



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)

EASTERN  
INDIA  
REGIONAL  
COUNCIL

Vision

To be a global leader in  
promoting good  
and sound governance

Motto

सर्वं यद् बर्जं यद्। *Break the walls, build by the law*

Mission

To develop high-calibre  
professionals to drive  
good corporate governance

E-NEWSLETTER

ICSI-EIRC

August  
2024

COURT Kolkata  
Pride and Honour  
of the East

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### Regional Council Members (2024)

CS (Dr.) Mohit Shaw  
Chairman

CS Anuj Sarawat  
Vice-Chairman

CS Bishal Muralla  
Secretary

CS Satish Kumar  
Member

CS Soumya Sagit Mishra  
Member

CS Santosh Kumar  
Treasurer

CS Rupanjana De  
Ex-Officio Member

CS Sandip Kumar Kojirwal  
Ex-Officio Member

Shri Srihar Panwarthi  
Co-opted Member

### Editorial Board



CS (Dr.) Mohit Shaw  
Chairman



CS Rajesh Poddar  
Member



CS Neel Agrawal



CS Adithyan Ghosh



CS Nisha Senapati

## Chairman's Desk



Chairman, EIRC of ICSI  
CS (Dr.) Mihir Shaw

संगच्छध्वं संवदध्वं सं वो मनांसि जानताम्।

Saṅgacchadhvaṁ Saṁvadadhvaṁ Saṁ Vo Manāṁsi  
Jānatām.

True leadership comes from unity and collective action. A great leader encourages collaboration, open communication, and shared vision for the betterment of the community.

Dear Esteemed Members,

It is with great pleasure that I address you through this August edition of our Newsletter, reflecting on the recent accomplishments and future initiatives of the Eastern India Regional Council of the Institute of Company Secretaries of India (EIRC).

At the outset, I would like to extend my heartfelt congratulations to all the candidates who excelled in the June 2024 examinations. Their dedication and perseverance have borne fruit, and I wish them continued success in their future endeavours. To those who could not clear this time, remember that every setback is a setup for a greater comeback. Success is not final, and failure is not fatal; what matters most is the courage to continue. With renewed effort and determination, I am confident you will achieve your goals in the future.

We had the privilege of celebrating the 78th Independence Day at our new CCGIT Kolkata Campus, with over 100 participants in attendance. The event was a vibrant and memorable occasion, featuring a blood donation camp organized in collaboration with Project Life and cultural performances by both members and students. We were honored to have Shri Sanjay Kumar, Vice Chancellor of Anady University, Kolkata, as our esteemed Chief Guest.

On 17th August 2024, EIRC of ICSI proudly hosted the 10th Regional Conference of Practising Company Secretaries, themed "विकास - A Journey of Company Secretaries from Compliance Officers to Globally Preferred Professionals." Held at Raajshree, Kolkata (Stablebrum), a new and appreciated venue, the conference was a resounding success. It was particularly noteworthy as all the regional chairpersons of ICSI gathered on a single platform for the first time outside of a national event, making it a milestone occasion.

As a forward-thinking institute, we are committed to adopting innovative and future-oriented approaches. In line with this, I am excited to announce our upcoming initiative—the first-ever Career Fair of the Institute. Organized in collaboration with Shri Shikshayatan College, Kolkata, this event will bring together over 50 universities and colleges, targeting more than 3,000 students from diverse streams across the city of Kolkata.

As we move forward, let us remember the wisdom of Abraham Lincoln: "Give me six hours to chop down a tree, and I will spend the first four sharpening the axe." This reminds us of the vital importance of preparation and readiness.

In closing, I extend my deepest gratitude to each of you for your steadfast support and dedication. Together, let us forge ahead on this shared journey of growth and success.

Warm regards,

CS (Dr.) Mihir Shaw

Chairman, EIRC of ICSI

Thank you for your trust and support.

**EIRC**  
**at a Glance**

**Events**

Date	Name of Activities	Venue
14.08.2024	22nd 15-days Classroom EDP	ICSI CXGRT-Kolkata
14.08.2024	89th ODOP	ICSI CXGRT-Kolkata
14.08.2024	90th ODOP	ICSI CXGRT-Kolkata
15.08.2024	78th Independence Day celebration	ICSI CXGRT-Kolkata
17.08.2024	18th Regional Conference of Practising Company Secretaries	Raj Kutir, Kolkata

**Seminar with CAP for the Month of August 2024**

Date	Name of Activities
01-08-24	South Point High School
08-08-24	Central Model School (HS)
12-08-24	DAV Model School, Durgapur
12-08-24	Amrita Vidyalayam, Durgapur
12-08-24	Guru Teg Bahadur Public School, Durgapur
12-08-24	Kendriya Vidyalaya, CMERI, Durgapur
12-08-24	Hem Sheela Model School, Durgapur
12-08-24	Delhi Public School, Durgapur
12-08-24	Law College Durgapur
14-08-24	Julien Day Ganganagar
22-08-24	Behala Girls High School
27-08-24	Deshabandhu Balika Vidyalaya
27-08-24	Narkeldanga High School
30-08-24	P. M. Shri Kendriya Vidyalaya No. 1, AFS Kalaunda
30-08-24	P. M. Shri Kendriya Vidyalaya No. 2, AFS Kalaunda
30-08-24	Kendriya Vidyalaya No. 2, Ehatagpur

**EIRC**  
*at a Glance*



**89th ODOP**



**90th ODOP**



**23rd 15-days Classroom EDP**



**75th Independence Day celebration**

Celebrating the 78th Independence Day with a blood donation camp and health check-up to honor our freedom and promote community well-being



# "Ujjiban Charcha"

**Webinar on Career Opportunities in Company Secretaryship Reaches Over 40,000 Students Across West Bengal**



Initiative of  
The School Education Department  
Government of West Bengal

**Ujjiban Charcha**  
a webinar series

14th Edition, 14th July, 2024

**Career Opportunities in Company Secretaryship & Cost and Management Accounting**  
Topic for Week 1, Year 11/12

For Students of Classes 11 to 12, 10th, Teachers and Parents too.

**Speakers:**  
**CS (Dr.) Mohit Shaw,**  
 Chairman, ICSI  
 The Institute of Company Secretaries of India  
**CS (Dr.) Debaprasanna Mandal,**  
 Director General,  
 The Institute of Cost Accountants of India

**Program Moderator:**  
**Prof. Sudipta Banerjee,**  
 ICS, Kolkata  
 Department of Commerce, University of Calcutta

To get copy, write mail to: [ujjibancharcha@gmail.com](mailto:ujjibancharcha@gmail.com)

**For the link:**

<https://www.youtube.com/watch?v=9Cj0yG3330k>  
<https://www.schooleducationdepartment.org/ujjibancharcha/>  
<https://www.youtube.com/watch?v=9Cj0yG3330k>

Registration: <https://www.youtube.com/watch?v=9Cj0yG3330k>

The School Education Department, Government of West Bengal, recently conducted a statewide webinar titled "Ujjiban Charcha", focusing on "Career Opportunities in Company Secretaryship" for students in classes 9 to 12. Broadcast across all schools in West Bengal, the webinar successfully reached over 40,000 students, offering crucial insights into the profession of Company Secretaryship.

CS (Dr.) Mohit Shaw, Chairman of the Eastern India Regional Council (EIRC) of the Institute of Company Secretaries of India (ICSI), addressed the students, highlighting the pivotal role of Company Secretaries in corporate governance, compliance, and strategic advisory. Dr. Shaw emphasized the growing importance of this profession in today's business environment and discussed the qualifications, skill sets, and career opportunities that await aspiring Company Secretaries.

The session was moderated by Prof. Sudipta Banerjee, Retired Professor from the Department of Commerce, University of Calcutta. The "Ujjiban Charcha" initiative continues to be a key platform in guiding students toward informed career decisions, encouraging them to explore the rewarding field of Company Secretaryship.



## 18th Regional PCS Conference



The Eastern India Regional Council (EIRC) of ICSI successfully hosted the 18th Regional Conference of Practising Company Secretaries, titled "दिग्दर्शक - A Journey of Company Secretaries from Compliance Officers to Globally Preferred Professionals," on 17th August 2024 at Raajjatiar, Kolkata (Swabhimani).

With over 150 participants in attendance, the event marked a historic moment as, for the first time outside of a national ICSI event, all four Regional Chairmen participated together, both in-person and online.



The July 2024 Monthly Newsletter of the ICSI EIRC was ceremoniously released by prominent dignitaries, highlighting key updates in corporate governance and professional development.





## 18th Regional PCS Conference



The Chief Guest of the Conference was Shri Jag Mohan, IPS Director of Civil Defence in the rank of ADG, West Bengal.

The conference covered wide range of topics. Glaxy speakers participated in the conference CA Gopal Lodha, Official from West Bengal Real Estate Authority, CS Kaushik Malherjee, CS Anil Mararka (past President of ICSE), CS Manita Binani (Past President ICSE), CS Manoj Kr Borthia, CS Rajesh Poddar, CS Anjan Kr Roy and CA Bishwanjan Saha.



All the Regional Chairpersons  
of ICSI in our frame



Chairpersons & other Committee Members from Jaanochpur, Jangra  
and Ranchi Chapter with Respected Persons



The winners of the Dinku Bhow Content were announced during the event, with prizes awarded to the Dinku participants as a token of appreciation for their engagement and support. The event ended excitement to the masses, making it a memorable experience for all attendees.

# CAP



## Activities of Bhubneswar Chapter

Date	Name of Activities	Venue	Number of Participation
01.06.2024	Career Awareness Program	Birla Global University (Commerce)	85
03.08.2024	Career Awareness Program	Sri Sri University	67
11.08.2024	Career Awareness Program	National Law University, Cuttack	58
21.08.2024	Career Awareness Program	KIIT School Of Law, Bhubaneswar	250
22.08.2024	Career Awareness Program	U N Autonomous College, Adaspur	155
22.08.2024	Career Awareness Program	Brahmana Jharilo Mahavidyalaya	68
23.08.2024	Career Awareness Program	KIIT (Department Of Commerce & Economics)	208
24.08.2024	Career Awareness Program	Pm Shri Kendriya Vidyalaya No 5	85
29.08.2024	Career Awareness Program	Pm Shri Jawahar Navodaya Vidyalaya	135
29.08.2024	Career Awareness Program	Pm Shri Jawahar Navodaya Vidyalaya, Angul	110
30.08.2024	Career Awareness Program	Xavier Institute Of Management	122
17.08.2024	37th ODOF	Chapter Premises	35

## Activities of Bhubneswar Chapter



Birla Global University (Commerce)



Sri Sri University



National Law University, Cuttack



KIIT School Of Law, Bhubaneswar



UN Autonomous College, Adaspur



Brahmana Jharilo Mahavidyalaya



KIIT (Commerce & Economics)



Pm Shri Kendriya Vidyalaya No.5

## Activities of Bhubneswar Chapter



Pm Shri Jawahar Navodaya Vidyalaya



Pm Shri Jawahar Navodaya Vidyalaya,



Xavier Institute Of Management



37th ODOP

## Activities of Dhanbad Chapter

Date	Name of Activities	Venue	Number of Participation
05/08/2024	Career Awareness Program	Aparna Public School	170
08/08/2024	Career Awareness Program	Kendriya Vidyalaya	120
09/08/2024	Career Awareness Program	DAV Public School	140
12/08/2024	Career Awareness Program	Sankarwati Chhatra Mandir	80
15/08/2024	Independence Day celebration	Chapter Premises	15
23/08/2024	Career Awareness Program	Kendriya Vidyalaya	101
24/08/2024	Career Awareness Program	Sajjanal Saraswati Vidya Mandir, Gela Block, Dhanba	250

## Activities of Dhanbad Chapter



Aparna Public School



Kendriya Vidyalaya.



DAV Public School



Saraswati Shishu Mandir



Independence Day celebration



Kendriya Vidyalaya



Rajkamal Saraswati Vidya Mandir

News from  
Chapters

Activities of Guwahati Chapter

Date	Name of Activities	Venue	Number of Participation
03.08.2024	GDOP	Chapter Premises	48
13.08.2024	Career Awareness Program	Ulukan Higher Secondary School	90
15.08.2024	Celebration of Independence Day	Chapter Premises	15
21.08.2024	Career Awareness Program	Hindustan Hindiya Vidyalaya	75
22.08.2024	Career Awareness Program	Nagarbera Higher Secondary School	120
22.08.2024	Career Awareness Program	Liberty Senior Secondary School	110
22.08.2024	Career Awareness Program	Vikram Sarabhai Science Academy	90
22.08.2024	Career Awareness Program	BP Chaliha College	120
27.08.2024	Career Awareness Program	Arafa Royal Senior Secondary School	150
27.08.2024	Career Awareness Program	F.A. Ahmed College	145
28.08.2024	Career Awareness Program	S.R. Academy	80
31.08.2024	Career Awareness Program	University of Science & Technology Meghalaya	105



## Activities of Guwahati Chapter



Celebration of Independence Day



Hindustani Kendriya Vidyalaya



Nagarbera Higher Secondary School



Liberty Senior Secondary School



Vikram Sarabhai Science Academy,



B.P.Chaliha Collage



Arufa Royal Senior Secondary School



F.A. Ahmed Collage,



## Activities of Hooghly Chapter

Date	Name of Activities	Venue	Number of Participation
05.08.2024	Career Awareness Program	Tritomi Tiasum Usayapath	120
06.08.2024	59th ODOF	Chapter Premises	25
08.08.2024	Career Awareness Program	Howrah Janata Adarsh Vidyalaya	135
09.08.2024	Career Awareness Program	Mahesh High School	50
12.08.2024	Career Awareness Program	Bahva Assembly of Little Bude	213
13.08.2024	Career Awareness Program	Shilpur B.S.P.S Vidyalaya	175
15.08.2024	76th Independence Day	Chapter Premises	40
16.08.2024	Career Awareness Program	Bakhyabati Vidyaniketan	67
30.08.2024	Career Awareness Program	Janata Adarsh Vidyalaya For Girls	183
21.08.2024	Career Awareness Program	Government Centre of Legal Education	53
22.08.2024	Career Awareness Program	Howrah Hat High School	323
22.08.2024	Career Awareness Program	Howrah Muslim High school	127
23.08.2024	Career Awareness Program	Berabe: Surya Narayan Memorial High School	283
29.08.2024	Career Awareness Program	Dankuni Shree Ramkrishna Vidyasharma	175
30.08.2024	Career Awareness Program	Begunpur High School	257

## Activities of Hooghly Chapter



Triveni Tissues Visyapith



58th ODDP



Howrah Janata Adarsh Vidyalaya



Mahesh High School



Rishra Assembly of Little Buds



Shilpur S.S.P.S. Vidyalaya



78th Independence Day



Baidyabati Vidyasiketan

## Activities of Hooghly Chapter



Janata Adarsh Vidyalaya For Girl's



Centre of Legal Education



Howrah Hat High School



Howrah Muslim High school



Bera.bei Surya Narayan Memorial



Dankuni Shree Ramkrishna



## Activities of Jamshedpur Chapter

Date	Name of Activities	Venue	Number of Participation
05.08.2024	Career Awareness Program	Jamshedpur Women's University	300
10.08.2024	Full Day Seminar	Hotel Namada, Jamshedpur	70
12.08.2024	Career Awareness Program	Srinath University, Jamshedpur	300
18.09.2024	Career Awareness Program	Jusco School Kadma,	220
21.08.2024	Career Awareness Program	Kerala Public School Kadma	250
24.08.2024	Annual Career Carnival	NML Kerala Public School	1000



Jamshedpur Women's University



Full Day Seminar



Srinath University, Jamshedpur



Jusco School Kadma,

## Activities of Jamshedpur Chapter



Kerala Public School Kadma



NML Kerala Public School

## Activities of Patna Chapter

Date	Name of Activities	Venue	Number of Participation
02.08.2024	Panel Discussion on "Interim Budget"	Chapter Premises	05
12.08.2024	5th EDP	Chapter Premises	13
15.08.2024	Independence Day Celebration	Chapter Premises	23
21.08.2024	Career Awareness Programme	Barhampur Rajkiya Balika uchya Madhyamik Vidyalyaya	220
23.08.2024	52nd ODOF	Chapter Premises	30
27.08.2024	Career Awareness Programme	Career Awareness Programme	240



Panel Discussion on "Interim Budget"



5th EDP

## Activities of Patna Chapter



Independence Day Celebration



Bankipur Rajkiya Balika uchya  
Madhyamik Vidyalaya



52nd ODOP



NML Kerala Public School

## Activities of Ranchi Chapter

Date	Name of Activities	Venue	Number of Participation
08.08.2024	Career Awareness Programme	SR DAV Pandeg	150
15.08.2024	Independence Day	Chapter Premises	35
23.09.2024	ODOP	Chapter Premises	35



## Activities of Ranchi Chapter



ODOP

## Activities of Siliguri Chapter

Date	Name of Activities	Venue	Number of Participation
22.06.2024	Career Awareness Programme	Madani High School	150
12.06.2024	Career Awareness Programme	Bagdogra Chittaranjan HS	150
13.06.2024	Career Awareness Programme	Rabindra Nagar Girls HS	100
15.06.2024	Celebration of Independence Day	Chapter Premises	10
18.06.2024	Career Awareness Programme	Balhari High School	125
17.06.2024	Career Awareness Programme	Jagtagaon High School	250
21.06.2024	Career Awareness Programme	Siliguri Dashbandhu Hindi High School	120
23.06.2024	Career Awareness Programme	Selection College Autonomous	150
23.08.2024	Career Awareness Programme	IES Vidyasoth	150
29.06.2024	Career Awareness Programme	Sonapurhat Mahatma Gandhi High School	160
30.06.2024	Career Awareness Programme	Nand Prasad High School	240
30.08.2024	Career Awareness Programme	Matigara Haranumar	200
31.06.2024	Career Awareness Programme	Chopra High School	230

## Activities of Siliguri Chapter



Madati High School



Bagdogra Chittaranjan HS



Rabindra Nagar Girls HS



Celebration of Independence Day



Salbari High School



Jagtagan High School



Siliguri Deshbandhu Hindi HS



Salesian College Autonomous



## Activities of Siliguri Chapter



H.B. Vidyapith



Sonapurhat Mahatma Gandhi HS



Nand Prasad High School



Matigara Harasundar



Chopra High School



**CS Manohar Mishra**  
Membership No. A40748

# Unlocking the Power of Buybacks: A Guide to Corporate Share Repurchases

**Buy-back of shares** refers to the process by which a company repurchases its own shares or specified securities from its shareholders. This reduces the number of outstanding shares in the market and can be done for several reasons:

- Excess Cash Utilization
- Boost Share Prices
- Reduction in Shareholder Dilution
- Restructuring Capital Structure
- Defensive Strategy

### **Legal framework GOVERNING BUY-BACK:**

Sections 68, 69, and 70 of the Companies Act, 2013 ("the Act") read with Rule 17 of the Companies (Share Capital and Debentures) Rules, 2014 ("Rule").

- Section 115QA read with Section 10(34A) and Section 46A of the Income Tax Act, 1961 - Buy-back prior to 01/10/2024;
- Section 46A and Section 57 of the Income Tax Act, 1961 - Buy-back on or after 01/10/2024.

### **Conditions FOR BUY-BACK:**

#### **1. Buy-back shall be authorized by the articles of association (AOA) of the Company;**

- a. Board resolution shall be passed if Buy-back is 10% or less of the company's total paid-up equity capital and free reserves;
- b. Special Resolution shall be passed if the Buy-back is more than 10% of the company's total paid-up equity capital and free reserves.

#### **2. Maximum Buyback's limit:**

- a. Through the Board's approval: 10% or less of the total paid-up equity capital and free reserves of the company;
- b. Through Shareholder's approval: 25% or less of the aggregate of paid-up capital and free reserves of the company; and not more than 25% of total Paid-up Equity Capital in that financial year.

3. Debt equity ratio post-buy-back should not exceed 2:1.

4. Only fully paid-up shares can be bought back.

5. No offer of buy-back under this sub-section shall be made within a period of 1 year from the date

## Articles

### Checklist for the Buy-Back of Shares for Unlisted Companies:

#### **1. Preliminary Steps**

- 1.1 Buy-back should be authorized by the AOA.
- 1.2 Determine the quantum of shares to be bought-back.
- 1.3 The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back should not exceed twice the paid-up capital and its free reserves.
- 1.4 Only fully paid-up shares can be buy-back.
- 1.5 Decide the quantum of the shares to be bought-back, the mode of purchase, and the source of financing this purchase. >
  - From the existing shareholders or security holders on a proportionate basis
  - From the open market
  - Re-purchasing the securities issued to employees of the company pursuant to a scheme of stock option or sweat equity.

1.6 Please ensure that all deposits, interest payments, debenture redemptions, preference share redemptions, dividend payments, term loans, and interest payments to financial institutions or banking company are all up to date.

1.7 Every buy-back shall be completed within a period of 1 year from the date of passing the resolution.

#### **2. Detailed Check-List**

- 2.1 Convene a Board/general meeting (as applicable) to approve the buy-back.
- 2.3 File Form MGT-14 within 30 days of passing the Board/Special resolutions.
- 2.4 File letter of offer with the Registrar of Companies in Form no. SH-8
- 2.5 Dispatch letter of offer to the shareholders or security holders not later than 20 days from its filing with the Registrar of Companies.
- 2.6 File Declaration of Solvency in Form No. SH-9 along with the letter of offer in Form No. SH-8.
- 2.7 Make sure that the buy-back offer shall remain open for a minimum period of 15 days and not exceeding 30 days from the date of dispatch of letter of offer.
- 2.8 Complete the verifications of the offers received within 15 days from the date of closure of the offer.
- 2.9 Open a separate bank account immediately after closure of the offer and deposit therein, such sum, as would make up the entire sum due and payable as consideration for the shares tendered for buy-back.
- 2.10 Transfer a sum equal to the nominal value of the shares so purchased to the capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet.
- 2.11 The company should extinguish and physically destroy the share certificates so bought-back within 7 days of the last date of completion of buy-back.
- 2.12 (a). The company shall maintain a register of shares or other securities which have been

## Articles

b. The register of bought-back shares or securities must be kept at the company's registered office and in the custody of the secretary or an authorized person. All entries in the register must be authenticated by the secretary or another authorized person.

2.13 File a Return of Buy-Back in Form No. SH-11 with the Registrar of Companies within 30 days of completion of Buy-Back.

2.14 When submitting Form No. SH-11, the company must attach a signed Form No. SH-13 certificate from two Directors, including the managing director if applicable. The certificate should verify compliance with buy-back provisions under the Act and related rules.

### Maximum Limit Of Buy-Back

The maximum quantum of shares that a company can buy back depends on several conditions set by regulatory frameworks, particularly maintaining the debt-equity ratio within prescribed limits. The buy-back should not lead to a debt-equity ratio exceeding 2:1 after the buy-back. Let's consider some examples to understand this better:

#### Example:

##### Relevant Figures:

- Paid-up share capital: Rs. 2,00,000 (comprising 20,000 shares of Rs. 10 each)
- Free reserves: Rs. 10,00,000
- Debt: Rs. 6,00,000
- Buy-back offer price: Rs. 150 per share

##### Limits Calculation:

###### 1. Maximum Funds Utilised:

- 25% of (Paid-up Share Capital + Free Reserves) = 25% of (2,00,000 + 10,00,000) = Rs. 3,00,000
- Number of shares that can be bought back = Rs. 3,00,000 / 150 = 2,000 shares

###### 2. Maximum Number of Shares (25% of Paid-up Share Capital) considering SR is passed:

- 25% of 20,000 shares = 5,000 shares

###### 3. Post Buy-back Debt Equity Ratio Limit:

- Post buy-back equity to be maintained = half of debt = Rs. 6,00,000 \* 50% = Rs. 3,00,000
- Number of shares that can be bought back = (12,00,000 - 3,00,000) / 150 = 6,000 shares.

**Conclusion:** Based on the above limits, the company can buy back a maximum of 2,000 equity shares.

These examples reflect how the limits are determined using different figures for paid-up share capital, free reserves, debt, and the buy-back offer price, applying the same calculation principles.

### Tax Provisions Till September 30, 2024

Under the Income Tax provisions applicable until September 30, 2024, the tax on the buy-back of shares by an Indian company is governed by Section 115QA of the Income Tax Act, 1961.

Here's how the tax is structured:

#### Who Pays the Tax?

The tax on the buy-back of shares is paid by the company conducting the buy-back. This tax is

## Articles

### **On What Base?**

The tax is levied on the difference between the buy-back price and the amount received by the company at the time of issuance of shares. Specifically:

**Base for Tax Calculation:** Tax is calculated on the 'distributed income,' which is defined as the consideration paid by the company for the buy-back of shares minus the amount received by the company at the time of issuing such shares.

**Formula:** Taxable amount = (Buy-back price per share - Issue price per share) × Number of shares bought back.

### **Example:**

Suppose a company buys back 1,000 shares at Rs. 150 per share.

The original issue price of these shares was Rs. 50 per share.

Distributed Income = (Rs. 150 - Rs. 50) × 1,000 = Rs. 1,00,000.

Buy-back Tax = 23.296% of Rs. 1,00,000 = Rs. 23,296/-.

The tax is to be paid by the company, and the shareholders receiving the buy-back proceeds are exempt from paying any further tax on the buy-back transaction, as the tax liability is solely on the company.

### **Tax provisions From 01st October, 2024**

The Finance Act, 2024 has introduced significant amendments regarding the taxation of share buy-backs. Key changes include:

**The shift of Tax Burden to Shareholders:** Starting from October 1, 2024, the tax on buy-back payments will shift from companies to shareholders. Payments made by companies for buy-backs will now be taxable as deemed dividends under Section 2(22)(d). Previously, companies paid a flat 23.296% tax on buy-backs under Section 115QA, and shareholders were exempt from tax on such income under Section 10(34A). The amendments eliminate this exemption and align buy-back taxation with the treatment of dividends.

**Removal of Exemptions:** Section 10(34) of the Income-tax Act, which provided exemptions for income arising from buy-backs, will be omitted and a new proviso has been inserted under section 10(34A) stating that the exemption for shareholders on income derived from buy-backs will no longer apply to buy-backs conducted on or after October 1, 2024. This means that buy-back proceeds will now be fully taxable for shareholders at their applicable income tax rates.

### **Conclusion:**

The shifting of the tax regime from companies to shareholders for share buy-backs marks a pivotal move towards uniformity and fairness in tax policy. By aligning the tax treatment of dividends and buy-back proceeds, the Finance Act, 2024 addresses previous tax discrepancies and ensures a balanced approach that reflects the true economic benefits of these transactions. While companies benefit from reduced compliance burdens, shareholders must navigate the increased tax liability, potentially impacting their net returns from buy-back transactions. This realignment is a critical step in refining India's tax framework, ensuring that all forms of income distribution are taxed equitably.



Shilpa Sharma  
M.Com, MPhil, NET

# Impulsive Buying

## The Psychology and Impact of Impulsive Buying Driven by Hedonism

In the fast-paced world of consumerism, impulsive buying has become a defining feature of modern economic behaviour. This phenomenon, where individuals make unplanned purchases driven by immediate gratification, is deeply intertwined with hedonistic motivations. Hedonism, the pursuit of pleasure and avoidance of pain, plays a crucial role in shaping consumer habits and can significantly impact financial well-being and psychological health. This article delves into the psychology of impulsive buying fueled by hedonism, exploring its causes, consequences, and potential strategies for mitigation.

### Understanding Hedonism and Impulsive Buying

**Hedonism** is a philosophical concept that emphasizes the pursuit of pleasure as the highest goal. In the context of consumer behaviour, hedonism manifests through a desire for immediate gratification and sensory pleasure. When individuals engage in impulsive buying, they often seek to satisfy a craving for pleasure, comfort, or excitement, rather than fulfilling a practical need.

**Impulsive buying**, on the other hand, refers to spontaneous, unplanned purchases that are typically made without thorough consideration of the consequences. These purchases are driven by emotional responses and immediate desires rather than rational decision-making processes.

### The Psychology Behind Impulsive Buying

- Emotional Regulation:** Many people use shopping as a way to regulate their emotions. Hedonistic impulses can lead individuals to seek pleasure and distraction from negative feelings. This behaviour is often termed as "retail therapy," where shopping provides a temporary boost in mood. The immediate pleasure derived from a purchase can act as a quick fix for emotional distress, albeit with short-lived effects.
- Reward System Activation:** The brain's reward system, particularly the release of dopamine, plays a critical role in impulsive buying. Dopamine is a neurotransmitter associated with pleasure and reward. When individuals make a purchase, especially one that provides instant gratification, dopamine levels increase, reinforcing the behavior and encouraging future impulsive buying.
- Marketing and Advertising Influence:** Modern advertising strategies exploit hedonistic desires by creating a sense of urgency and presenting products as sources of pleasure and status. Limited-time offers, flash sales, and emotionally charged advertisements tap into consumers' hedonistic tendencies, prompting them to make impulsive decisions.

### The Impact of Impulsive Buying

- **Financial Consequences:** One of the most significant impacts of impulsive buying is its effect on personal finances. Unplanned purchases can lead to overspending, debt accumulation, and financial instability. Individuals driven by hedonistic impulses may prioritize short-term pleasure over long-term financial goals, leading to a cycle of financial strain.
- **Psychological Effects:** While impulsive buying can provide temporary pleasure, it often leads to feelings of guilt, regret, and dissatisfaction. The initial excitement of a purchase can quickly diminish, leaving individuals with a sense of emptiness or regret. Over time, this cycle of fleeting pleasure and subsequent remorse can contribute to anxiety and low self-esteem.
- **Relationship Strain:** Impulsive buying can also strain relationships. Financial disagreements and the pressure of managing debt can create conflicts between partners or family members. When one person engages in impulsive buying without considering the impact on shared finances, it can lead to mistrust and tension within relationships.
- **Environmental Impact:** The environmental impact of impulsive buying is another significant concern. Increased consumption leads to greater production and waste, contributing to environmental degradation. The disposal of unnecessary items and the carbon footprint associated with manufacturing and transportation further exacerbate ecological issues.

### Strategies for Mitigating Impulsive Buying

- **Awareness and Reflection:** Developing self-awareness about one's buying habits is crucial. Individuals should reflect on their motivations for making purchases and consider whether they are driven by genuine need or immediate pleasure. Keeping a spending journal can help track impulses and identify patterns.
- **Mindful Spending:** Practicing mindful spending involves being intentional about purchases and evaluating whether they align with one's values and long-term goals. Techniques such as the 24-hour rule, where individuals wait 24 hours before making a purchase decision, can help reduce impulsivity.
- **Budgeting and Financial Planning:** Establishing a budget and adhering to financial plans can provide structure and prevent impulsive spending. Setting aside a portion of income for discretionary spending while maintaining strict limits can help manage hedonistic impulses.
- **Emotional Awareness:** Addressing underlying emotional issues can reduce the reliance on shopping as a coping mechanism. Techniques such as mindfulness, therapy, and stress management can help individuals find healthier ways to cope with emotions and reduce the need for impulsive purchases.
- **Avoiding Triggers:** Identifying and avoiding triggers that lead to impulsive buying is essential. For instance, unsubscribing from promotional emails, avoiding certain online shopping platforms, or steering clear of shopping areas can reduce exposure to temptation.
- **Seeking Support:** For those struggling with compulsive spending, seeking support from financial advisors or therapists specializing in behavioral finance can provide valuable

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guidance. Support groups and counselling can offer strategies for managing impulsive buying and addressing underlying psychological issues.

### **Conclusion**

Impulsive buying driven by hedonism is a multifaceted issue with significant psychological, financial, and environmental consequences. Understanding the psychological mechanisms behind impulsive behaviour, recognizing the impact on one's life, and implementing strategies for mitigation can help individuals achieve a more balanced and mindful approach to consumption. By addressing the root causes of impulsive buying and fostering self-awareness, individuals can make more informed decisions and ultimately improve their overall well-being and financial health.

As society continues to evolve in an era of unprecedented consumerism, it is crucial for both individuals and policymakers to recognize the challenges posed by impulsive buying. By promoting responsible consumption and supporting strategies for managing hedonistic impulses, we can work towards a more sustainable and financially secure future.





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