beneficial ownership. Hence the Committee considered that the existing provisions are inadequate to arrest the menace of the misuse of the opaqueness of the beneficial ownership and has recommended to mandate a few provisions as under:

- Provide a definition of beneficial interest in a share, and beneficial ownership in a company.
- Companies and individuals may be obligated to obtain information on beneficial ownership. In this regard, companies may be empowered to seek information from members and in case of failure to supply the required information, apply sanctions in the form of suspension of rights against the beneficial interests subject to adequate safeguards.

- Companies to be mandated to maintain register of beneficial owners and provide the information to the Registrar of Companies. Periodic updating may also be mandated.

Companies (Amendment) Act, 2017

In the Companies (Amendment) Act, 2017 the following amendments were made to the Companies Act, 2013 with regard to significant beneficial owner.

- Provisions relating to declaration of beneficial interest completely revamped.
- Concept of Significant Beneficial Owner (SBO) has been introduced.
- SBO to make declaration of beneficial interest to the Company
- Company shall maintain the register of SBO and file a return of SBO and the changes therein with the ROC
- Powers provided to Company to seek information from SBO or person having knowledge of SBO
- In case of failure to get satisfactory response, Company may approach NCLT to provide directions such as freezing / suspension of rights related to shares etc.
- Stringent penalties provided for default including liability for fraud under Section 447 of the Companies Act, 2013.

Declaration of Beneficial Interest *vis-a-vis* Declaration of Significant Beneficial Ownership

Section 90 of the Companies Act, 2013 read with the Companies (Significant Beneficial Owners) Rules, 2018 was introduced to lift the corporate veil on significant beneficial ownership held by individuals by ensuring compliance with disclosure requirements.

While Section 89 of the Companies Act, 2013 deals with the declaration of "beneficial interest" in shares by the registered owner and the beneficial owner, Section 90 read with the SBO Rules deals with declaration of "significant beneficial ownership" by an individual. The provisions of Section 90 are also applicable in the event "significant influence" or "control" is exercised by such individuals over a company.

The intent of Section 89 is to identify cases where nominal ownership of shares, as per the register of members, is not backed by beneficial ownership. The classic rule has been that companies do not go behind the nominal owner of shares, and who owns the shares as per the register of members is also presumed to be the beneficial owner. However, Section 90 captures the dichotomy where the legal owner is not the beneficial owner.

The IBORI Case: Why acquiring Beneficial Ownership information can help stop Corruption

James Ibori served two terms as governor of oil-rich Delta State in Nigeria. He was convicted in a London court after skimming millions of pounds from inflated contracts for infrastructure projects in Delta State, including for a sports stadium, schools and hospitals. Ibori was also a key figure benefitting from the fraudulent sale of shares owned by Delta State in one of the biggest telecoms operating companies in Nigeria, V-Mobile (now Airtel). Authorities were able to identify £50 million of corrupt funds outside of Nigeria but believe that the real figure could be in excess of £200 million.

Multinational investigations led to his guilty plea to 13 charges of money laundering in a United Kingdom court in April 2012. In the early years of his scam, from 1999 to around 2004, James Ibori admitted fraud of nearly £50 million. He bought properties in London in his own name and in the names of his family members without any serious attempt to disguise the source of the money. In a much more sophisticated manner, Ibori later engaged the services of a London-based solicitor and a corporate financier, and a Jersey-based fiduciary agent. A former Goldman Sachs investment banker provided Ibori with instructions on how to register four companies so that banks in Guernsey would not submit them to the deeper due diligence investigations recommended for companies and accounts of politically exposed persons (PEPs). They hid the route of the money using numerous shell companies and accounts in the name of his relatives and family members to pass money to Channel Islands trusts and elsewhere through a bewildering route of other shell companies, sometimes with registered addresses at commercial mail boxes in several different countries, such as Gibraltar, India, Malaysia and Mauritius.

MEANING OF SIGNIFICANT BENEFICIAL OWNER

Section 90 mandates every individual, who acting alone or together, or through one or more persons or trust, including a trust and persons resident outside India, holding beneficial interests, of not less than 25% or such other percentage as may be prescribed (this has been subsequently prescribed as 10% by the Rules), in shares of a company or the right to exercise, or the actual exercising of significant influence or control as defined in Section 2(27) of the Companies Act, 2013 over the company, shall make a declaration to the company, specifying the nature of his interest and other particulars.

The MCA has notified the Companies (Significant Beneficial Owners) Rules, 2018 effective from June 13, 2018. However, considering the complexity and ambiguity, the Rules have been kept on hold and the amended Rules i.e. Companies (Significant Beneficial Owners) Amendment Rules, 2019 have been notified, effective from February 8, 2019.

The Amended Rules have been aimed at bringing in clarity and implementation in a better and more effective manner. Rule 2(h) of the Companies (Significant Beneficial Owners) Rules, 2018, gives an exhaustive definition of Significant Beneficial Owner as under:

"Significant Beneficial Owner" in relation to a reporting company means an individual referred to in Section 90(1), who acting alone or, together, or through one or more persons or trust, possesses one or more of the following rights or entitlements in such reporting company, namely:-

- ***(i) Holds indirectly, or together with any direct holdings, not less than 10% of the shares;***
- ***(ii) Holds indirectly, or together with any direct holdings, not less than 10% of the voting rights in the shares;***

(iii) Has right to receive or participate in not less than 10% of the total distributable dividend, or any other distribution, in a financial year through indirect holdings alone, or together with any direct holdings;

(iv) Has right to exercise, or actually exercises, significant influence or control, in any manner other than through direct holdings alone.

Explanation I :

If an individual does not hold any right or entitlement indirectly under sub-clauses (i), (ii) or (iii) as mentioned above, he shall not be considered to be a significant beneficial owner.

Explanation II :

How to determine Direct Share-holding?

An individual shall be considered to hold a right or entitlement directly in the reporting company, if he satisfies any of the following criteria, namely:

(i) the shares in the reporting company representing such right or entitlement are held in the name of the individual;

(ii) the individual holds or acquires a beneficial interest in the share of the reporting company under section 89(2), and has made a declaration in this regard to the reporting company.

Explanation III :

How to determine Indirect Share-holding?

Meaning of Hold 'Right or Entitlement Indirectly" an INDIVIDUAL shall be considered to hold a right or entitlement indirectly in the reporting company, if he satisfies any of the following criteria, in respect of a member of the reporting company, namely:

S.No.	**If Member of Reporting Company is:-**	**Manner of Indirect Holding of Individual for the purpose of Significant Beneficial Ownership**
(i)	Body Corporate (whether incorporated or registered **in India or abroad**) other than LLP	The Individual- Hold majority stake in that Member (means such individual hold majority stake in that body corporate member); or Hold majority stake in the ultimate holding Company (whether registered in India or abroad) of that body corporate member.
(ii)	Hindu Undivided Family (*through karta*)	An individual who is the *karta* of the HUF
(iii)	Partnership entity (through itself or a partner)	An individual who – a. is a partner; or b. holds majority stake in the body corporate, which is a partner of the partnership entity; or

		c. holds majority stake in the ultimate holding company of the body corporate, which is a partner of the partnership entity.
(iv)	Trust (through trustee)	An individual who – a. is a trustee in case of a discretionary trust or a charitable trust; b. is a beneficiary in case of a specific trust; c. is the author or settlor in case of a revocable trust.
(v)	i. Pooled investment vehicle; or ii. An entity controlled by the pooled investment vehicle, based in member State of the Financial Action Task Force on Money Laundering and the regulator of the securities market in such member State is a member of the International Organization of Securities Commission.	An individual in relation to the PIV, who– a. is a general partner; or b. is an investment manager; or c. is a Chief Executive Officer where the investment manager of such pooled vehicle is a body corporate or a partnership entity.

Explanation IV: Where the member of a reporting company is,

(i) a pooled investment vehicle; or

(ii) an entity controlled by the pooled investment vehicle, based in a jurisdiction which does not fulfil the requirements referred to in clause (v) of Explanation III, the provisions of clause (i) or clause (ii) or clause (iii) or clause (iv) of Explanation III, as the case may be, shall apply.

Meaning of few Key Terms

Majority Stake means:

- Holding of more than 50% of the equity share capital in the body corporate; or
- Holding of more than 50% of the voting rights in the body corporate; or
- Having the right to receive or participate in more than 50% of the distributable dividend or any other distribution by the body corporate.

- **Acting together:**

  For the purpose of the aforesaid clause the meaning of 'acting together' is given by Explanation V as under-

  If any individual, or individuals acting through any person or trust, act with a:

  - Common intent; or
  - Purpose of exercising any rights or entitlements; or
  - Exercising control; or
  - Significant influence,

  over a reporting company, pursuant to an agreement or understanding, formal or informal, such individual, or individuals, acting through any person or trust, as the case may be, shall be deemed to be 'acting together'.

- **Shares:** For the purpose of the aforesaid clause the meaning of 'shares' is given by Explanation VI as under-

  The instruments in the form of global depository receipts, compulsorily convertible preference shares or compulsorily convertible debentures shall also be treated as 'shares'.

- **Significant influence:** "significant influence" means the power to participate, directly or indirectly, in the financial and operating policy decisions of the reporting company but is not control or joint control of those policies.

- **Reporting Company**: As per Rule 2(f) of the Companies (Significant Beneficial Owners) Rules, 2018, Reporting Company means a company as defined in section 2(20) of the Companies Act, 2013 required to comply with the requirements of section 90 of the Companies Act, 2013.

Practical Scenarios for determining SBOs

S holds directly 10% of equity in A Ltd. and he holds 55% of equity in H Ltd. which holds 1% equity in A Ltd.

S holds directly 10% of equity in A Ltd. and he holds 55% of equity in H Ltd. which holds 1% equity in A Ltd. - S is a Significant Beneficial Owner since he holds 11% totally through indirect and direct holdings.

S holds 8% of equity while M holds 7% of equity in A Ltd. and they are deemed to act together.

S holds 8% of equity while M holds 7% of equity in A Ltd. and they are deemed to act together - S and M are not Significant Beneficial Owner, as there is no indirect holding and their acting together is irrelevant.

S holds 8% of equity in A Ltd. directly. S is also the Karta of a HUF that holds 7% equity in A Ltd.

S holds 8% of equity in A Ltd. directly. S is also the Karta of a HUF that holds 7% of equity in A Ltd. - S is a Significant Beneficial Owner since he holds total 15% equity through indirect and direct holdings.

S holds 8% of equity in A Ltd. directly. S is also the trustee of a discretionary trust that holds 3% equity in A Ltd.

S holds 8% of equity in A Ltd. directly. S is also the trustee of a discretionary trust that holds 3% equity in A Ltd. He is a Significant Beneficial Owner since he holds total 11% equity in A Ltd. through indirect and direct holdings. Holding by way of being a trustee of a discretionary trust is considered to be indirect holding.

Obligations of the Significant Beneficial Owner (Rule 3 of the Companies (Significant Beneficial Owners) Rules, 2018

Initial Disclosure: On the date of commencement of the Companies (Significant Beneficial Owners) Amendment Rules, 2019 i.e., February 08, 2019, every individual who is a significant beneficial owner in a reporting company, was required to file a declaration in **Form No. BEN-1** to the reporting company within ninety days from such commencement.

***Continual Disclosure*:** Every individual, who subsequently becomes a SBO/ or where his significant beneficial ownership undergoes any change shall file a declaration in **Form No. BEN-1** to the reporting company, within 30 days of acquiring such significant beneficial ownership or any change therein.

Duty of the Reporting Company

Return of significant beneficial owners in shares

Upon receipt of a declaration from the Significant Beneficial Owner of the company and changes therein, the reporting company shall file a return in **Form No. BEN-2** with the Registrar in respect of such declaration, within a period of 30 days from the date of receipt of such declaration, along with the prescribed fees.

Notice to the Significant Beneficial Owner

It should be noted that, the obligation of the individual to self-declare his significant beneficial holdings, and the obligation of the company to send notice seeking information from members in terms of Rule 2A of the Companies (Significant Beneficial Owners) Rules, 2018, are independent obligations.

As per Rule 2A(1) of the Companies (Significant Beneficial Owners) Rules, 2018, every reporting company shall take necessary steps to find out if there is any individual who is a significant beneficial owner, as defined in rule 2(h) of the Companies (Significant Beneficial Owners) Rules, 2018, in relation to that reporting company, and if so, identify him and cause such individual to make a declaration in Form No. BEN-1.

Further, according to Section 90(5) a company shall give notice, in the prescribed manner, to any person (whether or not a member of the company) whom the company knows or has reasonable cause to believe—

(a) to be a significant beneficial owner of the company;

(b) to be having knowledge of the identity of a significant beneficial owner or another person likely to have such knowledge; or

(c) to have been a significant beneficial owner of the company at any time during the three years immediately preceding the date on which the notice is issued, and who is not registered as a significant beneficial owner with the company as required under this section.

The abovementioned particulars should be submitted in writing to the registered address of the company by concerned person not later than 30 days of the date of this notice.

As per Rule 2A(2) of SBO Rules whereby, the reporting company has members (other than individual) holding 10% or more of participating interest [either of shares, voting rights, or right to receive or participate in the dividend or any other distribution payable in a financial year], shall give notice to such member seeking information in accordance with Section 90(5) about the individual who is significant beneficial owner in the reporting company in Form BEN-4.

Consequences of Non-Reporting under Section 90 (5)

As per Rule 7 of The Companies (Significant Beneficial Owners) Rules, 2018, the reporting company shall apply to the Tribunal within a period of 15 days of the expiry of the period specified in BEN-4,

(i) where any person fails to give the information required by the notice in Form No. BEN-4, within the time specified therein; or

(ii) where the information given is not satisfactory,

in accordance with section 90(7) of the Companies Act, 2013, 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 or any other distribution 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.

Order of Tribunal

NCLT on application moved by a company is not under a binding obligation to pass any restrictive order and the concerned person or member shall have the opportunity to explain why he or she is not a significant beneficial owner and retract the contentions made by the company.

As per Section 90(8) of the Companies Act, 2013 the Tribunal may:

- After giving an opportunity of being heard to the parties concerned, make such order restricting the rights attached with the shares
- Within a period of 60 days of receipt of application or such other period as may be prescribed.

As per Section 90(9) of the Companies Act, 2013, the company or the person aggrieved by the order of the Tribunal may make an application to the Tribunal for relaxation or lifting

of the restrictions placed by the Tribunal within a period of one year from the date of such order.

However, if no such application has been filed within a period of one year from the date of the order, such shares shall be transferred, without any restrictions, to the authority constituted under sub-section section 125(5) i.e., Investor Education and Protection Fund , in such manner as prescribed.

Procedure to Transfer Share to IEPF Authority [Rule 6A of The Investor Education And Protection Fund Authority (Accounting, Audit, Transfer And Refund) Rules, 2016]

The MCA vide notification dated June 09, 2021 has notified Rule 6A of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 pertaining to the Manner of transfer of shares under Section 90(9) of the Companies Act, 2013 to the Investor Education and Protection Fund (IEPF).

As per the Rule 6A, the shares shall be credited to DEMAT Account of the IEPF Authority to be opened by the Authority for the said purpose, within a period of 30 days of such shares due to be transferred to the Investor Education Protection Fund(IEPF) with the following important conditions:

a. Transfer of shares by the companies to the IEPF shall be deemed to be transmission of shares and the procedure to be followed for transmission of shares shall be followed by the companies while transferring the shares to the Investor Education Protection Fund;
b. Such shares shall be transferred to the IEPF Authority without any restrictions and no application shall be filed for claiming back such shares from the IEPF Authority;
c. The voting rights on shares transferred to the IEPF Fund shall remain frozen. However, for the purpose of the SEBI (SAST) Regulations, 2011, the shares which have been transferred to the IEPF Authority shall not be excluded while calculating the total voting rights.
d. For the purposes of effecting transfer of such shares, the Board shall authorise the Company Secretary or any other person to sign the necessary documents.

While under Section 124, shares on which dividend remains unpaid or unclaimed for seven years, are also required to be transferred to IEPF Authority but the significant difference with respect to shares transferred to IEPF Authority under Section 90(9), is that such shares once transferred can't be claimed back, as opposed to shares transferred under Section 124, which can be claimed back from IEPF authority.

It is because of the restriction on claiming back the shares transferred to IEPF Authority under Section 90 (9) that both the disclosure of significant beneficial ownership and obligation cast on a company, are of great importance.

The company shall follow the following procedure while transferring the shares, namely:-

Where the shares are dealt with in a depository:	**Where the shares are held in physical form:**
Step 1: Company shall inform the depository by way of corporate action, where the shareholders have their accounts for transfer in favour of the IEPF Authority.	**Step 1**:the Company Secretary or the person authorised by the Board shall make an application, on behalf of the concerned shareholder, to the company, for issue of a new share certificate;
Step 2: On receipt of such intimation, the depository shall effect the transfer of shares in favour of DEMAT account of the IEPF Authority.	**Step 2:** on receipt of the application, a new share certificate in Form SH-1, for each such shareholder shall be issued and it shall be stated on the face of the certificate that "Issued in lieu of share certificate No..... for the purpose of transfer to IEPF under sub section (9) of section 90 of the Act" and the same be recorded in the register maintained for the purpose;
Step 3: While effecting such transfer, the company shall send a statement to the IEPF Authority in Form **IEPF-4** within 30 days of the corporate action containing details of such transfer and attach the following documents: a) A copy of order of the NCLT under section 90(8) of the Act; and b) A declaration that no application under section 90(9) of the Act has been made or is pending before the NCLT	**Step 3:** After issue of a new share certificate, the company shall inform the depository by way of corporate action to convert the share certificates into DEMAT form and transfer in favour of the Authority.
	Step 4: While effecting such transfer, the company shall send a statement to the IEPF Authority in Form **IEPF-4** within 30 days of the corporate action containing details of such transfer and attach the following documents: A. A copy of order of the NCLT under section 90(8) of the Act; and B. A declaration that no application under section 90(9) of the Act has been made or is pending before the NCLT

Other Corporate Actions

All benefits accruing on such shares like bonus shares, split, consolidation, fraction shares and the like except right issue shall also be credited to such DEMAT account [by the company which shall send a statement to the Authority in Form No. IEPF-4 within 30 days of the corporate action containing details of such transfer.

If the company is getting delisted, the Authority shall surrender shares on behalf of the shareholders in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the proceeds realised shall be credited to the Fund and a separate ledger account shall be maintained for such proceeds.

In case the company whose shares or securities are held by the IEPF Authority is being wound up, the IEPF Authority may surrender the securities to receive the amount entitled on behalf of the security holder and credit the amount to the Fund and a separate ledger account shall be maintained for such proceeds.

Any further dividend received on such shares shall be credited to the Fund and a separate ledger account shall be maintained for such proceeds.

Register of Significant Beneficial Owners (Rule 5 of the Companies (Significant Beneficial Owners) Rules, 2018)

The company shall maintain a register of significant beneficial owners in **Form No. BEN-3** which includes the name of individual, his date of birth, address, details of ownership in the company and such other details.

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.

NON-APPLICABILITY

Rule 8 of the Companies (Significant Beneficial Owners) Rules, 2018 is not applicable to the extent the share of the reporting company held by:

- IEPF Authority
- It's holding reporting company; however, the details of such holding reporting company shall be reported in Form No. BEN-2
- The Central Government, State Government or any local Authority
- Reporting co; or a body corporate; or an entity, controlled by the Central Government or by any State Government or partially by the Central Government and partly by one or more State Governments

- SEBI registered Investment Vehicles such as mutual funds, alternative investment funds (AIF), Real Estate Investment Trusts (REITs), Infrastructure Investment Trust (InVITs) regulated by SEBI
- Investment Vehicles regulated by RBI, or IRDA, or Pension Fund Regulatory and Development Authority.

PENAL PROVISIONS

Section	Nature of Violation	Person Responsible	Penalty
Section 90(10)	Failure to make a declaration	SBO	penalty of Rs.50,000 and in case of continuing failure, with a further penalty of Rs.1000 for each day after the first during which such failure continues, subject to a maximum of Rs.2 Lakhs
Section 90(11)	Failure to maintain register U/S 90(2) & file information U/S 90(4) or required to take necessary steps under sub-section 90(4A) and denial of inspection	• Company • Officer of the company who is in default	• liable to a penalty of Rs.1Lakh and in case of continuing failure, with a further penalty of Rs.500 for each day, after the first during which such failure continues, subject to a maximum of Rs.5 Lakhs • a penalty of Rs.25000 and in case of continuing failure, with a further penalty of Rs.200 for each day, after the first during which such failure continues, subject to a maximum of Rs.1 Lakh.
Section 90(12)	Furnishing of false and incorrect information or suppressing any material information	Person declaring Beneficial interest	Liable to action under Section 447 of the Companies Act, 2013 (Fraud)

***

Legal Maxims

S.No.	Legal Maxim	Meaning	Usage & Example
1.	*Ad hominem*	At the person	Attacking an opponent's character rather than answering his argument. **For eg. The arguments were *Ad hominem*.**
2.	*Amicus curiae*	Friend of the court	A person who offers information to a court regarding a case before it. **For eg. Mr. A acted as *Amicus Curiae* for the court.**
3.	*Certiorari*	To be apprised	A type of writ seeking judicial review. **For eg. A writ of *Certiorari* was filled before High Court of Uttar Pradesh.**
4.	*Delegatus non potest delegare*	Delegated cannot delegate further	That which has been delegated, cannot delegate further. **For eg. The cardinal principle for delegated legislations is *Delegatus non potest delegare.***
5.	*Ibid*	In the same place	Abbreviation of *ibidem*, meaning "in the same place. Used when citing sources, to indicate the cited source came from the identical location as the preceding one. **For eg. This provision is amended by *Ibid*.**

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Legal World

CORPORATE LAWS

ORATOR MARKETING PVT. LTD v. SAMTEX DESINZ PVT. LTD [SC]

Civil Appeal No. 2231 of 2021

Indira Banerjee & V. Ramasubramanian,JJ. [Decided on 26/07/2021]

Insolvency and Bankruptcy Code,2016- Section 7- interest free loan given to corporate debtor - non-payment thereof- lender filing CIRP application- NCLT & NCLAT dismisses the application on the ground that it is an interest free loan, and the applicant is not a financial creditor- whether correct-Held, No

Brief facts : The Original Lender, advanced a term loan of Rs.1.60 crores to the Corporate Debtor for a period of two years, to enable the Corporate Debtor to meet its working capital requirement. The Original Lender has assigned the outstanding loan to the Appellant. According to the Appellant the loan was due to be repaid by the Corporate Debtor in full within 01.02.2020. The Appellant claims that the Corporate Debtor made some payments, but Rs.1.56 crores still remain outstanding. The Appellant filed a Petition under Section 7 of the IBC in the NCLT for initiation of the Corporate Resolution Process. NCLT dismissed the petition with the finding that the Appellant is not a financial creditor of the Respondent. On appeal, NCLAT also concurred with the judgement of the NCLT. Hence the present appeal before the Supreme Court.

The short question involved in this Appeal is, whether a person who gives a term loan to a Corporate Person, free of interest, on account of its working capital requirements is not a Financial Creditor, and therefore, incompetent to initiate the Corporate Resolution Process under Section 7 of the IBC.

Decision : Appeal allowed.

Reason : The judgment and order of the NCLAT, affirming the judgment and order of the Adjudicating Authority (NCLT) and dismissing the appeal is patently flawed. Both the NCLAT and NCLT have misconstrued the definition of 'financial debt' in Section 5(8) of the IBC, by reading the same in isolation and out of context.

When a question arises as to the meaning of a certain provision in a statute, the provision has to be read in its context. The statute has to be read as a whole. The previous state of the law, the general scope and ambit of the statute and the mischief that it was intended to remedy are relevant factors.

The definition of 'financial debt' in Section 5(8) of the IBC has been quoted above. Section 5(8) defines 'financial debt' to mean "a debt along with interest if any which is disbursed against the consideration of the time value of money and includes money borrowed against the payment of interest, as per Section 5(8) (a) of the IBC. The definition of 'financial debt' in Section 5(8) includes the components of sub-clauses (a) to (i) of the said Section.

The NCLT and NCLAT have overlooked the words "if any" which could not have been intended to be otiose. 'Financial debt' means outstanding principal due in respect of a loan and would also include interest thereon, if any interest were payable thereon. If there is no interest payable on the loan, only the outstanding principal would qualify as a financial debt. Both NCLAT and NCLT have failed to notice clause(f) of Section 5(8), in terms whereof 'financial debt' includes any amount raised under any other transaction, having the commercial effect of borrowing.

Furthermore, sub-clauses (a) to (i) of Sub-section 8 of Section 5 of the IBC are apparently illustrative and not exhaustive. Legislature has the power to define a word in a statute. Such definition may either be restrictive or be extensive. Where the word is defined to include something, the definition is prima facie extensive.

At the cost of repetition, it is reiterated that the trigger for initiation of the Corporate Insolvency Resolution Process by a Financial Creditor under Section 7 of the IBC is the occurrence of a default by the Corporate Debtor.

'Default' means non-payment of debt in whole or part when the debt has become due and payable, and debt means a liability or obligation in respect of a claim which is due from any person and includes financial debt and operational debt. The definition of 'debt' is also expansive and the same includes inter alia financial debt. The definition of 'Financial Debt' in Section 5(8) of IBC does not expressly exclude an interest free loan. 'Financial Debt' would have to be construed to include interest free loans advanced to finance the business operations of a corporate body.

The appeal is, therefore, allowed. The judgment and order impugned is, accordingly, set aside. The order of the Adjudicating Authority, dismissing the petition of the Appellant under Section 7 of the IBC is also set aside. The petition under Section 7 stands revived and may be decided afresh, in accordance with law and in the light of the findings above.

GENERAL LAWS

AJOY KHANDERIA v. BARCLAYS BANK & ANR.[DEL]

W.P.(C) 4030/2020 & CM No.14448/2020 (for stay)

Rajiv Sahai Endlaw & Asha Menon, JJ.[Decided on 20/07/2021]

Contract Act - section 176- pledge of shares as collateral security - default by borrower-DRT & DART holds pawnor also liable for the entire debt - whether pawnor is liable for the debt of the borrower-Held, No.

Brief Facts: The legal question arising for consideration, in this writ petition under Article 226 of the Constitution of India, is, whether by virtue of Section 176 of the Indian Contract Act, 1872 the pawnor, even if different from borrower or the principal debtor, becomes liable for payment of entire debt, even if has not furnished any guarantee for repayment of the entire debt i.e. over and above the value of the pawned goods.

The appellant is the managing director of respondent No.2 company to which the Respondent bank had granted loan facility. The appellant pledged his shares in the respondent No.2 company as collateral security with the Respondent Bank. Upon the failure of the company to pay the loan, Respondent Bank initiated recovery proceedings before the DRT against the company and the appellant. As none of them were appearing before the DRT the DRT ordered them jointly/severally to pay the debt amount to respondent bank.

Decision : Appeal Allowed.

Reason : That leaves only the interpretation of Section 176 of the Contract Act supra. If the same, by a legal fiction is found to make a pawnor, without being a borrower or a guarantor, liable for the entire amount due to the Pawnee, then of course the petitioner, admittedly a pawnor would be liable for the entire dues owed to the respondent no.1 Bank, even though the petitioner, in the documents executed by him on behalf of the respondent no.2 Company in favour of the respondent no.1 Bank, did not make himself personally liable, neither as borrower nor as guarantor.

Significantly, none of the provisions preceding or following Section 176 provide for the pawnor, by virtue of the pledge, even if not otherwise liable for the payment of debt, by a legal fiction becoming so liable for payment for debt, even beyond the value of the pawned goods. Section 176 also does not provide so, as would have been the case that the legislature intended so. In the absence of any such express provision in law, we hesitate to, merely on the basis of Section 176 hold that a Pawnee can recover from the pawnor anything beyond the value of the goods which the pawnor has pledged, unless the pawnor has separately from the pledge also made himself liable for the debt. Sections 172 to 179 are in the context of the pawnor as the borrower and the pawnee as the lender and do not contemplate a situation of a pawnor being different from the borrower.

Otherwise also it is felt that to hold that the pawnor, merely by his act of delivering his own goods to a creditor in consideration of a credit facility granted to the debtor/borrower, by legal fiction becomes liable for the entire debt, would be detrimental to trade and commerce, with borrowings becoming difficult to obtain owing to persons not agreeing to make a pledge of their goods for credit to another, for the fear of becoming liable for more than the value of the goods. It is thus felt that to interpret Section 176 so, would be detrimental to public interest.

On literal interpretation of Section 176 also, we are unable to hold it to be making a pawnor liable for more than the value of the pawned goods. Needless to state, the pawnee, in the said suit has to show the pawnor to be liable for the debt or for the promise being enforced. If the pawnor has not made himself liable for the debt and has promised only recovery by the pawnee of the value of the pawned goods, the pawnee, in the said suit, cannot recover anything more.

We therefore hold that under Section 176 of the Contract Act, the pawnor, if not otherwise liable for the debt as a borrower or as a guarantor or otherwise, does not merely from the act of making a pledge, become liable to the creditor/pawnee, for anything more than the value of the goods pledged.

DRAT, in the impugned order, is found to have erred in holding the petitioner as a pawnor become liable for the entire debt for which the pledge was made, even without being the borrower and even in the absence of having promised so. Once we hold so, there is nothing on the basis of which liability for the debt owed by the respondent no.2 Company to the respondent no.1 Bank can be fastened on the petitioner.

The petition is thus allowed. The impugned order dated 26th April, 2019 of the DRAT and the order dated 29th August, 2013 of the DRT are set aside. The Review Application filed by the petitioner is allowed and the order dated 16th October, 2015 of the DRT is reviewed and it is held that on the basis of the pleadings and documents of the respondent no.1 Bank, the respondent no.1 Bank is entitled to recovery of the amounts found due, only from the respondent no.2 Company, with the liability of the petitioner being restricted to the value of the shares pledged by the petitioner with the respondent no.1 Bank.

We may add, that merely because the defendant/respondent is ex parte, does not permit any Court or Tribunal to return finding against such defendant/respondent unless on the basis of material on record, a right in law is shown to have accrued to the plaintiff/claimant against such defendant/respondent. The DRT, while pronouncing the ex parte order dated 29th August, 2013, had nothing before it to fasten liability of the dues of the respondent no.1 Bank on the petitioner.

SOUTHEASTERN COALFIELDS LTD v. M/S S. KUMARS ASSOCIATES AKM (JV) [SC]

Civil Appeal No. 4358 of 2016

Sanjay Kishan Kaul & Hemant Gupta,JJ. [Decided on 23/07/2021]

Invitation of bids - successful bidder issued with LOI - bidder fails to satisfy the preconditions mentioned in the LOI though performs a minuscule part of the work-contract cancelled- whether LOI is a binding contract - Held, No.

Brief facts : The appellant floated a tender for certain work and the respondent was the successful bidder. In view thereof a Letter of Intent ('LoI') was issued awarding the contract for a total work of Rs.387.40 lakh. The LoI stipulated the following conditions: (i) Mobilization of equipment for executing the work to handle minimum allotted Cu.m. per day; (ii) Deposit Performance Security Deposit for a sum total to 5% of annualized contract amount (iii) Sign the Integrity Pact before entering into the agreement in accordance with the tender document ; (iv) The work order would be issued and the agreement would be executed at the Area Office and (v) The date of commencement of work may be intimated to the issuing office and agreement may be concluded within 28 days as per the provisions of the tender document.

The respondent, in pursuance of the LoI, mobilized resources at site but failed to deposit performance guarantee amount and execute the integrity pact. The appellant cancelled the work order and appointed another contractor at higher price. The appellant demanded an amount of Rs.78,07,573/- being the differential in the contract value between the respondent and the new contractor, from the respondent.

The respondent filed a writ petition under Articles 226 & 227 seeking quashing of the termination letter and the demand recovery order. The High Court held that there was no subsisting contract inter se the parties to attract the general terms and conditions as applicable to the contract and the appellant was entitled only the forfeiture of bid security was upheld while the endeavour of the appellants to recover the additional amount in award of contract to another contractor as compared to the respondent was held not recoverable. The appellant challenged the above judgement before the Supreme Court.

Decision : Appeal dismissed.

Reason : The substratum of the case of the appellants is based on a plea that the requirement of deposit of performance security limited to 5% of annualized contract amount within 28 days as well as the requirement to sign the Integrity Pact before entering into the agreement was not a pre-condition to the execution of the agreement but a "condition subsequent".

We have already reproduced aforesaid the terms of the letter of award and what it mandated the respondent to do. None of the mandates were fulfilled except that the respondent mobilized the equipment at site, handing over of the site and the date of commencement of work was fixed vide letter dated 28.10.2009. Interestingly this letter has been addressed to the Sub Area Manager of the appellant by the office of the appellant. The respondent, thus, neither

submitted the Performance Security Deposit nor signed the Integrity Pact. Consequently, the work order was also not issued nor was the contract executed. Thus, the moot point would be whether mobilization at site by the respondent would amount to a concluding contract inter se the parties. The answer to the same would be in the negative.

We would like to state the issue whether a concluded contract had been arrived at inter se the parties is in turn dependent on the terms and conditions of the NIT, the LoI and the conduct of the parties. The judicial views before us leave little doubt over the proposition that an LoI merely indicates a party's intention to enter into a contract with the other party in future. No binding relationship between the parties at this stage emerges and the totality of the circumstances have to be considered in each case. It is no doubt possible to construe a letter of intent as a binding contract if such an intention is evident from its terms. But then the intention to do so must be clear and unambiguous as it takes a deviation from how normally a letter of intent has to be understood. This Court did consider in Dresser Rand S.A. case that there are cases where a detailed contract is drawn up later on account of anxiety to start work on an urgent basis. In that case it was clearly stated that the contract will come into force upon receipt of letter by the supplier, and yet on a holistic analysis – it was held that the LoI could not be interpreted as a work order.

Similarly if we construe the documents as discussed in the Dresser Rand S.A. (supra); Rajasthan Coop. Dairy Federation Ltd. (supra) Supra judgment of this Court in Jawahar Lal Burman case it is unequivocally mentioned that "contract is concluded by this acceptance and formal acceptance of tender will follow immediately on receipt of treasury receipt." Thus, once again, it has been stipulated as to at what time a contract would stand concluded even though it was later subject to deposit of the security amount. It was in these circumstances that the requirement of security deposit was treated not as a condition precedent but as a condition subsequent. We have to also appreciate the nature of contract which was for immediate requirement of the full quantity of coconut oil to be supplied within 21 days. It was also explicitly mentioned in the LoI itself that any failure to deposit the stipulated amount would be treated as a breach of contact. This is not the case here, where the consequence was simply forfeiture of the bid security amount, and cancellation of the 'award' and not the 'contract'.

If we compare the aforesaid scenario in the present case, the period for execution of the contract was one year. The respondent worked at the site for a little over the month, facing certain difficulties – it is immaterial whether the same was of the own making of the respondent or attributable to the appellants. No amount was paid for the work done. The respondent failed to comply with their obligations under the LoI. It is not merely a case of the non-furnishing of Performance Security Deposit but even the Integrity Pact was never signed, nor work order issued on account of failure to execute the contract. We are, thus, of the view that none of the judgments cited by learned counsel for the appellants would come to their aid in the contractual situation of the present case.

On having discussed the non-compliance by the respondent of the terms of the LoI we turn to the NIT. Clause 29.2 clearly stipulates that the notification of award will constitute the formation of the contract "subject only" to furnishing of the Performance Security/Security Deposit. Thus, it was clearly put as a pre-condition and that too to be done within 28 days following notification of the award. The failure of the successful bidder to comply with the requirement "shall constitute sufficient ground for cancellation of the award work and forfeiture of the bid security" as per clause 30.2. If we analyse clause 34 dealing with the Integrity Pact the failure to submit the same would make the tender bid "as not substantially responsive and may be rejected."

We may also add that the definition of what constitutes a contract as per clause (ix) itself includes the NIT, the acceptance of the tender, the formal agreement to be executed between the parties post contractor furnishing all the documents and the bid security amount.

The result of the aforesaid is that as rightly held in terms of the impugned order all that the appellants can do is to forfeit the bid security amount and, thus, it was so directed.

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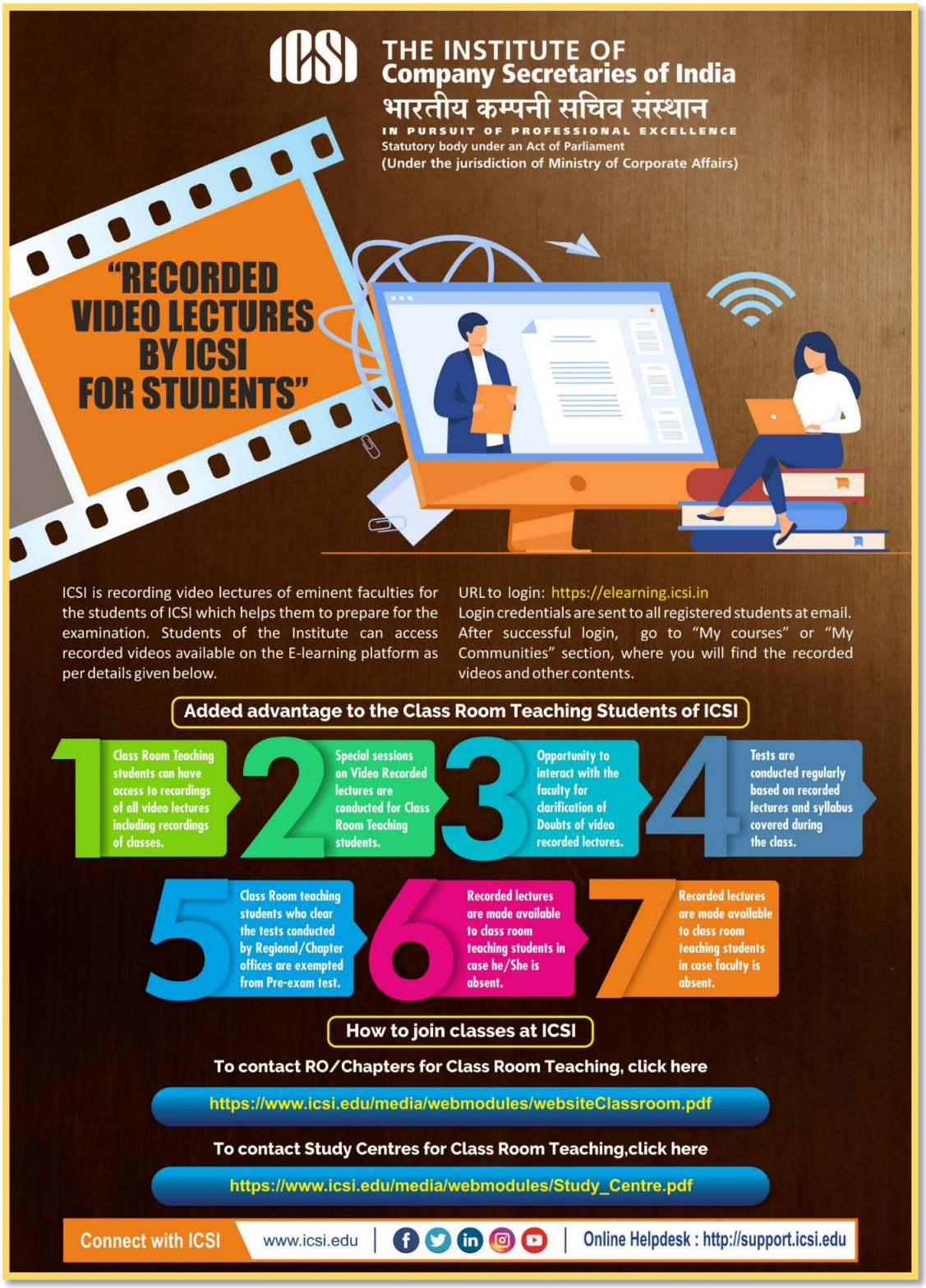

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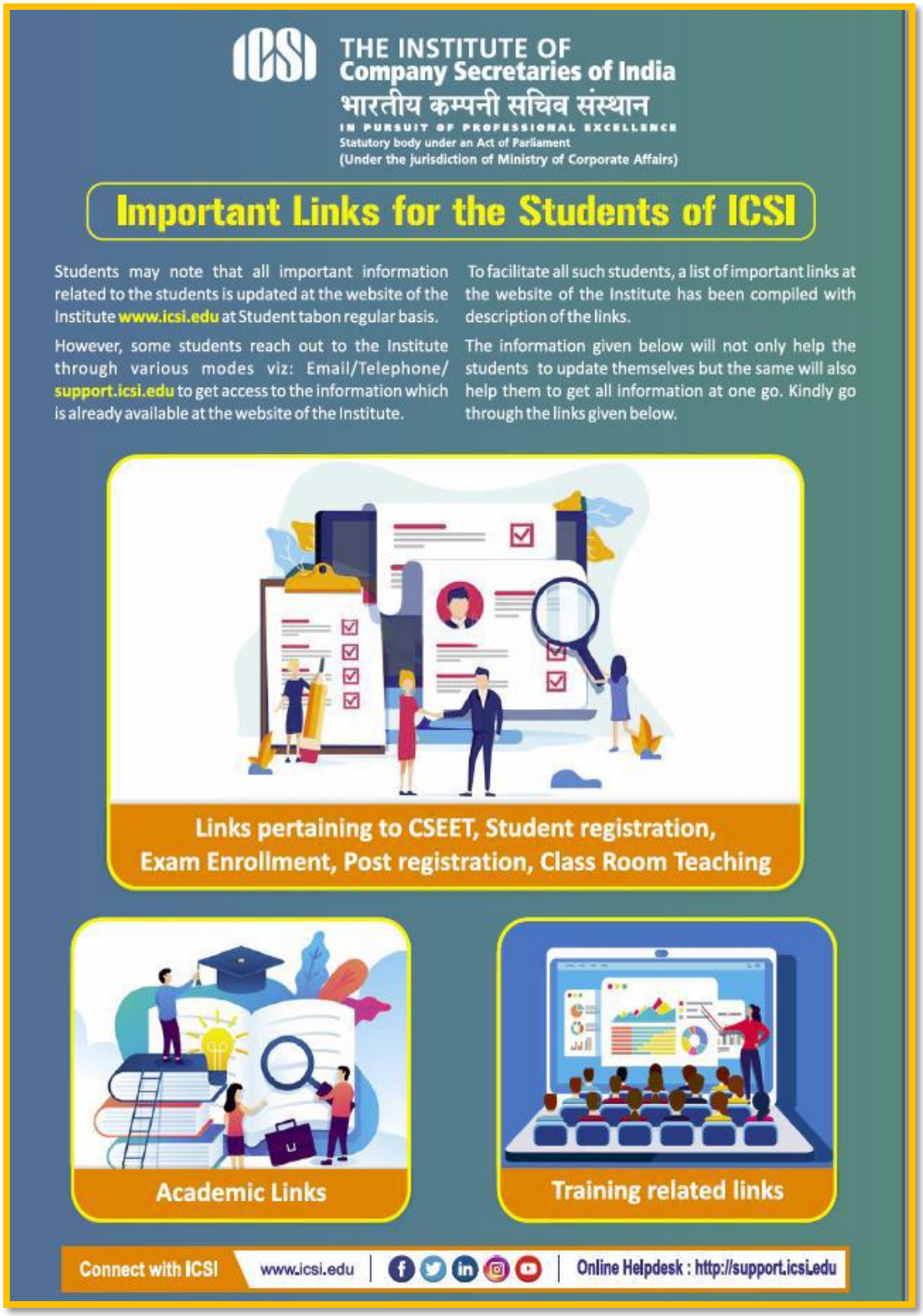

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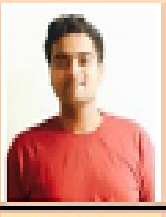
WINNER (Team of WIRC)	(i) 440871897/04/2020	Mr. Pulatsya Pandey	
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16	**Lucknow**	Ravi Krishna Srivastava	0522-4109382	ravi.srivastava@icsi.edu	lucknow@icsi.edu	Exe. 1st batch - 01.06.2021 Exe. 2nd batch - 09.08.2021
17	**Panipat**	Deepak Kumar Gupta	9335348179	deepak.gupta@icsi.edu	panipat@icsi.edu	05.09.2021
18	**Prayagraj**	Mr. Amitabh Shukla	0532-2260101	amitabh.shukla@icsi.edu	prayagraj@icsi.edu	23.08.2021
19	**Amaravati**	Mr. Dharavathu Ramprasad	0863-2233445	dharavathu.prasad@icsi.edu	amaravati@icsi.edu	02.09.2021

20	**Bengaluru**	Ms Noor Soumya	(080) 23116574	noor.sumayya@icsi.edu	bengaluru@icsi.edu	02.07.2021
21	**Belagavi**	Mr. Sandip Bansi Bhingardive	(0831) 4201716	sandip.bhingardive@icsi.edu	belagavi@icsi.edu	23.08.2021
22	**Chennai-SIRO**	C. Murugan	(044) 28279898	chelliah.murugan@icsi.edu	chelliah.murugan@icsi.edu	1st batch of Exe. - 23.06.2021 2nd batch of Exe. - 16.08.2021 Prof. for Mod I and Mod II - 08.09.2021
23	**Coimbatore**	Mr. Sreejith P, Mr. S.Ashok	(0422) 2237006	sreejith.p@icsi.edu	coimbatore@icsi.edu	08.07.2021
24	**Hyderabad**	Mr. V Srinivas	040-27177721 /24 / 28, 9491989900	srinivas.v@icsi.edu	hyderabad@icsi.edu	08.07.2021
25	**Kochi**	Mr Sree Kumar T S	0484-2375950	sreekumar.ts@icsi.edu	kochi@icsi.edu	09.08.2021
26	**Mysuru**	Mr. N.Dhanabal	0821-2516065	dhanabal.n@icsi.edu	mysuru@icsi.edu	15.07.2021
27	**Palakkad**	Ms. Roby Joshep	0491-2528558	roby.joseph@icsi.edu	palakkad@icsi.edu	18.08.2021
28	**Salem**	Mr. Sunder Swamy S	0427 - 2443600 / 8754340840	sundarswamy.s@icsi.edu	salem@icsi.edu	26.07.2021
29	**Thiruvananthapuram**	Mr. S V Vinod Kumar	0471-2309915	vinod.sreerama@icsi.edu	tvm@icsi.edu	Exe. Mod I - 28.07.2021 Exe. Mod II - 25.08.2021
30	**Thrissur**	Ms Soumya S	0487-2327860 / 9567763621	soumya@icsi.edu	thrissur@icsi.edu	1st batch Exe. - 08.07.2021 2nd batch Exe. - 18.08.2021
31	**Visakhapatnam**	Mr P R V Shivaramakrishna	0891-2533516	Prv.sivaramakrishana@icsi.edu	vpatnam@icsi.edu	08.08.2021

32	**Ahmedabad**	Ms. Smita Subin	079-26575334	smita.subin@icsi.edu	ahmedabad@icsi.edu	05.08.2021
33	**Dombivli**	Ms. Ketki Kedar Joshi	(0251) 2445423	ketki.joshi@icsi.edu	dombivli@icsi.edu	Dec-21 batch not started
34	**Mumbai-WIRO**	Dr. Rajesh Agarwal/ Dasari Bannashankar/ Anil Tale	022-61307904	rajesh.agrawal@icsi.edu; bannashankar.dasari@icsi.edu; anil.tale@icsi.edu	bannashankar.dasari@icsi.edu; anil.tale@icsi.edu	07.06.2021
35	**Nashik**	Mr. Amit Kumar	0253-2318783	amit.kumar_n@icsi.edu	nashik@icsi.edu	15.08.2021 (tentative)
36	**Pune**	Mrs. Garima Mehrotra	020-25393227	garima.mehrotra@icsi.edu	pune@icsi.edu	08.07.2021
37	**Raipur**	Mr. Prafulla Kumar Dash	0771-2582618	prafulla.dash@icsi.edu	raipur@icsi.edu	22.08.2021
38	**Rajkot**	Mr. Chandranath Kundu	0281-2482489	chandra.kundu@icsi.edu	rajkot@icsi.edu	07.06.2021
39	**Thane**	Ms. Kavita Chavan	022-25891333/ 9004928113	kavita.chavan@icsi.edu	thane@icsi.edu	23.08.2021
40	**Vadodara**	Mr Amit Kumar Nagar	0265-2331498	amit.nagar@icsi.edu	vadodara@icsi.edu	01.09.2021

Link to watch webinar : https://youtu.be/JukPQOip8Rc

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

Attention Students

Granting exemption to Graduates and Post Graduates from the recognized Universities from appearing in CSEET and enabling them to take direct admission in CS Executive Programme.

The Council of the Institute at its 277th meeting held on 19.06.2021 has decided to grant exemption to the following categories of students from appearing in Company Secretary Executive Entrance Test (CSEET) enabling them to take direct registration in CS Executive Programme:

Graduates (having minimum 50% marks) in any discipline of any recognised University or any other Institution in India or abroad recognized as equivalent thereto by the Council.

OR

Post Graduates in any discipline of any recognised University or any other Institution in India or abroad recognized as equivalent thereto by the Council.

To get exemption from CSEET on the basis of above qualification, such students shall be required to pay applicable exemption fees.

The above revised admission criteria for CSEET and CS Executive Programme shall be effective from June 20, 2021.

All concerned students may take a note of it.

A K Srivastava
Joint Secretary (Student Services)

Date: 23rd June, 2021

SOCIAL MEDIA PLATFORMS FOR COMMUNICATING WITH THE INSTITUTE

Updates / Notifications from the Institute are now available on Social Networking Sites

Students can now visit the webpage of the Institute on the following Social networking sites to get details regarding various notifications and updates of the Institute.

1. Facebook
2. Twitter
3. Instagram
4. LinkedIn

Click on appropriate links on home page of ICSI website to get access to these webpages.

https://twitter.com/icsi_cs

https://www.facebook.com/ICSI

https://www.instagram.com/cs_icsi/

https://www.linkedin.com/in/theicsi/

ATTENTION STUDENTS !!

MAJOR CHANGES IN THE PROCESSES/ GUIDELINES PERTAINING TO STUDENT REGISTRATION, EXAMINATION ENROLLMENT, ETC. PURSUANT TO ISSUE OF COMPANY SECRETARIES (AMENDMENT) REGULATIONS, 2021.

Visit at :

https://www.icsi.edu/media/webmodules/Announcement%20on%20New%20Regulations.pdf

Cut-Off Dates for Seeking Admission in Executive Programme and Professional Programme

Cut-off date of registration in Executive Programme and Professional Programme
31st May (for appearing in both modules of Executive Program in December session in same year)
31st July (for appearing in single module of Executive Program in December session in same year)
30th November (for appearing in both modules of Executive Program in June session in next year)
31st January (for appearing in single module of Executive Program in June session in same year)

ATTENTION STUDENTS!

DEDUCTION OF 30% OF THE TOTAL FEE REMITTED BY THE APPLICANT IN RESPECT OF REGISTRATIONS LYING PENDING FOR MORE THAN A YEAR

The Institute has decided to reject the applications of such students who do not submit the documents within one year after their registration in Foundation and Executive programme by deducting 30% of the fee remitted by them towards administrative charges after expiry of one year. Therefore it is advised that all such students may submit their documents in the stipulated time.

IMPORTANT ALERTS FOR STUDENTS

Chartered Secretary Journal

The "Chartered Secretary" Journal is published by the ICSI, with a view to ensure continuous up-gradation of the knowledge of the Members. The Journal is equally important for the students of the Institute. Students who are interested to purchase the journal can subscribe for the same by remitting the nominal subscription fees of Rs. 500/-per annum. Students can either subscribe for the Journal at the time of registration in each stage of CS Course or separately through our Chartered Secretary

CHARTERED SECRETARY
THE JOURNAL FOR CORPORATE PROFESSIONALS

Details Regarding conduct of Class Room Teaching Centres at Regional Councils/ Chapters

Number of Class Room Teaching Centres at Regional Councils/Chapters

https://www.icsi.edu/crt/

Pre-exam test is exempted for students who undergo Classes at Regional and Chapter offices (Subject to the condition) visit :

https://www.icsi.edu/media/webmodules/websiteClassroom.pdf

"Join CSEET classes at ICSI Regional/Chapter Offices" Visit:

https://www.icsi.edu/media/webmodules/Schedule_of_Classes_for_1st_CSEET_Test_to_be_held_in_the_month_of_May_2020.pdf

Study Centres

The objective of the Study Centre Scheme is to break the distance barrier at the end of students for availing the services from the institute. Under the Scheme, Study Centers are opened in cities/areas, wherein the Institute's Offices are not in existence. Apart from providing basic services, the Study Centres also impart coaching to the students of various stages.

The details of study centres are available at the link

https://www.icsi.edu/media/webmodules/Study_Centre.pdf

For Study Centre Visit:

https://www.icsi.edu/media/webmodules/Study_Centre.pdf

Clarification regarding "Opt-Out Facility"

For more clarity, the eligibility of students for Opt-Out is illustrated in the table given below:

Sl. No.	Enrolled For June 2021	Appeared	Eligibility for Opt-Out
1.	Only One module	Appeared in all papers	Not Eligible
		Not appeared in all papers of module or appeared in few papers but not completing the entire module	Eligible
2.	Two modules	Appeared in all papers of Two modules	Not eligible
		Appeared in all papers of anyone module completely	Eligible to take opt-out for other module(in which not appeared) Or Can Opt-Out for both modules
		Not appeared in all papers of both modules or appeared in few papers but not completing any of the module entirely	Can Opt-Out for both modules
3.	Three modules	Appeared in all papers of the three modules	Not eligible
		Appeared in all papers of anyone module completely	Eligible to take opt-out for other two modules (in which not appeared) Or Can Opt-Out for all three modules
		Appeared in all papers of any two modules completely	Eligible to take opt-out for other module(in which not appeared) Or Can Opt-Out for all three modules
		Not appeared in all papers of all three modules or appeared in few papers but not completing any of the module entirely	Can Opt-Out for all three modules

15/06/2021

Announcement for one more attempt of Old syllabus

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

ATTENTION STUDENTS OF EXECUTIVE AND PROFESSIONAL PROGRAMME (2012 OLD SYLLABUS)

One More Attempt under 2012 Old Syllabus

The Institute has decided that the students of Executive and Professional Programme (2012 old syllabus) shall be allowed one more attempt during the December, 2021 session of examinations.

Accordingly, three Elective subjects of Professional Programme (New Syllabus) such as "Forensic Audit; Direct Tax Laws and Practice; and Valuation and Business Modelling" shall also continue in December 2021 exam session.

Student who has already switched over to new syllabus, his request for returning to old syllabus shall not be allowed.

All students (under 2012 old syllabus) may note that they shall be compulsorily switched over to 2017 (New syllabus) from June, 2022 Session onwards.

All concerned students are advised to take note of the above.

(A K Srivastava)
Joint Secretary

Date: 10.06.2021

Announcement on Paper-wise Exemption for Students

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

!!Attention Students!!

The option for claiming Paper - wise Exemption on the basis of Higher Qualification for Executive & Professional students has been deactivated.

Facility for verifying paper wise exemption already granted to students under the subject Exemption head is also deactivated on SMASH portal (https://smash.icsi.edu) till further notification.

Kindly take note of the same.

Team ICSI

REGISTRATION

1. Renewal of Registration (Registration Denovo / Extension)

Renewal of Registration (Registration Denovo)

Registration of students registered upto and including August, 2016 stands terminated on expiry of five-year period on 31st July, 2021.

As per the guidelines, students are advised to apply for Registration De novo via *https://smash.icsi.edu/Scripts/login.aspx* for seeking Registration Denovo subject to meeting the eligibility conditions.

Students are required to seek Registration Denovo by 9th April and 10th October for appearing in June and December sessions of examinations. Detailed process for seeking Registration Denovo online is given below.

Online Registration De novo Process (for Executive Programme & Professional Programme Students) Kindly visit the following link to check the process of Denovo

https://smash.icsi.edu/Documents/User_ManualforDenovoandExtension.pdf

2. Continuation of Registration w.e.f. 3rd February 2020

"Continuation of Registration" is being introduced according to which the students will have to keep their registration renewed from time to time even after passing Professional Programme Stage till completion of all the training requirements so as to become entitled to be enrolled as member of the Institute. The prescribed fee for seeking "Continuation of Registration" shall be Rs.1000/- per year.

Guidelines of Continuation of Registration is available at the following url :

https://www.icsi.edu/media/webmodules/student/Guidelines_ContinuationRegistration.pdf
Process of Continuation of Registration is available at the following url :
https://www.icsi.edu/media/webmodules/Detailed_notification_continuation_ of_reg_profpass_stud.pdf

3. Re-Registration to Professional Programme

The Institute has introduced a Re-registration Scheme, whereby students who have passed Intermediate Course/ Executive Programme under any old syllabus but not eligible for seeking Registration Denovo may resume CS Course from Professional Programme Stage. It is an opportunity to come back to the

profession for those students who had to discontinue the CS Course due to compelling reasons. Detailed FAQ, Prescribed Application Form, etc. may be seen at "for students" option at home page of Institute's website www.icsi.edu.

Please check FAQ & Application Form for Re-Registration at

http://www.icsi.edu/docs/Webmodules/REREGISTRATION.pdf

4. Registration to Professional Programme

Students who have passed/completed both modules of Executive examination are advised to seek registration to Professional Programme through online mode.

The prescribed registration fee is Rs. 12,000/- Students are also required to remit Rs. 1000/- towards Pre-exam test at the time of registration. Eligibility of students registered to professional programme for appearing in the Examinations shall be as under: -

Session	*Modules*	*Cut-off date for Registration*	*Illustrative Example*
June	*All*	*30th November (Previous Year)*	*All students registered upto 30th November, 2020 shall be eligible to appear in examination of All Modules in June, 2021 Session.*
	One	*31st January (Same Year)*	*All students registered upto 31st January, 2021 shall be eligible to appear in examination of any One Module in June, 2021 Session.*
December	*All*	*31st May (same Year)*	*All students registered upto 31st May, 2021 shall be eligible to appear in examination of All Modules in December, 2021 Session.*
	One	*31st July (Same year)*	*All students registered upto 31st July, 2021 shall be eligible to appear in examination of any One Module in December, 2021 Session.*

While registering for Professional Programme, students are required to submit their option for the Elective Subject under Module 3.

Notwithstanding the original option of Elective Subject, students may change their option of Elective Subject at the time of seeking enrolment to the Examinations. There will be no fee for changing their option for elective subject, but the study material if needed will have to be purchased by them against requisite payment. Soft copies of the study materials are available on the website of the Institute.

Important: The students shall also be required qualify online pre-exam test in such manner and mode as may be determined by the Council.

EXEMPTIONS AND SWITCHOVER

1. Clarification Regarding Paper wise Exemption

(a) Paperwise exemption is granted only on the basis of specific request received online through website www.icsi.edu from a registered student and complying all the requirements. There is one time payment of Rs. 1000/- (per subject).

(b) Last date of for submission of requests for exemption, complete in all respects, is 9th April for June Session of examinations and 10th October for December session of Examinations. Requests, if any, received after the

said cut-off dates will be considered for the purpose of subsequent sessions of examinations only. For example, if a student requests for exemption(s) after 09th April 2021, even if he/she is eligible for such exemption(s), the same will NOT be considered for the purpose of June 2021 Session of Examinations.

(c) The paperwise exemption once granted holds good during the validity period of registration or passing/completing the examination, whichever is earlier.

(d) Paper-wise exemptions based on scoring 60% marks in the examinations are being **granted to the students automatically and in case the students are not interested in** availing the exemption they may seek cancellation of the same by sending a formal request through the Online facility available. For the purpose, please submit the Online Request by logging into your account at **https://smash.icsi.edu** 30 days before commencement of examination.

If any student appears in the examinations disregarding the exemption granted on the basis of 60% marks and shown in the Admit Card, the appearance will be treated as valid and the exemption will be cancelled.

(e) It may be noted that candidates who apply for grant of paper wise exemption or seek cancellation of paper wise exemption already granted, must see and ensure that the exemption has been granted/cancelled accordingly. Candidates who would presume automatic grant or cancellation of paper wise exemption without obtaining written confirmation on time and absent themselves in any paper(s) of examination and/or appear in the exempted paper(s) would do so at their own risk and responsibility and the matter will be dealt with as per the above guidelines.

(f) Exemption once cancelled on request in writing shall not be granted again under any circumstances.

(g) Candidates who have passed either module of the Executive/Professional examination under the old syllabus shall be granted the paper wise exemption in the corresponding subject(s) on switchover to the new/latest syllabus.

(h) No exemption fee is payable for availing paper wise exemption on the basis of switchover or on the basis of securing 60% or more marks in previous sessions of examinations.

2. Attention Students!!!

There is no provision for submitting the exemption at the time of submitting the examination form.

If you have already been granted the exemption, it is reflected in your online account Examination, Enrollment Status and Admit Card issued for examination through online mode.

It may be noted that in some cases, the exemptions granted in accordance with the various provisions contained under the regulations are inter-related with other exemptions granted and cancellation (or appearance) in any one of the papers may result in cancellation of exemptions in all the inter- related papers.

For example, if a candidate has been granted paper-wise exemptions in three papers on the basis of scoring 60, 62, 58 & 10 Marks respectively in the four papers contained under Module-I of Executive Programme in previous session and in case he/she appears or cancels the exemption in any one out of the three exempted papers, all the three exemptions shall be cancelled since the exemption criteria in this case is applicable only if all the three papers are taken together.

Candidates are, therefore, advised to be extremely careful while seeking cancellation or while appearing in the exempted papers, as the final result will be computed considering the actual marks scored on reappearance and/ or the deemed absence in the papers as the case may be. In other words, candidates appearing in the exempted papers despite an endorsement to the effect in the Admit Card shall be doing so at their own risk and responsibility and the Institute may not be held responsible for any eventuality which may arise at a later date. In case of any doubt regarding the applicability of rules regarding the exemptions, it would be better if the candidates seek prior clarifications from the Institute by submitting their request at **https://support.icsi.edu** before appearing in the examination of exempted subjects or seeking cancellation of exemptions granted.

ATTENTION STUDENTS!

PAPERWISE EXEMPTION ON THE BASIS OF HIGHER QUALIFICATIONS

The Council of The Institute of Company Secretaries of India (ICSI), in its 252nd Meeting held on March 28th, 2018 and 253rd Meeting held on June 30th , 2018, has decided that the students enrolling to Company Secretary (CS) Course under New Syllabus, 2017 shall be eligible for paper-wise exemption (s) based on the higher qualifications acquired by them, as under:

Basis of Exemption **Qualification**	**Exemption in paper(s) covered under Executive Programme**	**Exemption in paper(s) covered under Professional Programme**
Passed LL.B. (Three Years Degree Course / or Five Years integrated Law Course) from a recognized University / Institute either constituted under an Act of Parliament or approved by AICTE/AIU and having secured 50% or more marks in the aggregate. (Qualification Code : 47)	**Module- 1** **Paper-1: Jurisprudence, Interpretation & General Laws (Paper Code – 421)**	**No paper-wise exemption is available for this qualification in any paper covered under Professional Programme**
Final Pass Students of the Institute of Cost Accountants of India Qualification Code : 44	**Module-1** **Paper 4: Tax Laws (Paper Code: 424)** **Module-2** **Paper 5 : Corporate & Management Accounting (Paper Code:425)** **Module-2** **Paper 8 : Financial & Strategic Management (Paper Code:428)**	**Module 1** **Paper 2: Advanced Tax Laws** **(Paper Code : 432)** **Module 3** **Paper 7: Corporate Funding & Listing in the Stock Exchanges (Paper Code : 437)** **Module 3** **Elective Paper- 9.7: Valuation & Business Modelling (Paper Code : 447)**

IMPORTANT INSTRUCTIONS FOR STUDENTS FOR CLAIMING PAPER-WISE EXEMPTION:

1. Students are required to apply for paper wise exemption in desired subject through 'Online Smash Portal on website https://smash.icsi.edu and for procedure please follow the link *https://smash.icsi.edu/Documents/Qualification_Based_Subject_ExemptionandCancellation_Student.pdf*
2. Fee for paper wise exemption is Rs.1000/- (per subject) and is to be paid through 'Online Smash Portal https://smash.icsi.edu' using Credit/Debit card or Net banking.
3. Students who have been granted exemption in Executive Programme Stage on the basis of having passed Final Course of The Institute of Cost Accountants of India are required to submit their request for exemptions afresh for papers covered under the Professional Programme Stage & the same are not granted automatically.
4. Students need to upload scanned attested copies of mark sheets of all parts/semesters of LL.B. degree or scanned attested copies of final pass certificate of the Institute of Cost Accountants of India.
5. Last date of applying for exemption is 9th April for June Session of Examinations and 10th October for December session of Examinations.

Switchover to New Syllabus 2017

Revision of syllabus is a constant exercise by the Institute to ensure up-gradation of knowledge amongst the student community. If the student wish to appear under new syllabus 2017, the student have the option to switchover to new syllabus 2017 as per ICSI Notification No. 01 of 2018. The students are requested to kindly follow the process mentioned in the link for switch over to new syllabus.

https://www.icsi.edu/media/webmodules/switchover_process.pdf

Please Note:-

1. That, all switchover students are eligible to appear in Online Pre-Examination Test which is compulsory under the new syllabus 2017 before enrolling for any examinations. Process For Remitting The Fee For Pre-Examination Test is available in the URL:

   https://www.icsi.edu/docs/webmodules/PreExamTestProcess.pdf
2. New syllabus Study material is not issued free of cost to the switchover students. Therefore, the student need to obtain study material, at a requisite cost.
3. Revert Switchover is not Permissible.
4. Applicability of New Syllabus for the Executive & Professional Programme Candidates From and including June 2022, Executive & Professional Programme Examination shall be held under the new syllabus only.
5. FAQs on Switchover to New Syllabus is available at URL: (*https://www.icsi.edu/media/webmodules/FAQ_ProfProg_ switchoverscheme.pdf*)

Other details regarding Exemptions and Switchover are available at the student page at the website of the Institute. Students can click on the following important links to get access to the information.

Paper wise Exemption

1. Paper wise Exemption on the basis of higher qualification (Syllabus 2017):

https://www.icsi.edu/media/webmodules/Paperwise_exemption_syllabus1 7.pdf

2. Paper wise Exemption on the basis of higher qualification (Syllabus 2012):

https://www.icsi.edu/media/website/Paperwise%20Exemption_forHighQual.pdf

3. Online Process of claiming Exemptions:

   https://smash.icsi.edu/Documents/Qualification_Based_Subject_ExemptionandCancellation_Student.pdf

4. User manual for cancellation of Exemption

   https://www.icsi.edu/media/webmodules/USER%20MANUAL%20FOR%20CANCELLATION%20OF%20EXEMPTION.pdf

Switchover

1. User manual on switchover Process

   https://www.icsi.edu/media/webmodules/User%20Manual%20forSwitchOver.pdf

2. Switchover from Foundation & Executive Programme 2012 Syllabus to 2017 Syllabus

   https://www.icsi.edu/media/webmodules/Correspondingexemptionafterswitchover%20-Fnd_ExePrg.pdf

3. Important Announcement on Switchover from Professional Programme 2007 Syllabus to 2012 Syllabus & 2012 to 2017 syllabus:

   https://www.icsi.edu/media/webmodules/Switchover_17092016.pdf

Enrollment to Executive & Professional Programme Examination (Regulation 35)

(i) The examinations for the Executive & Professional Programme Stage of CS Course are conducted in June and December every year.

(ii) The schedule for submission of online application along with the prescribed examination fee for enrolment to June and December Sessions of Examinations are as under :

Session	*Period during which the students can submit examination form and fee*	*Period during which the students can submit examination form and fee (with prescribed fee)*	*Validity of Registration*
June	The online examination enrollment window is opened tentatively on 26th February and the students may submit the forms upto 25th March	Students may submit the examination form during 26th March to 9th April with Late Fee.	The registration of a student seeking enrollment to examination should be valid as on the date of submission of examination application
December	The online examination enrollment window is opened tentatively on 26th August and the students may submit the forms upto 25th September	Students may submit the examination form during 26th September to 9th October with Late Fee.	The registration of a student seeking enrollment to examination should be valid as on the date of submission of examination application.

The following shall be the eligibility conditions for seeking enrollment to Executive & Professional Programme Examination:

Session	*Modules*	*Cut-off date for Registration*	*Illustrative Example*
June	*All*	*30th November (Previous Year)*	*All students registered upto 30th November, 2020 shall be eligible to appear in examination of All Modules in June, 2021 Session.*
	One	*31st January (Same Year)*	*All students registered upto 31st January, 2021 shall be eligible to appear in examination of any One Module in June, 2021 Session.*
December	*All*	*31st May (same Year)*	*All students registered upto 31st May, 2021 shall be eligible to appear in examination of All Modules in December, 2021 Session.*
	One	*31st July (Same year)*	*All students registered upto 31st July, 2021 shall be eligible to appear in examination of any One Module in December, 2021 Session.*

(iii) Students who have registered in Foundation Programme on or after 1st June,2019 are required to complete a One Day Orientation Programme in order to become eligible for enrollment to June, 2021 Examinations.

(iv) Students who have registered in Executive Programme on or after 1st June, 2019 are required to complete a One Day Orientation Programme in addition to Pre-Examination Test in order to become eligible for enrolment to June, 2021 Examinations.

(v) The Executive & Professional students of New Syllabus shall also be required qualify online pre-exam test in such manner and mode as may be determined by the Council;

Option to change the Elective Subject under Module-3 of Professional Programme

I. Student will have the option to enroll for any other elective irrespective of choice indicated at the time of registration and he/she has the option to change his choice, if he/she wishes.

II. Physical copy of the Study Material will be provided at a cost to the Student after making change in the option of the elective paper prior submission of enrollment request for a particular session of examination.

III. Students may, however, refer to the PDF version of the study material available on ICSI Website which is available free of cost.

IV. Student wishing to have study material in physical form for an elective subject, he/she may procure the same from the sale centers of the Institute at HQ/ROs/COs, on payment of requisite charges.

V. In case student wants to cancel the exemption and change the elective subject, then the student will have to reappear in the examination afresh and he shall have the option to enroll for any elective irrespective of choice indicated at the time of registration/passing the examination paper with 60% or more. He shall have the option to change his choice with every subsequent enrollment, if he wishes.

VI. Students who request for cancellation of exemption on the basis of 60% marks, will have no right to claim the exemption for any subsequent session of examination.

VII. Students who have cleared one of the optional subjects and is exempted on the basis of 60% will automatically relinquish the exemption permanently, if he opts for any other optional subject.

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Membership

THE INSTITUTE OF
Company Secretaries of India
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IN PURSUIT OF PROFESSIONAL EXCELLENCE
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ICSI SECRETARIAL EXECUTIVE CERTIFICATE

The ICSI Secretarial Executive Certificate is a unique initiative of the Institute of Company Secretaries of India (ICSI) for the CS Students to create a pool of semi qualified professionals.

ELIGIBILITY

A student who has:-

- passed the Executive Programme;
- completed EDP or any other equivalent programme;
- completed Practical Training as prescribed or exempted therefrom; and
- made an application along with such fee as applicable.

VALIDITY OF CERTIFICATE

- One calendar year from the date of issue
- Renewable on completion of 4 PDP Hours and payment of annual renewal fee of Rs.1000/-.
- The certificate will be renewed for a maximum period of two years only.

BENEFITS

- Entitled to use the description "ICSI Secretarial Executive".
- Seek employment with Practising Company Secretaries
- Gain relevant experience with India Inc.
- Serve the nation while preparing to become a full-fledged professional.
- Eligible to receive the coveted ICSI Journal 'Chartered Secretary'.

Procedure to apply shall be available at **http://bit.do/secicsi**

For queries, please write to **member@icsi.edu** or contact on Phone No.: **0120-4522000**

Connect with ICSI www.icsi.edu | | Online Helpdesk : http://support.icsi.edu

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

LAUNCHING OF ONLINE LICENTIATE ENROLLMENT

ELIGIBILITY

A student who has:-

(i) A person who has completed the Final examination or Professional Programme examination of the Institute may, within six months from the date of declaration of results in which he has passed the Final examination or Professional Programme examination can apply for enrolment as a licentiate.

(ii) An Online application for enrolment as a Licentiate is to be made along with annual subscription of **Rs. 1180/-** (Rs. 1000/- Licentiate subscription + Rs. 180/- towards GST @18% applicable w.e.f. 1st July, 2017)

VALIDITY OF CERTIFICATE

(i) A licentiate shall not ordinarily be allowed to renew his enrolment for more than five years after passing the Final examination or Professional Programme examination.

(ii) The annual subscription of a licentiate shall become due and payable on the first date of April every year

(iii) Non-payment of annual subscription on or before the thirtieth of June of a year shall disentitle the person to use the descriptive letters Licentiate ICSI &; from 1st July of that year, until his annual subscription for the year is received by the Institute. The name of the person so disentitled shall be published in the Journal

The Institute of Company Secretaries of India launches the online module of Licentiate enrollment as a Licentiate of The Institute of Company Secretaries of India in accordance with Regulation 29 of the Company Secretaries Regulations, 1982.

BENEFITS

- Recognition as 'Licentiate ICSI or entitled to use the descriptive letters Licentiate ICSI
- Subscription of Chartered Secretary Journal
- Participate in the activities of the Institute, its Regional Council or Chapter as the case may be, subject to such conditions as may be imposed by the Council, Regional Council or Chapter, as the case may be
- Entitled to use Library facilities of the Institute, Regional Council or Chapter

Procedure to apply shall be available at http://stimulate.icsi.edu/

For queries, please write to member@icsi.edu or contact on phone number 0120-4522000

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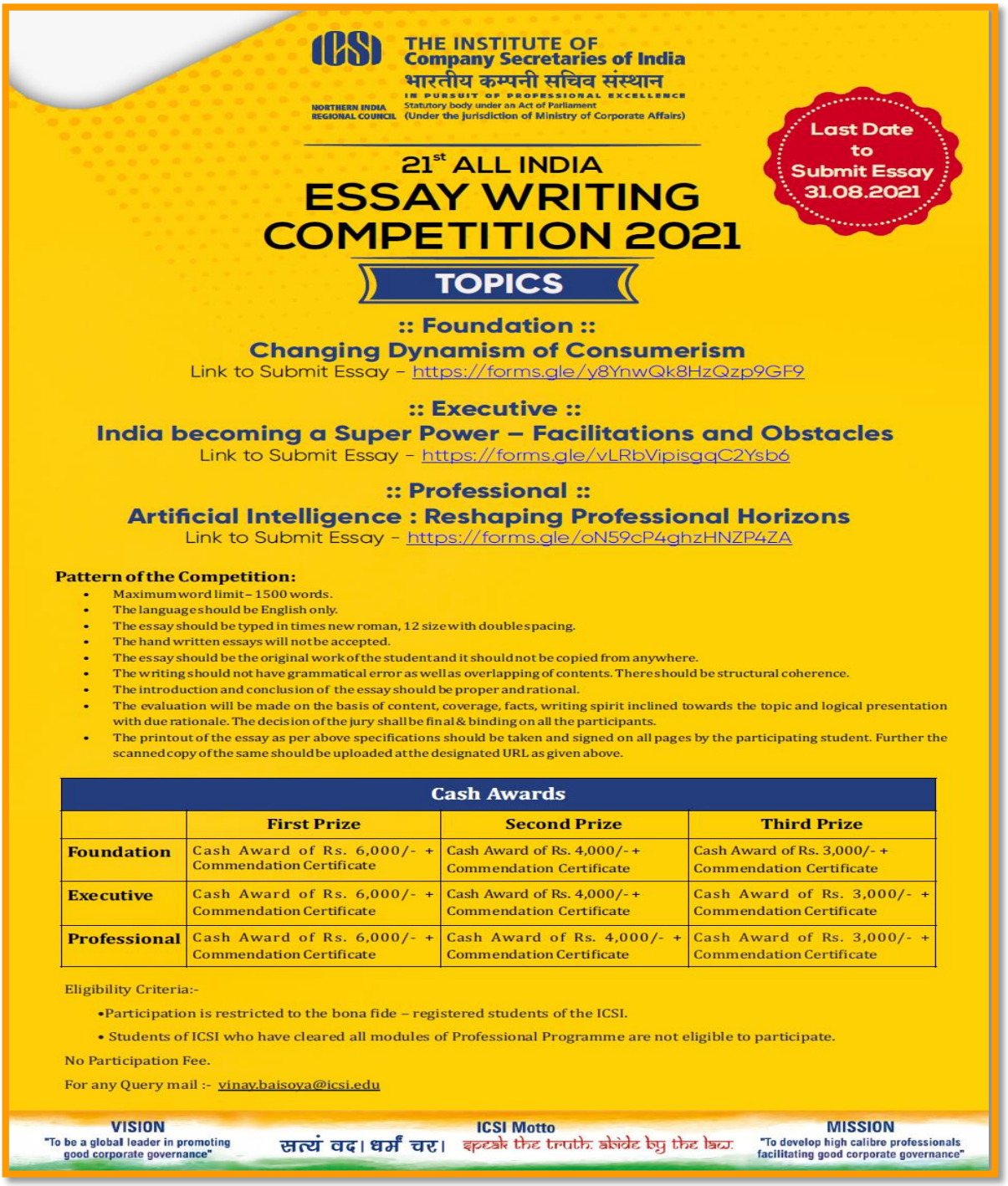
NEWS FROM REGIONS



For details : https://bit.ly/3swe2wk

For details : http://stimulate.icsi.edu/

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SOUTHERN INDIA REGIONAL COUNCIL

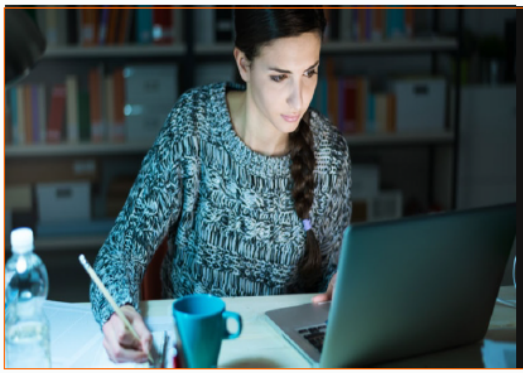
Announces

Experienced Faculties

Online Classes (2nd Batch) for CS Executive Programme (Module-I and Module-II) December 2021 Examination. Students who have registered for Executive Programme may join the Online Classes.

(1st Batch is going successfully with 295 Students)

Batch starts from Monday, 16th August, 2021 for Both Modules
(Classes may end by 2nd Week of December, 2021)



Online Classes (2nd Batch)
CS Executive Programme for December 2021 Examination

Module - I Timing:	Module - II Timing:
7.30 AM to 9.30 AM	6.00 PM to 8.00 PM

Fees: Rs. 7,000/- (Per Module)
(Fees will not be refunded once classes commenced)

Students attending Online Classes conducted by SIRC are exempted from pre examination test Students have to pass the online test to be conducted by SIRC.

Mode of Payment (Online Transfer)
HDFC Bank : Poonamallee High Road Branch
Account Name: SIRC of the ICSI
SB Account No: 04921110000013
IFSC Code: HDFC0000492

Registred Students will be provided the login ID & Password for online Classes separately by email. Students are required to enter the details in the link after making the payments.
Google Link: https://forms.gle/AiJE8BUoaJRX1egJ7

Commencement of Online Classes Subject to the minimum enrollment of 22 Students

For further details contact :

Mr. C. Murugan, Executive (Admin), Southern India Regional Office, The Institute of Company Secretaries of India
ICSI-SIRC House, No.9, Wheat Crofts Road, Nungambakkam, Chennai-600034.
044-28268685/28222212 / siro@icsi.edu; chelliah.murugan@icsi.edu: Mobile: 9443796311

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SOUTHERN INDIA REGIONAL COUNCIL

Announces

Experienced Faculties

ICSI-SIRC is conducting Online Classes for CSEET November, 2021 Examination. Students who have registered for CSEET may join the Online Classes. So for 9 Batches completed successfully with 701 Students.

10th Batch of Online Classes for CSEET

(Company Secretary Executive Entrance Test for November 2021 Examination)

Date of Commencement
Wednesday, 1st September, 2021
(Classes may end by 6th October, 2021)

Fees: Rs. 3,000/-
(Fees once paid, will not be refunded)

Timing of Classes
7.00 A.M. to 9.00 A.M.
&
05.00 P.M. to 07.00 P.M.
All Days (Including Sundays)

2 Online Mock Tests will be conducted through online.

Interactive session: Tuesday, 31st August, 2021

Mode of Payment (Online Transfer)
HDFC Bank:Poonamallee High Road Branch
Account Name:SIRC of the ICSI
SB Account No:04921110000013
IFSC Code : HDFC0000492

Above registered students will be provided the log in ID & Password for online classes separately by email.

Students are required to enter the details in the link after making the payment.
Google Form Link: **https://forms.gle/agR6Brox5q8zGp6UA**

For further details contact :
Mr. C Murugan, Executive (Admin), Southern India Regional Office, The Institute of Company Secretaries of India
ICSI-SIRC House, No.9, Wheat Crofts Road, Nungambakkam, Chennai – 600034.
Phone: 044-28268685/28222212 / Email ID : siro@icsi.edu; chelliah.murugan@icsi.edu

Vision "To be a global leader in promoting good corporate governance"
Motto सत्यं वद। धर्मं चर। speak the truth; abide by the law
Mission "To develop high calibre professionals facilitating good corporate governance"
Connect with ICSI https://www.facebook.com/ICSI https://twitter.com/ICSI_CS https://www.linkedin.com/in/the-institute-of-company-secretaries-of-india-test-a58992a102/

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EASTERN INDIA REGIONAL COUNCIL

ANNOUNCES

CSEET

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST

6th BATCH

STARTING FROM
10TH SEPTEMBER 2021

Fees: ₹ 2,000/-

REGISTRATION OPEN

KEY TAKEWAYS:

- ✓ Experienced Faculties
- ✓ Complete Subject Coverage
- ✓ Tips and Guidance for Exam
- ✓ Completion of syllabus well in advance of exam
- ✓ Mock test

Mode of Payment: Online

Link for online payment:
https://paytm.com/education?src=1&q=fees

Students are required to send their details with Payment Transaction Id at sumanta.dutta@icsi.edu after payment of fees.
Registered students will be provided the log in ID & password for online classes separately by email.

For further details, please contact:
Mr. Bipin Kumar Choudhary / Mr. Sumanta Dutta
ICSI- EIRC HOUSE 3A, Ahiripukur 1st Lane, Kolkata- 700019
Ph: (033) 22902179 / 22901065 / 7631465769
Email Id: bipin.choudhary@icsi.edu; sumanta.dutta@icsi.edu

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

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

ICSI Mission
"To develop high calibre professionals facilitating good corporate governance"

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EASTERN INDIA REGIONAL COUNCIL

Attention Students

1. Those students who have registered with EIRC but not attended SIP/EDP are requested to submit an application for the refund of SIP/EDP fee along with original SIP/EDP acknowledgement receipt at ICSI-EIRC, House, 3A, Ahiripukur, 1st Lane, Kolkata-700019.

2. Outstation students who are unable to come personally to collect the refund, may opt for electronic transfer to their bank account after sending the duly filled-up undertaking form duly signed by them.

3. The application for refund will be accepted till 15th November, 2021. After that no application will be entertained.

For further details contact

Ms. Rukmani Nag, Sr. Executive Assistant, ICSI-EIRO
ICSI-EIRC House, 3A, Ahiripukur1stLane, Kolkata –700 019,
Visit : https://www.icsi.edu/eiro/Home.aspx
Ph: 033-22901065 /2290 2179 / 22832973(Telefax) or **Email:** rukmani.nag@icsi.edu

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EASTERN INDIA REGIONAL COUNCIL
ONE DAY MANDATORY ORIENTATION PROGRAMME (ONLINE MODE)
Registration going on
Hurry
One day Orientation programme is applicable to all the newly registered students who have registered in Executive programme on or after 1st June, 2019. The students are required to attend the One Day Orientation programme within 15 days of Registration in CS course.
Link for joining online ODOP will be shared to the registered students only
No Fees
Mode of Training: Cisco WebEx Meeting App
Link for registration:
https://forms.gle/JtfZmBeErq3rB3cW9
Schedule of online One Day Orientation Programme
Course | Date | Timing
Executive | 25.08.2021 | 10:00 AM onwards
Registration will be closed on 24.08.2021 after 03:00 p.m.
For further query, please contact:
Mr. Sumanta Dutta
Student Services, EIRO of ICSI
Ph: (033) 2283 2973/2290 1065/8292398669
Email Id: sumanta.dutta@icsi.edu
ICSI Vision
ICSI Motto
सत्यं वद। धर्मं चर। speak the truth; abide by the law.
ICSI Mission

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EASTERN INDIA REGIONAL COUNCIL
7th
ONLINE MSOP
MANAGEMENT SKILLS ORIENTATION PROGRAMME
ICSI-EIRC
announcing
7th Online MSOP
Wednesday, 25th August, 2021
to
Friday, 10th September, 2021
Use of latest teaching aids as presentations, mock sessions, case studies etc.
Doubt clearing session at end of every lecture
MSOP Group building and togetherness
Dedicated support person for MSOP
Fee
Rs 3800/-
Duration
15 Days
Mode
Online
IMPORTANT INSTRUCTIONS:
►Admission for MSOP will be taken through stimulate portal- http://stimulate.icsi.edu/
► Student need to apply for MSOP from stimulate portal and submit the required fee through online.
► The duration of the MSOP shall be 15 days.
► In order to maintain the quality of the programme maximum batch of 50 students are allowed.
► The Link and programme schedule will be provided to the registered students.
► The login link for session will be provided one day before starting the training according to Schedule.
► There shall be two Academic Sessions every day. First Session: 11am to 1pm & second session 3PM to 5PM.
► It is mandatory for the participants to attend all the sessions of MSOP to get the completion certificate.
► Students are also required to submit a project report.
► The attendance of the students in both the sessions is must.
►The dress code for the program is as follows: For Male participants: Full sleeve white shirt + dark colour trouser + matching tie. For Female participants: Formal decent Indian Attire of sober colour or as prescribed for male participants.
►For any assistance, guidance and clarification please mail to Regional Director, East Dr. Tapas Kumar Roy at tapas.roy@icsi.edu or call Ms. Rukmani Nag on Mobile No. 9674208303 or email at rukmani.nag@icsi.edu
LIVE CLASSES
Eligibility Criteria
Students, have completed Professional Programme and all training (except 15 days Specialized Training)
Best Wishes
from
TEAM EIRC
DON'T MISS YOUR CHANCE
Register online now at
http://stimulate.icsi.edu/
ICSI Vision
सत्यं वद। धर्मं चर।
ICSI Motto
ICSI Mission

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EASTERN INDIA REGIONAL COUNCIL

EXECUTIVE DEVELOPMENT PROGRAMME

4th Online Batch

Monday, 23rd August, 2021 to Wednesday, 8th September, 2021

Eastern India Regional Council of The Institute of Company Secretaries of India (ICSI-EIRC), is organizing 4th batch of online 15 Days Executive Development Programme (EDP) in Class Room Mode, from Monday, 23rd August, 2021 to Wednesday, 8th September, 2021 through videoconferencing mode.

As per Regulation **46BA and 46BB under The Company Secretaries (Amendment) Regulations, 2020**, all students of the Institute who have passed Executive examination are compulsorily required to undergo Executive Development Programme for a period 30 days, out of which 15 days EDP needs to be completed in classroom mode to start their Practical Training in the industry / Practicing Company Secretary by developing their communication skills, personality, legal acumen and fundamentals of IT skills.

The duration of the programme may be altered / extended / changed depending upon current situation and other programme of ICSI-EIRC and the participants have to adhere with such modifications. Attendance on all the days is compulsory.

The Participation **Fee is Rs.5,000/-**

For registration, please go through: **https://stimulate.icsi.edu/**

for further detail you can write to:
Ms. Rukmani Nag, Sr. Executive Assistant at rukmani.nag@icsi.edu; with copy to
Dr. Tapas Kumar Roy, Regional Director & Programme Coordinator ICSI-EIRO at tapas.roy@icsi.edu; or can call at (033) 22901065 / 22902178

P.S. Please adhere to the Guidelines and National Directives for COVID-19 management issued by the Government.

Motto

सत्यं वद। धर्मं चर।

speak the truth. abide by the law.

Vision

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

Mission

"To develop high calibre professionals facilitating good corporate governance"

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Statutory body under an Act of Parliament

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Headquarters

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003

tel 011- 4534 1000 **fax** +91-11-2462 6727 **email** info@icsi.edu