

# CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS

## PCS : Pursuing Excellence



**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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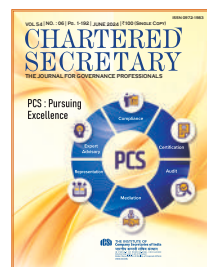
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# CHARTERED SECRETARY

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# 06

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The Institute has always been in pursuit of supporting and strengthening the governance framework of the country, and its august members – in employment or practice – are always striving to achieve excellence in their dedicated professional areas by keeping themselves abreast with the latest updates. To fulfil its commitment towards continuous professional development of its members, The Institute has been successfully organising its Mega Conferences and National Convention since many decades. The Annual PCS Conference is one such event which brings forth formidable debates on various professional topics and this year it is being organised at the sacred city of Ayodhya from 14-15 June 2024.

The National Level Events organised by the Institute bring forth vital opportunities for equipping the esteemed members to embrace newer areas of practise with unwavering zeal and innovation. These platforms serve as knowledge fountains in terms of deliverance on various topics and threadbare deliberations with impressive key takeaways.

Looking back, the concept of Company Secretary in Practice took firm roots with the recognition of Secretary in Whole-time Practice under Section 2(45A) of the Companies Act, 1956. Besides this statutory recognition, a Company Secretary in Practice was conferred recognition under Sections 33(2), 149, 161 and Schedule XIII of the Companies Act, 1956.

As we all are aware that the Companies Act, 2013 has amplified the role of Practising Company Secretaries as professionals in varied areas. In order to focus on the role and responsibilities of Practising Company Secretaries and their unrelenting efforts to provide best of their services to pursue excellence and safeguard the governance framework facilitating multi-level requirements for compliances and other professional services across all businesses, this month's Journal is dedicated to **Practising Company Secretaries: Pursuing Excellence**.

Article on **'Company Secretary in Practice- A Multidisciplinary Professional'** emphasises as to how a Company Secretary in Practice, delivers their role and authority in Multi-disciplinary areas, and provide vital support in terms of Governance.

The author through the article **'Secretarial Audit – A Measure to Strengthen Corporate Governance'** brings forth the evolution of Secretarial Audit in India reflecting the changing regulatory landscape and the growing emphasis on corporate governance and compliance.

The article **'Secretarial Auditor's Duty of Reporting frauds under Section 143 of Companies Act, 2013'** delves deep into the Secretarial Auditor's duty of reporting frauds where Section 143(12) of the Companies Act, 2013 ('the Act') casts a duty on the auditors of companies to report frauds committed by officers or employees of the companies.

Emphasising again on Role of CS in MSMEs, the article on **'CS in MSME's: Catalysing Corporate Governance at all levels'** brings to forefront how corporate governance frameworks help MSMEs build trust with stakeholders, attract investment, and enhance their operational efficiency and how Company Secretaries can play a pivotal role in catalyzing corporate governance at all levels within MSMEs.

The article **'Company Secretaries as Arbitrators'**, also brings to light how Practising Company Secretaries, in addition to

their existing practice, move to the judiciary in appearing before the National Company Law Tribunal, National Company Law Appellate Tribunal, Competition Tribunal etc.

An eye-opening article on **'CS as Arbitrators: Moving to the Judicial Side'** highlights how in the dynamic world of corporate governance and compliance, the role of a Company Secretary is continuously evolving. Traditionally seen as guardians of corporate compliance and governance, Company Secretaries are now expanding their horizons into the realm of arbitration, stepping into roles that blend their expertise in law, ethics, and corporate affairs.

Exploring the role of CS in Maritime Laws, the article on **'Maritime Laws - An Ocean to Explore'** delves into the Maritime Industry and its governing laws, and highlights the scope of CS.

The article on **'Opportunities for Company Secretaries in Maritime Law: A Comprehensive Analysis'** deals with newer areas where Company Secretaries can render their services which emphasises that approximately 95% of India's trade by volume and 70% by value is conducted through maritime transport and therefore there is a burgeoning demand for skilled professionals to navigate the legal and administrative aspects of maritime operations.

The author through the article **'Embracing Technology: Issues, Challenges and Resources'** explains how CS professionals stand at the confluence of tradition and innovation, ensuring compliance and organizational efficiency amidst rapidly evolving regulatory landscapes.

An innovative article on **'Embracing AI: Transforming the Company Secretarial Profession for a Better Future'** focuses on how Artificial intelligence (AI) is rapidly becoming a transformative force in many professions, including that of Company Secretaries as AI's integration into this field is not just an enhancement but a revolution, offering unprecedented capabilities and efficiencies.

Bringing forth focus on a novel area, the article on **'An Overview of Green Artificial Intelligence (AI) and its applications in India'** delves deep into various aspects of Green AI which encloses several essential environmental attributes, including management, water management, carbon emission, and energy efficiency. The main goal of the Green AI technique is to reduce greenhouse gas emissions, improve energy efficiency, and promote sustainable business practices.

A Research input on **'Quality for Enhancing Efficacy and Effectiveness of Audit: An Exploratory Study on Determinants of Audit Quality'** analyses and investigates the relationship between audit quality and its impact on efficacy and effectiveness. Utilizing multiple regression analysis, a model for audit quality is developed, identifying seven key determinants. Through an exploratory approach, the research examines how these determinants influence the overall quality of audit processes.

We are also happy to publish an Interview of CS Kala Vaidyanathan, Company Secretary, Bharat Petroleum Corporation Limited.

Happy Reading !

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



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1. CS B. Narasimhan, President, The ICSI addressed an Interaction Session with Smt. Nirmala Sitharaman, Hon'ble Minister of Finance & Corporate Affairs, Government of India (Former) on April 22, 2024 organized by Bengaluru Chapter of ICSI.
2. The ICSI marked the 25<sup>th</sup> Foundation Day of its Centre for Corporate Governance, Research and Training (CCGRT), Navi Mumbai with a program at BSE Ltd. on May 16, 2024 on the theme "ESG Regulatory Landscape, Ethical Financing and Decoding Ease of Doing Business."
3. CS B. Narasimhan, President, The ICSI, CS Dhananjay Shukla, Vice-President, The ICSI and CS Asish Mohan, Secretary, The ICSI addressed the Members at Thrissur Chapter of ICSI.
4. CS B. Narasimhan, President, The ICSI addressed a Press Conference at Ahmedabad.
5. Dr. S. Jaishankar, Minister of External Affairs (Former), Government of India along with CS Dwarakanath C, Central Council Member, The ICSI addressed an Interaction Session themed at "Vishwa Bandhu Bharat" on April 16, 2024 organized by Bengaluru Chapter of ICSI.



6. ICSI delegation met with Dr. Indramani Tripathi, IAS - Vice Chairman, Lucknow Development Authority on May 22, 2024 regarding transfer of ownership/registration of sale deed for Land allotted to ICSI at Lucknow.
7. The ICSI joined as an Associate Partner in the Conference on "Conscious Leadership for ESG & Sustainability" organised by Delhi Management Association (DMA) & Atal Bihari Vajpayee School of Management & Entrepreneurship, JNU on May 18, 2024 at New Delhi. CS Suresh Pandey, Council Member, The ICSI graced the inaugural session.
8. WIRC of ICSI jointly with Thane Chapter of WIRC of ICSI organized a joint seminar on May 25, 2024. The seminar focused on theme "Arbitration and AI (Artificial Intelligence) the New Age Effective Tools."
9. The ICSI Employees Club organized a delightful tour to Morni Hills, Panchkula from 26<sup>th</sup> to 27<sup>th</sup> May, 2024 for employees and their families.

# INITIATIVES UNDERTAKEN BY ICSI-CCGRTs



10-11. The ICSI-CCGRT, Kolkata organised 2<sup>nd</sup> Batch of Residential CLDP from May 3 to 17, 2024. CS B. Narasimhan, President, The ICSI; CS Dhananjay Shukla, Vice President, The ICSI and Chairman, CCGRT; CS Asish Mohan, Secretary, The ICSI along with CS Sandip Kumar Kejriwal, Convenor, CCGRT Kolkata and Council Member, The ICSI, CS Rupanjana De, Council Member, The ICSI and CS Suresh Pandey, Council Member, The ICSI interacted with students and graced the occasion.

12. The ICSI-CCGRT, Hyderabad organized a One day “RESEARCH PROCESS AWARENESS PROGRAM” on May 18, 2024. Prof. (Dr.) K V Achalapathi, Former Head of Department of Commerce, Osmania University, Hyderabad, was the Chief Guest and graced the inaugural ceremony & addressed the participants in presence of CS R Venkataramana, Council Member, The ICSI & Convenor, Managing Committee, ICSI-CCGRT, Hyderabad.

13-14. 20<sup>th</sup> & 21<sup>st</sup> RCLDP was organized at ICSI-CCGRT, Navi Mumbai.

15. ICSI-CCGRT, Navi Mumbai organized Two Days IBC Conclave on May 4-5, 2024.



योगश्चित्तवृत्तिनिरोधः ॥ १.२ ॥  
(Yoga Sutras of Patanjali)



Dear Professional Colleagues,

**T**he month of June, while making us all sweat it out with its temperatures peaking to all-time high, raises the heat levels way more for the students taking the Examinations of the CS Executive and Professional Programme. To each one of you, my best wishes at the very outset.

Another significant event that elevates this month to a much higher pedestal, is the summer solstice, and which also coincides with the celebration of the teachings of Maharishi Patanjali – the International Day of Yoga.

Yoga – is not merely a summation of a few body movements or postures (Asanas) but a deep-rooted spiritual practice in the Indian philosophy. Stemming from the ancient Indian Scriptures, the discipline of yoga, is a journey towards healthy living, and ultimately self-realization. Decoding the verse above, Maharshi Patanjali has defined Yoga as Chitt vritti nirodh which means that if you can still the modifications and activity of the mind. His teachings in Yogasutra delve deeper towards physical, mental and spiritual purity.

It is for the practical and long-ranging positive impacts of these practices, even in the 21<sup>st</sup> century, that the United Nations adopted June 21 as the International Day of Yoga in 2014.

Ten years hence, as a nation, striving to become a global superpower, it is imperative that we take on the baton and be the front runners in teaching Gen-Z across the world – a sustainable way of life marked by imbibing of these practices in daily lives.

But as the old saying goes “preach, what you practice”. Each one of us, while dispensing off of our professional responsibilities must not forget the benefits of balancing our body and minds to give our utmost best in our assignments and activities. This International Day of Yoga – let us all pledge to lead a life worth imitating, let us all strive to calm the ripples of our mind and achieve our professional goals to the best of our capabilities. And what better way to achieve the same than to share the art and science of bringing harmony between body and mind in this fast-paced life.

For as Maharishi Patanjali puts it,

“Undisturbed calmness of mind is attained by cultivating friendliness toward the happy, compassion for the unhappy, delight in the virtuous, and indifference toward the wicked.”

## PRACTISING COMPANY SECRETARY: PURSUING EXCELLENCE

*“I aim for perfection and I’ll settle for excellence.”*

The magnificence of the month doubles and trebles for the Institute and its members – especially the practicing ones.

More than three decades ago, the Company Secretaries in Practice were accorded their first legislative recognition under the Companies Act, 1956. The date of 15<sup>th</sup> June, 1988 marked the beginning of a never-ceasing journey of being recognized now and again under the wide array of legislations encasing the Indian corporates.

As we achieve new feats, spring open new doors of opportunity every now and then, make our presence



acknowledged in Regulatory corridors, the first recognition and the day of the same attains far greater significance for all times to come.

The Practising Company Secretaries over the past few years have donned the hats of Insolvency Professionals and Registered Valuers, apart from the regular activities of secretarial audit, certification and representation. Further so, arbitration and mediation, is an area we are gradually treading into...

The most recent recognition of ICSI-Institute of Social Auditors by SEBI as an SRO for regulating the profession of Social Auditors has given us another moment of grandeur to prove our mettle and live up to the faith placed by the Regulatory Authorities in this profession. It is for this thought that the theme for this month's edition has been chosen to be "PCS : Pursuing Excellence" – celebrating & honouring the 36 good years of doing the same.

As the Company Secretaries across the nation will celebrate the 36<sup>th</sup> PCS Day in full fervour, we are all set to welcome you at the 25<sup>th</sup> National Conference of Practising Company Secretaries in the land of good governance - the land of Lord Ram – Ayodhya. And while the registrations for physically attending the Conference are formally closed, I extend my warmest welcome to all of you to join us virtually as and when the registration window is opened and make this event a much grander success !

## MSME AND START-UP CONNECT – STRENGTHENING GRASSROOTS

If yoga is our teaching to the world, at a micro level, touching one life at a time; at a macro level, for a Viksit Bharat of tomorrow, the roots of the economy must be strengthened today. The smaller enterprises have caught fancy of the government, not only because of the impactful presence in employment numbers and upliftment of social status, but for the strength accorded to the economic structure and of the country. Contributing nearly 33% to the GDP numbers, the ways and manners in which these enterprises add to the economics of the country by enhancing the export numbers and playing the roles of perfect value chain partners for multi-million-dollar companies, are quite exemplary.

Needless to say, both MSME and the start-ups are the foundations of a better skilled and better employee. India of tomorrow – a 'sashakt' Bharat requires that these statistics extend to 40%, in the times to follow.

In such a scenario, it is befitting that due care is taken to strengthen the governance framework of these entities to render them effective and sustainable. As an Institute pursuing its mission, "to develop high calibre professionals facilitating good Corporate Governance", with great

diligence, it was thought fit that an initiative was launched with dedicated focus towards building capacities of the professionals entrusted with the task of ensuring good governance – the Company Secretaries. The Institute of Company Secretaries of India, in an attempt to fortify the knowledge and skill base of its members regarding the finer nuances of MSME and Start-up processes, the incentive schemes rolled out from time to time, both by the Central Government and State Governments; is hosting a dedicated event under the ages of 'ICSI MSME and Start-Up Connect' jointly with the District Industries Centres (DICs).

Initially, the event is being conducted at 30 locations across the four regions of the country. Having been part of two such events at Ahmedabad and Bhopal and having deliberated upon the role of Company Secretaries in MSME, I feel enthralled on the vastness of opportunity held by these enterprises, howsoever, small in size.

It was a matter of great delight to be joined by Shri Mukesh Kumar, IAS, Principal Secretary, Higher & Technical Education, Department of Education, Government of Gujarat as Chief Guest at Ahmedabad in the presence of Shri M. Nagarajan, IAS, Collector, Mehsana, Shri. R. D. Barhatt, Joint Commissioner of Industries, Government of Gujarat and Shri Hiranmay Mahanta, CEO, i-Hub. The MSME & Startup Connect event in Bhopal was marked by the gracious presence of Shri Navneet Goel, Ex Principal Chief Commissioner of CGST and Central Excise, Kolkata Zone along with Mr. Pankaj Dubey, Joint Director, Department of MSME, Govt. of Madhya Pradesh and other Experts in MSMEs and Start-ups in Bhopal. The extensive deliberations in both these locations have given a fair idea of the success of this initiative and achievement of its intended purpose.

The Institute having signed its first MoU with the Department of MSMEs & Textiles in West Bengal intends to sign many more MoUs with various State MSME departments so as to build synergies with these departments and support MSMEs in their growth journey. My heartiest gratitude to all the DICs, Ministries and Departments of MSME, our Speakers and Experts for rendering success to our efforts and sharing their expectations, knowledge, and insights with our members.

## ESG CONCLAVE : ATTAINING SUSTAINABILITY PROFESSIONALLY

If governance is a keynote player in building resilience and sustainability, a sustainability driven approach is what inspires corporates to pursue good compliance and good governance with diligence. And in that essence, it is inevitable for companies intending to stay around for long to not ignore the concerns of environment and the demands of society.

Where on one hand, the concept of ESG is being imbibed in the non-financial reporting frameworks, yet there stays a growing need for transparency and accountability. Modern day stakeholders are looking out for not quantified data in copious amounts, but a dedicated attempt on the part of companies to share the activities and their short-term and long-term impacts in deep detail.

Such empathetic reporting, keeping the truthfulness intact requisites professional erudite and understanding – not only of the applicable laws, reporting frameworks and reporting requirements but also of stakeholder expectations.

In view of the need to build the necessary capacities and capabilities of Governance Professionals – the ICSI had launched the ESG Conclave – a dedicated platform for raising deliberation on the dynamic business landscapes, altering shareholder expectations and regulatory scenarios with the focal point being ‘sustainability’.

I am glad to share that each deliberation at every panel discussion across nearly 10 locations in the presence of the Past Presidents, Sustainability & ESG experts and my fellow Council Colleagues has paved the way for exploring potential opportunities for professionals in this era of global transformation.

### MEETINGS AND VISITATIONS – MEETING THE KNOWLEDGE HUNGRY, VISITING THE LAND OF TEMPLES

Usually, the meetings forming part of this section is an account purely of the various dignitaries with whom our Institute has the honour of having *tete-a-tetes*; but this time, it is a tad bit different.

If the Kolkata Convocation at the beginning of the month gave me a peep into the thought, ideologies and energies of the youth on the Eastern side, the SIRC convocation at Kochi was not different – the added highlight being the presence of Justice Mr. S. Siri Jagan, Former Judge, High Court of Kerala & Acting Vice Chancellor, The National University of Advanced Legal Studies, Kochi as the Chief Guest.

**युवा स्यात् साधु युवाध्यायकः। आशिष्ठो वृद्धिष्ठो बलिष्ठः।**

(Youth must be Excellent – Excellent Learner – Disciplined – Firm – Strong) - *Taittiriya Upanishad*

Both the convocations – EIRC & SIRC, have played the role of reiterating the fact that the youth of ICSI is aligned with this thought shared in our ancient scriptures and it is these ceremonies that have cemented the trust placed in the future torchbearers of governance and brand ambassadors of the Institute and the profession.

In an attempt to carry forward our vision “*to be a global leader in promoting good corporate governance*”, our global initiatives are always pursued with great passion and gusto. The success of the 17<sup>th</sup> International Professional Development & Fellowship Program (IPFDP), from 28 May 2024 to 4 June 2024, in Vietnam and Cambodia on the theme ‘Charting the course of Sustainable Development’ is a result of this very enthusiasm which is equally shared by our members. I am extremely thankful to Mr. Subhash Prasad Gupta, Deputy Chief of Mission, Embassy of India, Hanoi, Vietnam for presiding over the International Conference as Chief Guest. Each and every deliberation, whether being hosted over business breakfast tables or the ones hosted as Panel discussions has left a deep-rooted impact on our thoughts giving us plenty of food for contemplation.

### DEFLATING CLIMATE CRISIS – ONE TREE AT A TIME

A look back into the days passed by and it is a realization that Sustainability has been a constant topic of deliberation – a theme for discussion. But as they say, “Actions speak louder than words”. If June is the month of witnessing the extremities of heat, it is also the time which requires maximum shade.

The fact that the World Environment Day is celebrated on 5<sup>th</sup> of June each year gives the moment to ideate ways in which the impact of climate change can be reduced. And what better way to contribute than to plant a tree and pursue its growth as a personal responsibility.

While these words might seem as a sagely preaching, but the altering dynamics of climate and environment globally have given us a fair idea of what the future holds in its garb for us and the upcoming generations unless actions are initiated to stem the rot by all of us working in concert.

As a professional responsible for making corporate actions sustainable, let us all imbibe the thought in our individual actions as well and leave the world a much better place. Giving the hashtag #Generation restoration, as the United Nation aptly puts it,

*“We cannot turn back time, but we can grow forests, revive water sources, and bring back soils. We are the generation that can make peace with land.”*

Happy reading !!!

Yours Sincerely



**CS B. Narasimhan**  
President, ICSI

# THIS MONTH THAT YEAR

E.I.R.C.—Meeting with the Chairman of M.R.T.P. Commission : Justice S. Madhsudan Rao addressing. Others seen are (L to R) Sarvashri K.V. Shanbhogue, P.R. Roy, P.R. Mukhopadhyay and A.K. Sen.



June - 1982



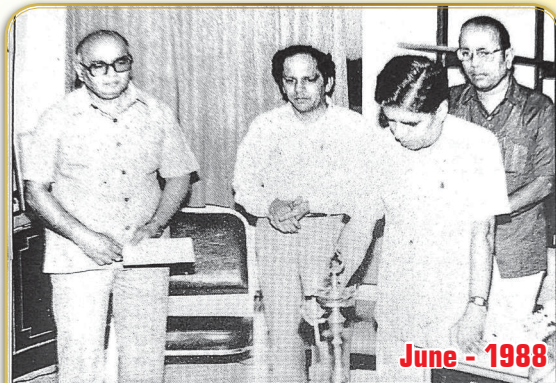
June - 1986

Visit of Addl. Secretary of Department of Company Affairs to ICSI Headquarters : Shri Ashok Chandra in discussion with Council members and Departmental Heads of the Institute.



June -1986

E.I.R.C. : Students Conference—Hon'ble Union Law Minister Shri A.K. Sen inaugurating the Conference



June - 1988

SIRC: BANGALORE CHAPTER—Inauguration of new office premises: Shri A.B. Datar inaugurating. Others seen are (L to R) Sarvashri D.K. Prahlada Rao, R. Ramachandran and C.R. Shah



June - 1990

WIRC: Meeting with Chairman, CLB— Seen on the dais are (L to R) Sarvashri N.L. Bhatia, N.J.N. Vazifdar, S.P. Upasani (Chairman, CLB) and A.K. Modi.



# INITIATIVES UNDERTAKEN DURING THE MONTH OF MAY, 2024

## MEETINGS WITH DIGNITARIES DURING THE MONTH OF MAY 2024

- Dr. Indramani Tripathi, IAS - Vice Chairman, Lucknow Development Authority on May 22, 2024

## RECOGNITION TO ICSI INSTITUTE OF SOCIAL AUDITORS (ICSI-ISA)

SEBI vide circular, SEBI/HO/CFD/PoD-1/P/CIR/2024/0060 dated May 27, 2024 has specified the ICSI Institute of Social Auditors (ICSI-ISA) as a Self-Regulatory Organization (SRO) for Social Impact Assessors. The SEBI Circular can be accessed at the link: [https://www.sebi.gov.in/legal/circulars/may-2024/self-regulatory-organizations-for-social-impact-assessors-in-the-context-of-social-stock-exchange-sse\\_83583.html](https://www.sebi.gov.in/legal/circulars/may-2024/self-regulatory-organizations-for-social-impact-assessors-in-the-context-of-social-stock-exchange-sse_83583.html)

## 17<sup>TH</sup> INTERNATIONAL PROFESSIONAL DEVELOPMENT & FELLOWSHIP PROGRAM (IPFDP) & INTERNATIONAL CONFERENCE

The ICSI organized its 17<sup>th</sup> International Professional Development & Fellowship Program (IPFDP), from May 28, 2024 to June 04, 2024, in Vietnam and Cambodia on the theme Charting the course of Sustainable Development. Focusing on the enhanced responsibility of Company Secretaries, the IPFDP brought forward a channel of discussions on the following business breakfast topics:

- Cross Border Insolvency and Governance
- Alternate Dispute Resolution
- Sustainability Reporting
- Capital Market Governance
- Operational Risk oversight and Stewardship
- Digital Governance
- Building Better Boards

Mr. Subhash Prasad Gupta, Deputy Chief of Mission, Embassy of India, Hanoi, Vietnam addressed the International Conference of the programme as the Chief Guest on May 29, 2024, in Hanoi.

Insightful panel discussions on the following were held to help attendees understand the importance of transparency and accountability and translate sustainability goals into actionable plans:

- ICSI Secretarial Standards: A Global Advantage
- Disclosure Obligation: Protecting Shareholder Value
- POSH
- Building Diverse Boards: Enhancing Governance

## EEE4.0 – MASTER KNOWLEDGE SERIES

The ICSI with the intent of reviving, refreshing and sharpening the knowledge base of members, had launched a capacity building initiative EEE – Enable, Evaluate, Excel in the year 2017. The second and third editions were brought out in 2021 and 2023. Keeping the same intent & overwhelming response received, the ICSI has launched the next phase of this Webinar Series under the aegis of EEE 4.0- Master Knowledge Series on contemporary topics of professional interest. During the month following webinars were conducted under the Series:

Topic	Speaker	Date	YouTube Link
Deliberation on Labour Laws	Advocate Raavi Birbal, Hon'ble Supreme Court & Delhi High Court	May 01, 2024	<a href="https://youtube.com/watch?v=d-lojcO5P5U">youtube.com/watch?v=d-lojcO5P5U</a>
Nuances of Secretarial Audit	CS Ranjeet Pandey, Former President, The ICSI	May 08, 2024	<a href="https://youtube.com/watch?v=bR8bAv2J1Io">youtube.com/watch?v=bR8bAv2J1Io</a>
Annual Secretarial Compliance Report	CS Devendra V Deshpande, Former President, The ICSI	May 15, 2024	<a href="https://youtube.com/watch?v=vakT9W8uO70">youtube.com/watch?v=vakT9W8uO70</a>
Structured Digital Database	CS Makarand Joshi, Practicing Company Secretary	May 22, 2024	<a href="https://youtube.com/watch?v=tVbI6dom00g">youtube.com/watch?v=tVbI6dom00g</a>
ESG and the Future of Business	CS J Sundharesan, Practicing Company Secretary & CS Shujath Bin Ali, Chief Compliance Officer & General Counsel, Re Sustainability Limited	May 29, 2024	<a href="https://youtube.com/watch?v=qBB08pvLIY8">youtube.com/watch?v=qBB08pvLIY8</a>

## MSME & STARTUP CONNECT : CS – MSME & STARTUP CATALYST

The ICSI with the intent to bring entrepreneurs on a common platform with Governance Professionals and to increase the recognition of ICSI amongst entrepreneurs, Industry bodies, incubators and Govt on the role of CS as a professional to support their development is organizing ICSI MSME & Startup Connect at 30 cities across India. The events are being conducted jointly with District Industries Centre (DIC) on the theme CS – MSME & STARTUP CATALYST. During the month, events were held at Agra, Ahmedabad, Bhopal, Chhatrapati Sambhajanagar, Mangaluru, Nagpur, Pune, and Visakhapatnam.

## ESG CONCLAVES CONDUCTED NATION-WIDE

The ICSI has always promoted good corporate governance, environmental sustainability, and social responsibility among stakeholders. To raise awareness amongst the professionals on various aspects of ESG, the ICSI organized nationwide “ESG Conclaves” through its Regional and Chapter offices during the month of May 2024.

During the month, ESG Conclaves were organized at Mumbai, Delhi, Kolkata, Chennai, Bengaluru, Pune, Gurugram, Hyderabad and Visakhapatnam. Details are published in subsequent pages of this edition.

## SUGGESTIONS ON MCA-21 V3 FORMS

Suggestions were solicited by the Ministry on Forms under the Companies Act, 2013 and rules made thereunder. Members were requested to share in their suggestions which may help in improving the forms available for filing under MCA-21 V3 platform by way of a dedicated google form. Also, Virtual meetings seeking suggestions on forms under Companies Act, 2013 filed through MCA 21 V3 were conducted as per the schedule below:

Rules	Forms	Date
Companies (Incorporation) Rules, 2014	SPICe+, RUN, AGILE PRO-S, URC-1, INC-12, INC-18, INC-20, INC-20A, INC-22, INC-23, INC-24, INC-27, INC-28, INC-4, INC-6 and RD-1	April 29, 2024
Companies (Appointment and Qualifications of Directors) Rules, 2014	DIR-12, DIR-11, DIR-3A, DIR-3C, DIR-5, DIR-6, DIR-9 and DIR-10	April 30, 2024
Companies (Mgt. & Adm.) Rules, 2014	MGT-14, MGT-3	
Companies (Appt. and Remuneration of Managerial Personnel) Rules, 2014	MR-1 and MR-2	
Companies (PAS) Rules, 2014	PAS-3, PAS-2 and PAS-6	May 02, 2024
Companies (Sh. Cap. & Deb.) Rules, 2014	SH-7, SH-11, SH-8 and SH-9	
Companies (Accounts) Rules, 2014	AOC-5	
LLP Rules	RUN LLP, Form FiLLiP, Form 3, 4, 5, 8, 9, 11, 12, 15, 17, 18, 22, 23, 24, 25, 27, 28, 31 and 32	May 03, 2024

## ONE-TIME SPECIAL SCHEME FOR RESTORATION OF MEMBERSHIP

A One-time Special Scheme for Restoration of Membership providing exemption in Entrance and Restoration fees payable was launched for a period of one-month w.e.f. 1<sup>st</sup> May, 2024 to 31<sup>st</sup> May 2024. As a result of this scheme, the number of restoration cases increased substantially from 67 in May, 2023 to more than 270 in May, 2024.

## FIRST BI-ANNUAL CONVOCATION 2024

The **first bi-annual Eastern Region Convocation** for FY 2024-2025 was held on May 4, 2024, at Rabindra Mandap, Bhubaneswar. Membership certificates were awarded to 04 Fellow members and 34 Associate members. 1 PMQ awardee was also felicitated on the occasion. Prof. Mahadeo Jaiswal, Director, IIM Sambalpur (Odisha) was the Chief Guest on occasion.

The **second bi-annual Southern Region Convocation** for FY 2024-2025 was held on May 21, 2024, at Gokulam Park Hotel & Convention Center, Kochi. Membership certificates were awarded to 05 Fellow members and 66 Associate members. 02 PMQ awardees and 02 students were also felicitated on the occasion. Justice Mr. S. Siri Jagan, Former Judge, High Court of Kerala & Acting Vice-Chancellor, The National University of Advanced Legal Studies, Kochi, was the Chief Guest on occasion.

## ESG AWARENESS SERIES – A WEEKLY MAILER FROM ICSI

“ESG Awareness Series”, a weekly mailer from ICSI, shares a unique ESG term as well as promising practices in ESG with an objective to generate interest amongst the professionals towards the ESG practices. Through this initiative, the members are also encouraged to share the best practices in ESG and success stories of their respective organizations in ESG domain that may give a boost for the industry to adopt similar practices.

## ESG CORNER

A dedicated section titled as “ESG Corner” is introduced in the Chartered Secretary Journal which aim to provide latest insights and updates on ESG.

## EXTENSION OF LAST DATE FOR OBTAINING MANDATORY CPE CREDITS FOR FY 2023-24

The Institute, in order to facilitate the members in fulfilling the mandatory requirement of CPE Credits, has extended the last date for obtaining the mandatory CPE credits by the members for the year 2023-24 (April 1, 2023 to March 31, 2024) till May 31, 2024. Further, with a view to provide last opportunity to members for fulfilling the mandatory requirement of CPE Credits for the year 2023-24, last date has been extended till June 30, 2024.

## REPRESENTATIONS SUBMITTED

Date	Purpose	Authority
May 15, 2024	Updated Framework for Social Impact Assessment Standards and request to consider recognition to ICSI Institute of Social Auditors as SRO	SEBI
May 16, 2024	Request to authorize Company Secretary in Practice to issue the Certificates under Schedule III read with Regulation 13 (1) of the International Financial Services Centres Authority (Payment Services) Regulations, 2024	IFSCA
May 17, 2024	Submissions of ICSI on the IRDAI (Corporate Governance for Insurers) Regulations, 2024	IRDAI
May 24, 2024	ESI/EPFO Registration in e-form AGILE-PRO-S – Request to develop optionality	MCA
May 25, 2024	Comments of ICSI on draft IFSCA (Listing) Regulations, 2024	IFSCA

## JOINT PROGRAMMES

Topic	Organising entity	ICSI's Role	Venue	Date
Litigation in GST	PHD Chamber of Commerce & Industry	Knowledge Partner	New Delhi	May 9, 2024
Conscious Leadership for ESG & Sustainability  (CS Suresh Pandey, Council Member, The ICSI graced the inaugural session)	Delhi Management Association (DMA) & Atal Bihari Vajpayee School of Management & Entrepreneurship, JNU	Associate Partner	New Delhi	May 18, 2024

## FORMATION/RENEWAL OF ICSI STUDY CIRCLES

The ICSI has been promoting the Formation/Renewal of Study Circles for creating knowledge upgradation avenues through professional discussion and deliberation. Study Circle formed/renewed in May 2024 for the FY 2024-25 were as under:

Region	Name of the Study Circle	Formation/ Renewal
WIRC	H T Parekh (Corporate) Study Circle of ICSI	Renewal
WIRC	Jamnagar Study Circle of ICSI	Renewal
WIRC	Anand Study Circle of ICSI	Renewal
WIRC	Sangli Study Circle of ICSI	Renewal
NIRC	Rewari Study Circle of ICSI	Renewal
SIRC	Hubli-Dharwad Study Circle of ICSI	Renewal

## COMMENCEMENT OF CERTIFICATE COURSES

The Institute commenced Certificate Course on Independent Directors - Batch 7 in the current month. 275 members have registered for this course.

## ONLINE CLASSES OF PMQ, CERTIFICATE AND CRASH COURSES

Online Classes for the following PMQ, Certificate and Crash courses were organized:

- PMQ Course on Corporate Governance
- PMQ Course on Internal Audit
- PMQ Course on Arbitration
- Certificate Course on POSH - Batch 7
- Certificate Course on CCM – Batch 7
- Certificate Course on Independent Directors- Batch 7

## RESULT DECLARATION OF CERTIFICATE COURSES

Results of Certificate Course on CSR Batch 10 and

Certificate Course on BRSR and ESG - Batch 2 was declared on May 13, 2024.

## ANNOUNCEMENT OF CRASH COURSE

The Institute launched **Crash Course on 'A to Z of IPO'** in the current month which received an overwhelming response from the members. 1065 members registered for the Course which is the highest number of registrations ever received for any Course so far.

## E-LEARNING FACILITY

The E-learning facility has been offered with anytime anywhere flexibility through online Learning Management System (LMS) to 189000 students and members. Certificate Courses, Crash Courses, PMQ courses, PCS orientation program, E-CLDP, E-EDP, Pre-Examination Test etc. services and related queries have been resolved.

## PEER REVIEW CERTIFICATES ISSUED

During the month of May, 2024 more than 100 Peer Review Certificates were issued based on the clean final

reports received by the Peer Reviewers. The details of the Peer Reviewed Units are updated on ICSI website from time to time and can be accessed at Weblink: [https://www.icsi.edu/media/webmodules/List\\_Peer\\_Reviewed\\_Practice\\_Units.pdf](https://www.icsi.edu/media/webmodules/List_Peer_Reviewed_Practice_Units.pdf)

## PLACEMENT OPPORTUNITIES FOR COMPANY SECRETARIES

The ICSI stands committed to help all the associated companies and availing the services extended by the

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

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

S.No.	ORGANIZATION	LOCATION	DESIGNATION
1	Canbank Financial Services Limited	Bengaluru	Company Secretary
2	Central Processing Centre	Manesar	CPC Executives
3	Central Registration Centre	Manesar	CRC Executive
4	Hindustan Copper Limited	Kolkata	Dty. General Manager
5	Housing & Urban Development Corp Ltd (HUDCO)	New Delhi	Asst. Executive (CS)
6	ICSI	New Delhi	IEPFA Executives
7	ITI Limited	Bengaluru	Executive -Secretarial
8	ITI Limited	Bengaluru	Company Secretary
9	Ministry Of Corporate Affairs RD(ER), ROC	Kolkata	Young Professionals (CS)
10	Achievers Finance India Limited	Kolkata	Company Secretary
11	AJEL Limited	Hyderabad	Company Secretary
12	Altruist Fostering Services	Mumbai	Company Secretary
13	Archerchem Healthcare Limited	Mumbai	Company Secretary
14	Ava Finance Private Limited	New Delhi	Manager
15	Bizzlab India Private Limited	New Delhi	Associate CS
16	Carbon Resources Private Limited	Kolkata	Company Secretary
17	Chandigarh International Airport Limited	Chandigarh	Company Secretary
18	CMR Green Technologies Limited	Faridabad	Company Secretary
19	Crest Ventures Limited	Mumbai	Company Secretary
20	Crompton Greaves Consumer Electricals Limited	Mumbai	Asst. Manager
21	Delphi World Money Limited	Noida	Company Secretary
22	Elpro International Limited	Mumbai	Assistant CS
23	Finshore Management Services Limited	Kolkata	Assistant CS
24	Focal Corporate Services Private Limited	Ahmedabad	Assistant CS
25	Futura Polyeters Limited	Mumbai	Company Secretary
26	GC India Dental Private Limited	Sangareddy	Company Secretary
27	Genesis Finance Company Limited	New Delhi	Company Secretary
28	GMR Group	New Delhi	Mgmt. Trainee- CS
29	Honda Power Pack Energy India Pvt. Ltd.	Bengaluru	Company Secretary
30	Hydrise Foods Private Limited	Noida	Asst. CS
31	Indigenesis Consulting Private Limited	Gurgaon	Company Secretary
32	Interiors & More Limited	Mumbai	Company Secretary
33	JB Ecotex Limited	Surat	Asst. CS
34	Kaar Technologies India Private Limited	Chennai	Company Secretary
35	KS Smart Solutions Private Limited	Chennai	Company Secretary
36	Magenta Finance Services Private Limited	Delhi	Company Secretary
37	Mittal Commerce Classes Private Limited	Jaipur	Company Secretary

38	Modern India Limited	Mumbai	Company Secretary
39	Modi Hitech India Limited	New Delhi	Company Secretary
40	MSP Steel & Power Limited	Kolkata	Company Secretary
41	Orocorp Technologies Private Limited	Chennai	Company Secretary
42	Perfect Accounting & Shared Services Pvt. Ltd.	New Delhi	Company Secretary
43	Pink City Fincap Private Limited	Jaipur	Company Secretary
44	Prayagraj Wealth Management Private Limited	Noida	Company Secretary
45	Shaival Reality Limited	Ahmedabad	Company Secretary
46	Shivashakti Agritec Limited	Hyderabad	Company Secretary
47	Shree Ajit Pulp And Paper Limited	Vapi	Company Secretary
48	Shreni Shares Limited	Bhopal	Company Secretary
49	Sosaley Technologies Private Limited	Chennai	Company Secretary
50	Stallion India Fluorochemicals Limited	Mumbai	Company Secretary
51	Stanpacks India Limited	Chennai	Company Secretary
52	Subex Limited	Bengaluru	Company Secretary
53	Tamilnad Mercantile Bank	Tuticorin	Company Secretary
54	TP Northern Odisha Distribution Limited	Balasore	Asst. CS
55	Urbanrise Lifestyles Private Limited	Bengaluru	Company Secretary
56	Vedanta Limited	Across India	Officer Trainee - CS
57	Verteil Technologies Private Limited	Kochi	Company Secretary
58	Vertex Homes Private Limited	Hyderabad	Company Secretary
59	Vivriti Capital Private Limited	Chennai	Lead - Compliance
60	Wealthstreet Advisors Private Limited	Ahmedabad	Asst. CS
61	Zenwork Digital India Private Limited	Hyderabad	Company Secretary

For more details, kindly visit ICSI Placement Portal - <https://placement.icsi.edu>

## STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on May 30, 2024)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
19,148	26,611	6,370	12,871

## ICSI-SECTION 8 COMPANIES

### ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

- WORKSHOPS

Date	Subject	Speaker(s)	YouTube link
May 07, 2024	Interplay of IBC with Income Tax Actz, GST Laws and PMLA	IP & CA Ananthalakshmi	<a href="https://www.youtube.com/watch?v=HTHWETGgFCs">https://www.youtube.com/watch?v=HTHWETGgFCs</a>
May 09, 2024		IP & CS Prakul Thadi	<a href="https://www.youtube.com/watch?v=1R_acU6wh9c">https://www.youtube.com/watch?v=1R_acU6wh9c</a>
May 11, 2024	Section 29A & Insolvency Resolution Plan	IP & CS Vinit Nagar IP & CS Shubham Agrawal Goyal	<a href="https://www.youtube.com/watch?v=a9Y-B3ozat4">https://www.youtube.com/watch?v=a9Y-B3ozat4</a>
May 18, 2024	Decoding the Role and Commercial Wisdom of CoC	IP & CS S. Dhanapal	<a href="https://www.youtube.com/watch?v=Ui7VzUIeeyc">https://www.youtube.com/watch?v=Ui7VzUIeeyc</a>
		IP & CS Amit Gupta	<a href="https://www.youtube.com/watch?v=aoW1Bk8Ru1o">https://www.youtube.com/watch?v=aoW1Bk8Ru1o</a>
May 27, 2024	Insolvency Resolution for FSPs and Decoding Waterfall Mechanism	IP, CS & CA Pawan Varshney	<a href="https://youtu.be/oi1lzeInMHs?si=KemRUM9obz9peWwF">https://youtu.be/oi1lzeInMHs?si=KemRUM9obz9peWwF</a>
May 28, 2024		IP & CS Vinit Nagar	<a href="https://youtu.be/Pp7xoAiW2B4?si=NDiNdGn_e4YiDmBs">https://youtu.be/Pp7xoAiW2B4?si=NDiNdGn_e4YiDmBs</a>



- **Webinars**

Date	Subject	Speaker(s)	YouTube link
May 16, 2024	Anatomy of IBC Case Laws - 17	IP & CA Divya Somani	<a href="https://www.youtube.com/watch?v=Y1enh44 CQBI">https://www.youtube.com/watch?v=Y1enh44 CQBI</a>
May 24, 2024	Insights into Voluntary Liquidation Process	IP & CS Vishawjeet Gupta	<a href="https://youtu.be/byfmtAvQVD0?si=Wtmg_gcx4l_L-_uw">https://youtu.be/byfmtAvQVD0?si=Wtmg_gcx4l_L-_uw</a>

- **Round-table (Virtual) Discussion**

Date	Subject	Speaker(s)	YouTube link
03/05/2024	Rules prescribed under IBC	IP & CS Pankaj Khaitan	<a href="https://www.youtube.com/watch?v=gXmuP7bv3Fg">https://www.youtube.com/watch?v=gXmuP7bv3Fg</a>

- **Joint Program**

- ICSI CCGRT, Navi Mumbai jointly with ICSI Institute of Insolvency Professionals conducted 2 Days Residential / Non-Residential Workshop on IBC on May 04-05, 2024.
- IBBI jointly with ICSI Institute of Insolvency Professionals, Indian Institute of Insolvency Professionals of ICAI and IPA of Institute of Cost Accountants of India conducted workshop for Insolvency Professionals on May 17, 2024.
- IBBI jointly with ICSI Institute of Insolvency Professionals, Indian Institute of Insolvency Professionals of ICAI and IPA of Institute of Cost Accountants of India conducted workshop for Insolvency Professionals on May 27, 2024.

- **Pre-registration Educational Course**

ICSI Institute of Insolvency Professionals jointly with the other two Insolvency Professional Agencies conducted 64<sup>th</sup> Batch of Pre-registration Educational Course during May 13-19, 2024. The Sessions were taken by eminent speakers viz. IP Ravi Prakash Ganti, IP & CS Anagha Anasingaraju, IP & CS Partha Kamal Sen, IP & CS Devarajan Raman, IP & CA Aneetha Subramaniam, IP & CS S.Rajendran, IP & CA Deepak Panpalia, CS Karishma Rastogi, IP & CA Ashish Makhija, IP & CMA Madhusudan Sharma, Shri Debajyoti Ray Chaudhuri, IP & CA Gopal Krishna Raju, IP Pooja Bahry and IP & CA Sanjeev Ahuja.

- **LIT UP**

ICSI Institute of Insolvency Professionals conducted 18<sup>th</sup> LIT UP - Limited Insolvency Examination Training - Preparatory Virtual Class for Limited Insolvency Examination from May 29-31, 2024.

## ICSI REGISTERED VALUERS ORGANISATION

Activity	Topics / Title	Date	Faculty
COP Training	<ul style="list-style-type: none"> <li>• Code of Conduct for Registered valuers</li> <li>• Professional Ethics</li> </ul>	May 14, 2024	CA Rajesh Mittal
	<ul style="list-style-type: none"> <li>• Drafting Valuation Report</li> <li>• Soft Skills (How to communicate with the clients and peers)</li> </ul>		CS K Chandrasekar
Continuing Professional Education (CPE) Programme	Valuation of Startups/ MSME Sector	May 21, 2024	CS Kanishk Arora

## ICSI INTERNATIONAL ADR CENTRE

Programme	Topic	Date	Faculty	YouTube Link
Webinar on Arbitration	Importance of ADR and Arbitration in Resolving Commercial Disputes	May 21, 2024	CS (Dr.) Pundla Bhaskara Mohan, Advocate, High Court Telangana, Arbitrator and Conciliator and Former Judicial Member, NCLT	<a href="https://www.youtube.com/live/n_3yDGIJv2w">www.youtube.com/live/n_3yDGIJv2w</a>
Seminar on Mediation Act 2023 by PHDCCI	Recent Developments, Open Issues & Way Forward	May 10, 2024	As Institutional Partner; Seminar conducted at PHD House, New Delhi	NA

**ICSI-CCGRTs****ICSI-CCGRT NAVI MUMBAI**

- *20<sup>th</sup> RCLDP from 19<sup>th</sup> April 2024 to 4<sup>th</sup> May 2024*

The 20<sup>th</sup> RCLDP at CCGRT, Navi Mumbai concluded on 4<sup>th</sup> May 2024 with the valedictory ceremony graced by the esteemed presence of CS (CA) Pramod Kumar Jain. The program assembled thirty participants from different regions across the country, and delivered as promised a dynamic and enriching experience for all attendees. In addition to informative technical sessions, the agenda also encompassed hands-on workshops and industrial visits, ensuring a comprehensive approach to skill enhancement and knowledge acquisition.

- *21<sup>st</sup> RCLDP from 24<sup>th</sup> May 2024 to 8<sup>th</sup> June 2024*

The 21<sup>st</sup> RCLDP commenced on 24<sup>th</sup> May 2024 and will be concluded on 8<sup>th</sup> June 2024. The program which has assembled thirty participants from different regions across the country, was commenced at the hands of CS Ramaswami Kalidas, PCS, who presided over as the Chief Guest in the inaugural session. During his speech, he encouraged aspirants to act as mentors and catalysts within their organizations, emphasizing the importance of upholding truth and legal compliance in all their endeavours.

- *Two Days Workshop of IBC in Collaboration with ICSI-IIP on 4<sup>th</sup> & 5<sup>th</sup> May 2024*

The two-days Residential/Non-Residential Workshop on the IBC organized by ICSI-CCGRT, Navi Mumbai in collaboration with ICSI-IIP, took place on May 4-5, 2024, in Navi Mumbai. Shri. Rajesh Sharma, Former Hon'ble Member of the NCLT, delivered the Inaugural Address, reflecting on the "IBC: The Journey so far and the Road Ahead."

Session Topic	Speaker
IBC from the Lens of Adjudicating Authority	Shri. Rajesh Sharma, CS Ashish Lalpuria, CS K. Venkatraman, and CS Prashant Thakre
Ethics, Code of Conduct, and Disciplinary Proceedings under IBC	CS (CA) Pramod Kumar Jain
Major Case Laws by NCLT, NCLAT, & Supreme Court	CS Ashish Lalpuria
The Interplay of IP with Other Laws	CA Ashish Rathi, CS B. Renganathan, CS Devarajan Raman, and CS Prachi Manekar
Use of Technology, Innovation, and Artificial Intelligence in CIRP	CS Anusha Chandwani and Mr. Swapnil Patil

- *25<sup>th</sup> Foundation Day of CCGRT, Navi Mumbai at BSE Ltd. on 16<sup>th</sup> May 2024*

The ICSI marked the 25<sup>th</sup> Foundation Day of its Centre for Corporate Governance, Research and Training (CCGRT), Mumbai with a program at BSE Ltd on May

16, 2024 on the theme "ESG Regulatory Landscape, Ethical Financing and Decoding Ease of Doing Business." The program commenced with an inaugural ceremony in the esteemed presence of Chief Guest, Shri. V.S. Sundaresan, Executive Director, SEBI, and Guest of Honor, Shri. Sundararaman Ramamurthy, MD & CEO, BSE Ltd. along with CS B. Narasimhan, President; CS Dhananjay Shukla, Vice President and Chairman of CCGRTs; CS Ashish Karodia, Convener of CCGRT, Mumbai; and CS Praveen Soni, CCM, The ICSI. The inaugural ceremony was concluded by cutting the cake to celebrate the 25<sup>th</sup> Foundation Day of CCGRT, Mumbai, followed by two insightful panel discussions on the topics : Understanding Legal Framework of ESG in India & Conversion of Stockholders to Stakeholders and Enhancing Ease of Doing Business in Alignment with Safeguarding Investor's Interests.

**ICSI-CCGRT HYDERABAD**

- *Online 3 days Basic Certificate Program on Commercial Arbitration during May 03-05, 2024*

The ICSI-CCGRT, Hyderabad organized its Online 3 days Basic Certificate Program on Commercial Arbitration from May 03-05, 2024. A total of 64 participants attended the program from across the country. CS R Venkataramana, Council Member, the ICSI & Convenor, Managing Committee, CCGRT, Hyderabad addressed during the inaugural session. The technical sessions were presided over by experts like Dr. Sridhar Mothe, Chairman, Indian Institution of Technical Arbitrators, CS (Dr.) S V Rama Krishna, Advocate, High Court of Telangana & Corporate Legal Advisor, and CS (Dr.) Pundla Bhaskara Mohan, Advocate, Telangana High Court & Arbitrator, Former Judicial Member, NCLT, Jaipur Bench. The program was concluded with a panel talk by Shri A. Rama Subramaniam, Managing Director, Adroit ADR Consultants, Coimbatore and CS (Dr.) Pundla Bhaskara Mohan on "Perspectives on Domestic and International Commercial Arbitration.

- *Research Process Awareness Program on May 18, 2024*

The ICSI-CCGRT, Hyderabad organized one day "RESEARCH PROCESS AWARENESS PROGRAM" on 18<sup>th</sup> May 2024. A total of 31 participants attended the program from across the country. Prof. (Dr.) K V Achalapathi, Former Head of Department of Commerce, Osmania University, Hyderabad, graced the inaugural ceremony as the Chief Guest and addressed the participants in presence of CS R Venkataramana, Council Member, the ICSI & Convenor, Managing Committee, CCGRT, Hyderabad. Besides, Prof. (Dr.) K V S Sarma, Professor of Law, NALSAR University, Hyderabad, Former

Vice Chancellor, MNLU, Aurangabad, CS (Dr.) Sudheendhra Putty, Associate Vice President & Company Secretary, Cyient Ltd. and Prof. (Dr.) S V Satyanarayana, Principal, Immanuel Business School, Hyderabad & Former Chairman Board of Studies, Osmania University, Hyderabad, covered the technical aspects of the program. The program was well received and appreciated by the participants.

### ICSI-CCGRT KOLKATA

- *2<sup>nd</sup> Residential CLDP from May 3, 2024 - May 17, 2024*

2<sup>nd</sup> batch of Residential CLDP at CCGRT Kolkata started with 16 students on 3<sup>rd</sup> May 2024. Learned and renowned faculty deliberated on various topics as per the updated training guidelines. Students started their day with Yoga in the morning and participated in various activities in the evening, after completion of the academic sessions, to enhance their leadership skills. This batch got the privilege to interact with CS B Narasimhan, President, ICSI; CS Dhananjay Shukla, Vice President, ICSI and Chairman, CCGRT; CS Asish Mohan, Secretary, ICSI along with CS Sandip Kumar Kejriwal, Convenor, CCGRT Kolkata and Council Member, ICSI; CS Rupanjana De, Council Member, ICSI and CS Suresh Pandey, Council Member, ICSI. Campus placement was organised for the participants of RCLDP and all the participants, who appeared for the interview, got selected.

- *MoU with Amity University Kolkata on Monday, 6<sup>th</sup> May 2024*

ICSI inked an MoU with Amity University Kolkata and the signing ceremony was organised on 6<sup>th</sup> May 2024. CS B Narasimhan, President, ICSI and Dr. Sanjay Kumar, Vice Chancellor, Amity University, Kolkata signed and exchanged the MoU. CS Dhananjay Shukla, Vice President, ICSI and Chairman, CCGRT; CS Asish Mohan, Secretary, ICSI; Shri Ankur Yadav, Head-CCGRT Kolkata and Hyderabad and Dr. Amrita Saha, Registrar, Amity University Kolkata were present on this occasion.

- *Full Day Conference on “Judiciary/Regulator/ Stakeholders: Expectation Vs Performance” held on May 11, 2024*

CCGRT Kolkata organized Full day conference on the topic “**Judiciary / Regulator / Stakeholder: Expectation Vs Performance**” on May 11, 2024 at CS Deepak Khaitan Auditorium CCGRT Kolkata. CS Sandip Kumar Kejriwal, Convenor, CCGRT Kolkata and Council Member, ICSI; CS Rupanjana De, Council Member, ICSI; CS (Dr.) Mohit Shaw, Chairman, EIRC of ICSI were present on this occasion and addressed the delegates. More than 180 delegates attended the programme.

Session	Speaker(s)
NCLT : Practices and Procedure	Shri Arvind Devanathan Hon'ble Member (Technical), NCLT, Kolkata Bench  CS Anjan Kumar Roy Practising Company Secretary Past Chairman, EIRC of ICSI  Smt. Bidisha Banerjee Hon'ble Member (Judicial), NCLT, Kolkata Bench (Online)  CS B Narasimhan, President, ICSI (Online)  Session Coordinator: CS Akash Sharma
Recent Changes in Companies Act, Challenges in Compliance	Shri Sridhar Pamarthi, Regional Director (ER) MCA  Shri Chandan Ji, Assistant Registrar of Companies  CS Mohan Ram Goenka, Practising Company Secretary
Overviews of LODR, Recent Changes in LODR, Challenges in Compliance	CS Atul Kumar Labh Practising Company Secretary  Session Coordinator: CS Ashok Purohit Dy. CS, Emami Ltd.
Recent Amendments in NBFC Regulation, Inspection Findings of RBI	CA Mohit Bhuteria  Practising Chartered Accountant

### INITIATIVES FOR EMPLOYEES

#### ICSI EMPLOYEES CLUB ENJOYS MEMORABLE ESCAPE TO MORNI HILLS

The ICSI Employees Club organized a delightful tour to Morni Hills, Panchkula during May 26-27, 2024 for employees and their families. Participants enjoyed a comfortable train journey and a relaxing stay at the luxurious Hotel Royal Orchid (Regenta). They were treated to a breath-taking views, delicious meals, DJ and exciting activities. The itinerary included sightseeing tour at Tikkar Taal and Adventure Park. The trip provided a wonderful opportunity for members to bond and create lasting memories.

#### WEBINAR ON “GUM HEALTH” BY DR. REDDY’S FOUNDATION

A webinar was organized on 15<sup>th</sup> May, 2024 on the topic “Gum Health” by Dr Reddy’s Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Rohit Bansal, Dentist.

## INITIATIVES FOR STUDENTS

### ACADEMIC GUIDANCE

- **CENTRALIZED FREE ONLINE CLASSES FOR EXECUTIVE AND PROFESSIONAL PROGRAMME**

ICSI introduced free online Centralized classes for the students of Executive and Professional Programme (New Syllabus) from December 01, 2023 onwards. These Classes are conducted free of cost for the students. The classes are being conducted for the students eligible to appear in June 2024 examination and the duration of the classes will be 4-5 months. Students registered for these classes upto February 15, 2024 will be eligible to get exemption from pre-exam test subject to clearing of tests of respective group/s. Further, students registered for these classes will also be given free access to online doubt clearing classes conducted by the Institute.

- **ONLINE DOUBT CLEARING CLASSES FOR THE STUDENTS APPEARING IN JUNE 2024 EXAMINATION**

ICSI conducted online doubt clearing classes for the students from 1<sup>st</sup> week of May 2024. The online classes were conducted for the students appearing in June 2024 examination. Classes were conducted for Executive and Professional Programme for all subjects. The classes were taken by renowned and distinguished faculties with enriched teaching experience. Queries from students were solicited by way of Google link which was sent to them after registration. Facility to interact live with the faculties was also made available through the chat box during the classes. Students registered at the following link to attend the classes: <https://tinyurl.com/2kae3hmj>

### FACILITATION AND RELAXATION

- **ADMIT CARD – EXECUTIVE & PROFESSIONAL – OLD & NEW SYLLABUS FOR JUNE 2024 SESSION OF EXAMINATION**

Admit Card released on scheduled date i.e., on 22<sup>nd</sup> May 2024 for Executive & Professional – Old & New Syllabus for June 2024 Session of Examination. All information on this regard hosted on website <https://icsi.indiaeducation.net/> and propagated via Bulk mail and SMS.

- **DEDICATED HELPLINE NUMBER FOR STUDENT QUERIES**

The ICSI has introduced a dedicated helpline number to handle queries related to Student Registration, Post Registration, Class Room Teaching and Enrolment. Students can contact at 0120-4082170 (From Monday to Friday 9.30 A.M. to 5.30 P.M.).

- **NEW EXAMINATION CENTRE FOR JUNE 2024 SESSION OF EXAMINATION**

A New Examination Centre has been opened at ASANSOL (West Bengal; Centre Code : 113) on ad-hoc basis for Company Secretaries Examination (June-2024 session). Accordingly, candidates can opt for the new Examination Centre while enrolling for Company Secretaries June, 2024 Examination

- **ENCOURAGING STUDENTS TO COMPLETE CS COURSE AFTER PASSING EXECUTIVE PROGRAMME**

Many students started their CS Course with enthusiasm and ambition, but due to some personal reasons, the students discontinued their studies after passing the Executive. However, completing CS Course can be one of the best decisions they will ever make for their future. Considering this we are regularly communicating with the students via bulk mail/bulk sms who have passed Executive but not registered for Professional to complete their CS Course. As a result, more than 2257 students registered in Professional Programme up to May 2024.

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

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

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

- **ICSI SAMADHAN DIWAS**

ICSI successfully conducted the 43<sup>rd</sup> Samadhan Diwas, on Wednesday, May 08, 2024. Samadhan Diwas is a unique initiative of the ICSI wherein “on-the-spot” resolution is provided on issues/grievances of trainees and trainers.

The purpose of the Samadhan Diwas is to facilitate the stakeholders to resolve their queries on the spot. In the Samadhan Diwas students get opportunity to present their cases and directly interact with the ICSI officials.

- **ACTIVATION OF SWITCHOVER OPTION ALONG WITH PRE-EXAMINATION FEE FOR PROFESSIONAL PROGRAMME OLD SYLLABUS (2017) STUDENTS**

The Institute has notified that candidate who have registered under the CS Professional old syllabus (2017) can switch over to CS Professional new syllabus (2022) comprising 7 papers. Accordingly, the portal for switchover from old syllabus (2017) to New Syllabus (2022) along with Pre-Examination Fee has been activated for Professional Programme Students w.e.f., November 20, 2023.

- **TRANSCRIPTS & EDUCATION VERIFICATION**

It has been observed that on completion of Course the professionals are also applying for Foreign Courses / degrees /or immigration based on CS Qualification. During the month, 11 Transcripts were issued.

Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, 03 Education Verification requests of CS students were processed.

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

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

- **PAPER WISE EXEMPTION ON THE BASIS OF HIGHER QUALIFICATIONS**

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

[https://www.icsi.edu/media/webmodules/ATTENTION\\_STUDENTS\\_RECIPROCAL\\_EXEMPTION\\_NEW\\_SYLLABUS\\_2022\\_Updated.pdf](https://www.icsi.edu/media/webmodules/ATTENTION_STUDENTS_RECIPROCAL_EXEMPTION_NEW_SYLLABUS_2022_Updated.pdf)

- **PROFESSIONAL PROGRAMME PASS CERTIFICATE OF ICSI IN DIGILOCKER**

The Institute decided to issue Professional Programme Pass Certificate online via DIGILOCKER. The same initiative was Launched at 50<sup>th</sup> National Convention of ICSI at Kolkata with the support of the National e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY), Govt of India. The students who passed on or after June 2021 Session of Examination can download Professional Pass Certificate from DIGI Locker. Announcement hosted and Communication via Bulk Mail has been sent to students for extracting their Professional Pass Certificate for June 2023 & December 2023 Session of Examinations.

- **REAL TIME GUIDANCE FOR STUDENTS**

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

- ♦ *FAQ for Executive Switchover*

[https://www.icsi.edu/media/webmodules/Executive\\_FAQ\\_SW\\_23022023.pdf](https://www.icsi.edu/media/webmodules/Executive_FAQ_SW_23022023.pdf); [https://www.icsi.edu/media/webmodules/Declaration\\_to\\_cater\\_switchover\\_Request\\_of\\_executive\\_&\\_professional\\_old\\_syllabus\\_students.pdf](https://www.icsi.edu/media/webmodules/Declaration_to_cater_switchover_Request_of_executive_&_professional_old_syllabus_students.pdf)

- ♦ *FAQ for Professional Switchover to New Syllabus:*

[https://www.icsi.edu/media/webmodules/Executive\\_FAQ\\_SW\\_23022023.pdf](https://www.icsi.edu/media/webmodules/Executive_FAQ_SW_23022023.pdf)

## TRAINING SUPPORT

- **COMPULSORY SWITCHOVER TO NEW TRAINING STRUCTURE EXTENDED UPTO MARCH 31, 2024**

The Compulsory Switchover of trainings from Earlier/ Modified Training Structures to the New Training Structure (2020) has become effective from 01.04.2024 vide Circular dated 01.04.2024. The students belonging to the earlier/modified training structure are taking compulsory switchover to take benefit of the training exemptions as provided under it.

- **CORPORATE LEADERSHIP DEVELOPMENT PROGRAMME (CLDP) THROUGH WEBINAR MODE**

As the Content of 15 days CLDP (Online Mode-through LMS Portal) is under revision, it was decided that 15 days Online CLDP (through LMS Portal) would be temporarily discontinued from

01.04.2024 and in its place 15 days Online CLDP through Webinar Mode was introduced w.e.f. 01.04.2024. 15 days Online CLDP through Webinar Mode shall be conducted by the Institute's Regional Offices.

Once the CLDP content is updated on LMS Platform, both the Online (through LMS Portal) and Webinar Mode options (for 15 Days Online CLDP) would be available to the eligible students.

- **LAUNCH OF NEW TRAINING GUIDELINES 2024**

The Institute launched its Student Training Guidelines 2024 during Yuvotsav-2024 (National Conference of Student Company Secretaries) on January 11-12, 2024. The Guidelines are available at: [ICSISStudentTrainingGuidelines15012024.pdf](https://www.icsi.edu/ICSISStudentTrainingGuidelines15012024.pdf)

- **TRAINING OPPORTUNITIES**

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

S. No.	ORGANIZATION	LOCATION	DESIGNATION
1	Rashtriya Ispat Nigam Limited (RINL)	Visakhapatnam	CS Trainee
2	Serious Fraud Investigation Office (SFIO)	Across India	CS Trainee
3	Axis Capital Limited	Mumbai	CS Trainee
4	Bharat Electronics Limited	Bengaluru	CS Mgmt. Trainee
5	Bosch Rexroth (India) Private Limited	Ahmedabad	CS Mgmt. Trainee
6	DCM Nouvelle Limited	New Delhi	CS Mgmt. Trainee
7	Fiitjee Limited	New Delhi	CS Trainee
8	India International Exchange (IFSC) Ltd.	Gandhinagar	CS Mgmt. Trainee
9	IPV Advisors Private Limited	Gurugram	CS Trainee
10	Kalpataru Projects International Limited	Mumbai	CS Mgmt. Trainee
11	Kewal Kiran Clothing Limited	Mumbai	CS Mgmt. Trainee
12	Kiran Vyapar Limited	Kolkata	CS Mgmt. Trainee
13	MRO-TEK Realty Limited	Bengaluru	CS Mgmt. Trainee
14	O2 Power Private Limited	Gurugram	CS Mgmt. Trainee
15	Phonepe Private Limited	Bengaluru	Intern
16	Pothys Private Limited	Chennai	Executive Trainee
17	Pravin Ratilal Share & Stock Brokers Ltd.	Ahmedabad	Trainee
18	Procter & Gamble Health Limited	Mumbai	CS Internship
19	REC Limited	Gurugram	CS Mgmt. Trainee
20	SBI Pension Funds Private Limited	Mumbai	CS Intern
21	Shreni Shares Limited	Bhopal	CS Mgmt. Trainee
22	TP Northern Odisha Distribution Limited	Balasore	CS Mgmt. Trainee
23	Vridhi Finserv Home Finance Limited	Bengaluru	CS Mgmt. Trainee

For more details, kindly visit ICSI Placement Portal - <https://placement.icsi.edu/PlacementApp/>

## COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

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

- **CSEET (May 2024 session)**

May 2024 session of CSEET was held on May 04, 2024.

- **Centralized free online Classes of CSEET – May Session**

ICSI introduced free online Centralized classes for the students of CSEET from December 16, 2023 onwards. These Classes were conducted free of cost for the students. The classes for May 2024 Session of CSEET commenced from 18<sup>th</sup> April 2024.

- **CSEET classes (May 2024 session)**

CSEET Classes are being conducted by Regional/Chapter Offices for the students appearing in CSEET to be held in *May 2024*. Details of Regional/Chapter offices conducting classes are available at:

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

- **Registration for CSEET Classes at the time of CSEET Registration**

CSEET students can now register directly for the CSEET classes conducted by the Regional/Chapter Offices at the time of CSEET registration. This will help the students to join classes hassle free at their nearest location.

Link to register [https://smash.icsi.edu/Scripts/CSEET/Instructions\\_CSEET.aspx](https://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx)

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

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

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

To get exemption from CSEET on the basis of above qualification, such students shall be required to pay applicable exemption fees along with the requisite registration fees for the Executive Programme. For more details, please click

[https://www.icsi.edu/media/webmodules/granting\\_exemption\\_230621.pdf](https://www.icsi.edu/media/webmodules/granting_exemption_230621.pdf)

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

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

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

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

### KNOWLEDGE UPGRADATION

- **Student Company Secretary and CSEET Communique**

The Student Company Secretary e-journal for Executive/ Professional Programme students of ICSI and CSEET Communique covering the latest update on the subject on the CSEET have been released for the month of **May, 2024**. The journals are available on the Academic corner of the Institute’s website at the link: <https://www.icsi.edu/e-journals/>

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

A new research tab has been added under the Academic Portal to sensitize the students on emerging issues through research based academic outputs. The Research Tab can be accessed at <https://www.icsi.edu/student-n/academic-portal/research-corner/>.

- **Recorded Video Lectures**

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

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

- **Info Capsule**

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

### ACADEMIC COLLABORATIONS

During the month, MOU under the ICSI Academic Connect initiative was signed with the following institutions:

S. No.	Region	Name	State	Date
1	EIRC	Indian Institute of Management, Sambalpur	Odisha	May 04, 2024
2	CCGRT	Amity University, Kolkata	West Bengal	May 06, 2024
3	Bengaluru	Christ University, Bengaluru	Karnataka	May 08, 2024

## CAREER AWARENESS

- Career Awareness Programmes in Army Public Schools across the country**

ICSI through the support of Ministry of Defence is conducting extensive Career Awareness Programmes in various Army public Schools in the country to sensitize the students, parents and teachers about the CS Profession.

- Career awareness Programmes, Career Fairs being conducted across the country by ICSI-HQ and Regional Chapter offices**

ICSI-HQ and Regional/Chapter offices are conducting Career awareness programmes and Career Fairs across the country on regular basis to create awareness regarding CS Profession amongst the prospective students.

ICSI-HQ organised and conducted following Career Fairs and Career Awareness Programmes in the month of May 2024 in addition to the other programmes being conducted by RC/Chapter offices across the country.

Career Awareness Programmes				
S. No.	Region	Name	Date	Venue
1	NIRC	The Unirise World School	May 03, 2024	Ludhiana
2	NIRC	DAV Centenary School	May 03, 2024	Ludhiana
3	NIRC	Apeejay School	May 03, 2024	New Delhi
4	NIRC	Shaheed Bhagat Singh Evening College	May 03, 2024	New Delhi
5	NIRC	Army Public School	May 03, 2024	Noida
6	NIRC	MASD Public School	May 06, 2024	Panipat
7	NIRC	The Sirsa School,	May 08, 2024	Barnala Road, Sirsa
8	NIRC	G.D. Goenka Public School	May 08, 2024	Sirsa
9	NIRC	Delhi Public School	May 08, 2024	Gurgaon
10	NIRC	Ideal Public School	May 09, 2024	Lakkarpur, Faridabad
11	NIRC	Sarwan International School	May 09, 2024	Bawal (Rewari)
12	NIRC	Sehwag International School	May 09, 2024	Jhajjar
13	NIRC	Delhi Public School	May 11, 2024	Firozabad
14	SIRC	St Philomena College	May 13, 2024	Puttur
15	SIRC	Govt. Women's First Grade College	May 13, 2024	Puttur
16	SIRC	Govt. First Grade College	May 13, 2024	Uppinangadi
17	EIRC	Apex Professional University	May 16, 2024	
18	NIRC	Shalom Presidency School	May 17, 2024	Gurugram
19	NIRC	Jaypee Vidya Mandir	May 17, 2024	Bulandshahar
20	NIRC	BDM Public School	May 17, 2024	Bulandshahar
21	EIRC	Sikkim Manipal University	May 18, 2024	Sikkim
22	NIRC	DPS Civil Lines Aligarh	May 20, 2024	Aligarh
23	NIRC	Renaissance Academy	May 21, 2024	Gorakhpur

Career Fairs			
S. No.	Event Name	Date of Event	Venue
1	Crossroads Career Fair	May 08-10, 2024	Shri Ram College of Commerce, Delhi



# CONVOCATION 2024 - SOUTHERN REGION HELD ON MAY 21, 2024 AT KOCHI

**Chief Guest :** Hon'ble Mr. Justice (Retd.) S. Siri Jagan, Former Judge, High Court of Kerala & Officiating Vice Chancellor of The National University of Advanced Legal Studies

**Date & Venue :** May 21, 2024 - Kochi



# ICSI ORGANISED NATIONWIDE ESG CONCLAVES DURING MAY 2024



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

## Vision

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

## Motto

सत्यं वद। धर्मं चर। इष्टकं कुरु। श्रेयं ते।

## Mission

"To develop high calibre professionals facilitating good corporate governance"

# ESG CONCLAVE

Theme : ESG – Emerging Mandates and Opportunities

The ICSI has always promoted good corporate governance, environmental sustainability, and social responsibility among stakeholders. In today's world, Environmental, Social, and Governance (ESG) issues are becoming crucial for sustainable development. Investors increasingly consider ESG factors in their investment decisions, reflecting a global shift towards responsible investing, particularly among institutional investors. To create a nationwide awareness series of programs on ESG and sensitize the professionals on various aspects of ESG, the ICSI has organised ESG Conclaves across the country through its Regional and Chapter Offices during the month of May 2024. The theme of the ESG Conclave was "ESG-Emerging Mandates and Opportunities".

The ESG Conclaves received an overwhelming response from professionals and other stakeholders which contributed a lot towards the success of this initiative of ICSI. A summary of ESG Conclaves organised across the country is given below for reference:

## (I) ICSI ESG CONCLAVE- MUMBAI



The ICSI-WIRC organised “ESG Conclave” on May 25, 2024 at National Stock Exchange, Bandra Kurla Complex, Mumbai. Shri Manoj Kumar, Executive Director, SEBI was the Chief Guest, Dr. Harish Ahuja, Head- Sustainability Product & Strategy Development, NSE was the Guest of Honour. CS B. Narasimhan, President, The ICSI, CS Praveen Soni, Programme Director and Council Member, The ICSI and CS Mehul Rajput, Chairman WIRC were also present.

The ESG Conclave witnessed thoughtful deliberations and illuminating views on ESG during two panel discussion sessions. The first session was on “Strategizing ESG: Role of Professionals” wherein, CS Manish Gupta, immediate Past President, The ICSI, CS Ranjeet Pandey, Past President, The ICSI, Dr. Agna Fernandez, Associate Vice President -National Stock Exchange Academy Ltd., addressed the participants and CS Rajesh Tarpara, Council Member, The ICSI, moderated the session alongwith CS Abhishek Chhajed, Regional Council Member, WIRC of ICSI.

The second session was on “Standardizing ESG: Enhancing transparency, strengthening decision making” featuring CS Devendra V Deshpande, Past President, The ICSI, CS Sachin Mishra, Head Legal & Company Secretary -TATA Consulting Eng. Ltd., CS Sailesh Daga, Company Secretary – Grasim Industries Ltd, Shri Ajit Vishwanath, Partner – BSR & Co. LLP, CS Pawan G. Chandak (Moderator), Council Member, The ICSI and CS Hrishikesh Wagh, (Co-Moderator), Regional Council Member, WIRC of ICSI.

**(II) ICSI ESG CONCLAVE- DELHI**



The ICSI-NIRC organised the ESG Conclave at India Habitat Centre, Lodhi Road, New Delhi on 26<sup>th</sup> May, 2024. The Conclave witnessed participation in huge numbers comprising members and students of ICSI, ESG professionals and academicians. The inaugural session witnessed the presence of CS Suresh Pandey, Programme Director and Council Member, The ICSI, CS Manoj Kumar Purbey, Council Member, The ICSI, CS Jatinder Singal, Chairman, ICSI-NIRC, CS Santosh Pandey, Regional Council Member, ICSI-NIRC.

CS Deepak Jain, Chairman, DMA ESG Committee, Dr. Beena Lawania, Vice President, Waste to Art Pvt. Ltd., CS S Badri Narayanan, Corporate Consultant & Advisor, Brahmayya & Co. Chartered Accountants were the panelists at the first Panel Discussion on ‘Standardizing ESG: Enhancing transparency, strengthening decision making’. The second Panel Discussion on ‘Re-imaging Reporting: Aligning purpose & profit’ was addressed by CS Shashi Bhushan Singh, Deputy CS, ONGC Limited, CS Rakesh Chandra Sharma, ESG Consultant, Probudis Strategy Consulting Pvt. Ltd. and CS Vijay Shirode, Company Secretary, Indian Railway Finance Corporation Limited. CS Suresh Pandey, Programme Director and Council Member, The ICSI and CS Jatinder Singal, Chairman, ICSI-NIRC moderated the first & second panel discussions respectively.

**(III) ICSI ESG CONCLAVE- KOLKATA**



The ICSI-EIRC organised “ESG Conclave” on 25<sup>th</sup> May 2024 at the CS Deepak Kumar Khaitan Auditorium, ICSI CCGRT Kolkata Campus, New Town, Kolkata.

Shri Sridhar Patra, CMD, National Aluminium Co. Ltd., was the Chief Guest at the ESG Conclave. During his address, he emphasised on the need for leadership commitment and robust frameworks to drive ESG goals effectively and the important role of professionals in steering organizations towards sustainable and ethical practices.

CS B. Narasimhan, President, The ICSI addressed the ESG Conclave through Video Conferencing.

CS Rupanjana De, Programme Director and Council Member, The ICSI and CS (Dr.) Mohit Shaw, Chairman, EIRC-ICSI also addressed the gathering.

In the First Technical Session, CA Aditya Kumar, Partner, R.G.N. Price & Co., Mumbai, highlighted the critical role that boards and committees play in sustainability reporting and CS Vivek Agarwal, ESG Professional from Kolkata, Partner, S K Agrawal and Co., provided insights into the legal requirements and methodologies for ESG assurance in India.

In the Second Technical Session, CS R. Venkata Ramana, Council Member, The ICSI discussed various sustainable finance initiatives that support ESG goals and CS Saikat Bardhan, Group Head-Legal, Compliance & Risks, Gainwell Commosales Pvt. Ltd. shared insights on the importance of ESG from a multinational corporation's (MNC) perspective.

In the Third Technical Session, CS Kaushik Mukherjee, Company Secretary, Chief Legal Officer & Executive Director, PCBL Ltd, discussed strategies for balancing various ESG aspects within an organization and CS Shankar Bhattacharya, Company Secretary, Neelachal Ispat Nigam Ltd. (subsidiary of Tata Steel Limited) outlined the future pathways through the lens of ESG.

**(IV) ICSI ESG CONCLAVE - CHENNAI**



The ICSI - SIRC organised “ICSI ESG Conclave” on Saturday, 25<sup>th</sup> May 2024 at Hotel Regenta Central Deccan, Chennai.

During the inaugural session, CS Mohan Kumar Aravamudhan, Programme Director and Council Member, The ICSI shared theme introduction. Shri Sriram Ganeshan,

Global Chief Commercial Officer, Redington Ltd. and Ms. Sudha Gopalakrishnan, Partner and Global Quality Head, Intellect Design Arena Ltd. were the Guests of Honour. They spoke on the importance and urgency in protecting the environment and the global practices in ESG.

The first panel discussion of the ESG conclave on the topic “Re-Imagining Reporting: Aligning Purpose & Profit” featured Shri. Ganesh Sankararaman, CFO, Sify Digital Service Ltd; Shri. Raghuram K, Partner, BSR & Co. LLP; and Shri. Abhirup Das, Co-Founder & COO, Oren. The discussion delved into ESG reporting frameworks, barriers in collection of granular information, and impactfully brought out the benefits of ESG reporting for the businesses.

The second panel discussion of ESG Conclave was focused on “Strategizing ESG: Role of Professionals”, wherein, CS Ravindran S, Founder Director, Skill Will Solutions; CS Babu Sankarasubramanian, Practising Company Secretary; and CMA Manivannan, Cost Accountant & Management/Technical Consultant shared their wisdom. The discussions emphasized the urgency of sustainability measures, difficulties faced by MSMEs in incorporating ESG into strategy, and the role of Company Secretaries and other professionals in enabling businesses to migrate to sustainable models.

**(V) ICSI ESG CONCLAVE - BENGALURU**



ICSI - Bengaluru Chapter organised ESG conclave jointly with the Institute of Management Accountants (IMA), USA on 25<sup>th</sup> May 2024 at the premises of ICSI -Bengaluru Chapter.

The ESG Conclave was inaugurated by Chief Guest CA Karandeep Singh, CFO, Board Member & Angel Investor, NODWIN Gaming, Bengaluru and the Key Note Speaker was Mr. Sridhar L, Head - ESG, Bangalore International Airport Ltd. & Governing Council Member, United Nations Global Compact Network India, Bengaluru. CS Dwarakanath C, Programme Director and Council Member, The ICSI, CS Pradeep B Kulkarni, Chairman, ICSI – SIRC, CS Venkata Subbarao Kalva, Chairman, Bengaluru Chapter and CS Vishwas Hegde, Secretary, Bengaluru Chapter were present at the inaugural function. CS Guruprasad V, Vice President, Entrust Family Office Advisory & Mr. Fenil Vadakken, Senior Country Manager, Institute of Management Accountants India Private Limited, representatives from IMA – USA were also present at the inaugural session.

1<sup>st</sup> Technical Session on “Overview of ESG” was addressed by Mr. Venugopal R, Lead - Built Environmental Vertical, Envint Global, Bengaluru. 2<sup>nd</sup> Technical Session on “Emerging Mandates and Opportunities” was addressed by Mr. Sayooj Thekkevariath, Partner - Climate Change and Sustainability Services, EY India, Bengaluru.

3<sup>rd</sup> Technical Session was organised as a panel discussion on “Re-imaging Reporting: Aligning purpose & profit; Standardizing ESG: Enhancing transparency, strengthening decision making, ESG Assurance: Building Trust & Confidence” was held wherein CA Abdul Majeed Shaikh, Senior Audit Partner, Price Waterhouse Chartered Accountants LLP, Bengaluru and CMA Jaywardhan Semwal, Vice President - Corporate Financial Accounting, Hewlett Packard Enterprise were the panellists and Ms. Jyotsna Belliappa, Founder & Head-Social Impact, BlueSky Sustainable Business, Bengaluru moderated the panel discussion.

4<sup>th</sup> Technical Session was organised as a panel discussion on “Sustainable Investment: Factoring ESG in financial decisions, Expanding Scope: Building sustainable supply chains, Strategizing ESG: Role of Professionals” was organised wherein CS Guruprasad V, Vice President, Entrust Family Office Advisory Services LLP, Bengaluru, Mr. Sriharsha Narasimhan, Cofounder, Technology Strategist and Advisor, InstaV Technologies, Bengaluru; Mr. Jitesh Shetty, Founder & CEO, Credibl ESG, Bengaluru were the panellists. Moderator was CS J. Sundharesan, Past Chairman, The ICSI – Bengaluru Chapter & Founder, J Sundaresan & Associates, Company Secretaries, Bengaluru.

**(VI) ICSI ESG CONCLAVE - PUNE**



ICSI-Pune Chapter organised ESG conclave on 29<sup>th</sup> May 2024 at Bhandarkar Research Institute, Shivajinagar, Pune.

The ESG Conclave was addressed by the eminent speakers from the industry. CS Pawan G. Chandak, Programme Director and Council Member, The ICSI was also present during the conclave. First session on “Understanding ESG and Principles of ESG” was addressed by CS Chandrashekhar Chincholkar, Director- Corporate Advisory Customized Energy Solutions. The second session on “Use of Technology for Collaborating the Data in Sustainability Reporting” was addressed by Mr. Pankaj Zanwar, CMD, IESG Labs Private Limited.

The ESG Conclave also featured dedicated session on “Sustainability Reporting and Opportunities for Company Secretaries” addressed by CS Ranjeet Pandey, Past President, The ICSI.

The ESG Conclave was concluded with an interesting panel discussion on “Building Sustainable Supply chains and ESG implementation” by CS Devendra V. Deshpande, Past President, The ICSI, CS Pramod Jain, Chartered Accountant, Valuation Professional Insolvency Professional & Independent Director, CS Vallari Gupte, Company Secretary, Skoda Auto Volkswagen India Private Ltd. and CS Nikhil Karwa (Moderator), Company Secretary, KNGC and Associate LLP.

**(VII) ICSI ESG CONCLAVE – GURUGRAM**



ICSI -Gurugram Chapter organized “ESG Conclave” on Wednesday, 29<sup>th</sup> May, 2024 at Hotel Fortune Select Global, Gurugram. CS Manoj Kumar Purbey, Programme Director and Council Member, the ICSI, CS Devender Suhag, Regional Council Member and Immediate Past Chairman, NIRC of The ICSI, CS Ram Sahay, Chairman, Gurugram Chapter, The ICSI addressed the gathering and CS Prince Tyagi, Secretary-Gurugram Chapter was also present.

The First technical session on “ESG Concept, Framework and its Regulations” was addressed by Shri Gokul Pandian, Director, EY Climate Change & Sustainability Services and the second technical session on “Assurance on ESG Disclosures” was addressed by CA Abhishek Tripathi, Partner – ESG & CSR Advisory, Grant Thornton Bharat LLP.

The ESG Conclave also witnessed an illuminating panel discussion on “ESG as a Holistic Approach”, wherein, CS Sanjay Kumar Gupta, Vice President – Company Secretarial and Regulatory Compliances, Interglobe Aviation Ltd. and CS Deepak Jain, Chairman – Delhi Management Association (DMA) ESG Committee addressed the participants.

**(VIII) ICSI ESG CONCLAVE – HYDERABAD, VISAKHAPATNAM AND SALEM**

ICSI - Hyderabad Chapter organised ESG conclave on 17<sup>th</sup> May, 2024 at G P Birla Centre, Hyderabad. Similarly, during the ESG Conclave, one awareness session was organised by Visakhapatnam Chapter of ICSI within the Chapter Premises. Also, Salem Chapter of ICSI organised a study circle meet on the topic "Strategizing ESG : Role of Professionals" on May 25, 2024 at the Chapter Premises.

**Hyderabad Chapter**



**Visakhapatnam Chapter**



**Salem Chapter**



# ICSI MSME AND STARTUP CONNECT CONDUCTED JOINTLY WITH DISTRICT INDUSTRIES CENTER



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

## Vision

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

## Motto

सत्यं वद। धर्मं चर। इष्टकारं कुरु। तृणपत्रैः बोधयेदं ब्रह्म कवेः।

## Mission

"To develop high calibre professionals facilitating good corporate governance"

## ICSI MSME & STARTUP CONNECT



**CS : MSME & STARTUP CATALYST**

**Chhatrapati Sambhaji Nagar, May 11, 2024**

**Guest of Honour :** Shri. Mansingh Pawar, Chairman & MD of Ratnaprabha Motors

**Other Guests:** Shri Chetan Raut, President-MASSIA, Shri. Anil Patil, Immediate Past President - MASSIA, Shri. Manish Agrawal, Vice Presidents - MASSIA, Shri. Rajesh Mandhani, Secretary - MASSIA, Shri. Jitendra Sanghavi, CMIA Zonal head for Waluj, Chh. Sambhajinagar, Shri Arjun Gaikwad, Committee Member - MASSIA

**Speakers:** CS Prasad Takalkar, CMA Pravin Mohani, CA Ashish Zavar

**Topics of Sessions:** Branding Creating Convention of IP Rights, Environmental, Social and Governance Practices for MSME, Funding Options for MSMEs (including Subsidies & Incentives)



**Ahmedabad, May 18, 2024**

**Collaborating Partner :** i-Hub, Government of Gujarat

**Chief Guest :** Shri Mukesh Kumar, IAS, Principal Secretary, Higher & Technical Education, Education Department, Govt. of Gujarat

**Guest of Honour :** CS B. Narasimhan, Hon'ble President, The ICSI

**Special Guest :** Shri R. D. Barhatt, Jt. Commissioner of Industries & General Manager, DIC, Ahmedabad, Shri M. Nagarajan, IAS, Collector & District Magistrate, Mehsana, Shri Hiranmay Mahanta, CEO, i-Hub

**Speakers:** CS Shivram Ganesan, Indiajuris, CA Prasad Akhani, Founder, Ankpal Technologies, Ms. Anisha Pal Singh, DGM SIDBI, Shri Siddharth Iyer, CSO and Partner, Shuruup, Shri Shreyas Trivedi, Cornerstone Ventures, Shri Amit Singhal, Fluid Ventures

**Topics of Sessions:** Overview of Start-up Ecosystem, Role of CS: Support Startups and Incubators, Current economic scenario: Start-up ecosystem, Role of CS for Start-ups, Startup compliance and its legal aspects, Information on Grants & Supports from Government, Debt Funding to MSMEs and Start-ups



**Pune, May 18, 2024**

**Speakers :** CS Sushant Kulkarni, PCS, Shri S.G Rajput, Joint Director of Industries, Pune Industries Dept., Govt of Maharashtra, Shri Yashwant Gaikwad, Industries Dept., Govt of Maharashtra



**Bhopal, May 23, 2024**

**Chief Guest:** Shri Navneet Goel, Ex Principal Chief Commissioner of CGST and Central Excise, Kolkata Zone (West Bengal, Sikkim and Andamans)

**Guest of Honour :** CS B Narasimhan, President, The ICSI

**Other Guests:** CS Ashish Karodia, Central Council Member, The ICSI

**Speakers :** Mr. Pankaj Dubey, Joint Director, Department of MSME, GoMP, Shri Adarsh Nayak, Director, EOD MPIDC, Bhopal, Madhya Pradesh, Mr. Anurabh Dubey, Marketing Expert, Madhya Pradesh Startup Centre

**Topics of Sessions :** MSME : Policy initiative to Foster MSMEs in Madhya Pradesh, Startup ecosystem of M.P.





### Agra, May 25, 2024

**Chief Guest :** Shri Anuj Kumar, Joint Commissioner Industries, Agra

**Guest of Honour :** Shri Deepak Agarwal, Pradesh Upadhyaksh, Laghu Udhog Bharti, Agra

**Speakers:** Shri Krishna Kant Trivedi, Area Sales Manager, Stockholding Corporation of India Limited, Shri Anubhav Khanna, Area Corporate Manager, Stockholding Corporation of India Limited, CS Kanika Gupta, Practicing Company Secretary



### Mangaluru, May 25, 2024

**Chief Guest :** Shri Devaraj K IEDS, Joint Director, MSME DFO, Mangaluru

**Guest of Honour :** CS Balachandra Y V, COO Karnataka Bank Limited

**Speakers:** Shri Sundar SM, Assist Director, Govt of India, Mangaluru, CA Venkatraman Mamath, Shri Gaurav Kamath, CEO & Co- founder, Microdegree



### Vishakhapatnam, May 25, 2024

**Chief Guest :** Mr. Ravi Eswarapu, CEO, AU Incubation Council

**Guest of Honour:** Mr. Chandra Mouli Jangam, Assistant Director MSME

**Topics of Sessions:** Startup Funding & Valuation, MSME Registrations, Payments, Penalties, License, process, funding options, Branding, IPR etc.,



### Nagpur, May 28, 2024

**Chief Guest:** Shri Gajendra Bharti (Joint Director, Directorate of Industries, Nagpur Region

**Guest of Honour:** Shri S. S. Muddamwar, General Manager, DIC, Nagpur

**Names of Speakers:** Mr. S.S. Muddamwar (General Manager, DIC, Nagpur), Mrs. Meenakshi Bagde (EY Senior Consultant), CS Arvind Kumar Meena (Practicing Company Secretary), Mr. Deborshi Choudhury (Deputy Manager, CDSL)

**Topics of Sessions :** Maharashtra Industrial Policies & Incentive of MSME, District Export Action Plan & Investment Promotion, Start-ups



### Chandigarh, March 30, 2024

**Chief Guest :** Shri Ramawtar Singh, Assistant Director (MSME Technology & Extension Centers), Ministry of Micro, Small & Medium Enterprises, New Delhi

**Guest of Honour :** Ms. Bharti Sood, Regional Director, PHD Chamber

**Guest Speaker :** CS Kanika Gupta, PCS, MSME Consultant & National Level Trainer

**Topics of Sessions:** Recent Amendments of MSME and Compliance, Understanding MSME Mechanism- MSMED ACT & Its interventions



## EEE 4.0 – MASTER KNOWLEDGE SERIES

### WEBINAR ON

ESG and the Future of Business held on 29.05.2024



**Faculty:**  
**CS J Sundharesan**  
Practicing Company Secretary



**Faculty:**  
**CS Shujath Bin Ali**  
Chief Compliance Officer & General Counsel,  
Re Sustainability Limited



**Moderator:**  
**CS Rajesh Chhaganbhai Tarpara**  
Central Council Member, The ICSI

### WEBINAR ON

Structured Digital Database held on 22.05.2024



**Faculty:**  
**CS Makarand Joshi**  
Practicing Company Secretary



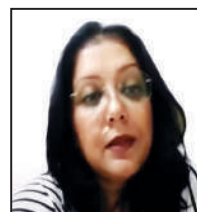
**Moderator:**  
**CS Praveen Soni**  
Central Council Member, The ICSI

### WEBINAR ON

Annual Secretarial Compliance Report held on 15.05.2024



**Faculty:**  
**CS Devendra V Deshpande**  
Former President, The ICSI



**Moderator:**  
**CS Rupanjana De**  
Central Council Member, The ICSI

### WEBINAR ON

Nuances of Secretarial Audit held on 08.05.2024



**Faculty:**  
**CS Ranjeet Pandey**  
Former President, The ICSI



**Moderator:**  
**CS Pawan Chandak**  
Central Council Member, The ICSI

# 17<sup>th</sup> International Professional Development & Fellowship Program (IPFDP) & International Conference in Vietnam and Cambodia during May 28 - June 4, 2024

**Theme: Charting the Course of Sustainable Development**

**Chief Guest : Mr. Subhash Prasad Gupta, Deputy Chief of Mission, Embassy of India Hanoi, Vietnam**

## INAUGURAL SESSION



**PANEL DISCUSSION - I**

**Building Diverse Boards: Enhancing Governance**

Speakers : Ms. Nguyen Cam Chi, Deputy CEO, Vietnam Institute of Directors (VIOD)  
 CS Sujata Chattopadhyay, Practicing Company Secretary and Insolvency Professional



**PANEL DISCUSSION - II**

**Disclosure Obligation Protecting Shareholder Value & POSH**

Speakers : CS Amita Desai, Founder, Amita Desai and Company, Practicing Company Secretary  
 CS Kavita Sethi Jain, Practicing Company Secretary



**PANEL DISCUSSION - III**

**ICSI Secretarial Standards: A Global Advantage**

Speakers : CS Ramaswami Kalidas, Practicing Company Secretary, BNP & Associates  
 CS Arun Mohan, Advocate & Insolvency Professional





## CS Kala Vaidyanathan

Company Secretary, Bharat Petroleum Corporation Limited (BPCL)

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Kala Vaidyanathan is a FCS and FCMA with more than three decades of experience as CS in the Private Sector and Public Sector Corporates. She has hands on experience in raising funds through issue of bonds/ equity etc. She was the Company Secretary of Cochin Shipyard for more than two decades before joining BPCL in 2020. In her previous stint at Cochin Shipyard she had led the IPO of the company and was incharge of end to end management right from the selection and appointment of intermediaries to the scheduling and conducting of roadshows, drafting and finalising prospectus, creating publicity and advertisement material, making presentations to various internal stakeholders etc. She has also handled incorporation of companies from end to end as well as company takeover through the insolvency process at NCLT.

In BPCL too, she has been a part of many significant and challenging transactions like mergers and amalgamations, ESPS scheme, Bonus issue etc.

**India is envisioned to become Viksit Bharat by 2047. What role will Indian corporates and Company Secretary professionals be playing in achieving these milestones?**

Viksit Bharat has many components. Inclusive Economic and Social Development, sustainable growth, cleaner environment, enhanced transparency and efficiency in governance to name a few. If you were to look at the developed countries today, you will notice that all of them have, strong institutions, transparency in governance, civic rights, higher compliance with statutory provision and inclusiveness. In this respect, I think, Indian Corporates are evolving into world class institutions with focus on governance and compliance. In this area Company Secretary professionals play a major role by guiding the management on compliance and governance and advising them on the policies and the right process to be followed. Many a time they also guide the Board on the transparency, fairness and regulatory factors involved in many decisions.

**Businesses have largely been impacted by the environmental and regulatory environment. How would you perceive the altering business dynamics of the country vis-à-vis global trends?**

Today the businesses across the world are interdependent on each other thanks to their globalised operations. So in many ways the business dynamics in India follow the global trends. There could be difference in the degree but directionally the trend is similar. It's moving towards, greener operations, sustainable development, social inclusiveness, diversity, Digitisation of operation etc. However presently India is in a different level of economic development as compared to other developed countries and accordingly its per capita, carbon emissions are also much lower. However once economic development gathers more momentum the energy consumption will exponentially increase resulting in more per capital carbon emission. Hence though business dynamics will be same for businesses globally the pace and timelines for various goals may differ according to where their respective countries are positioned in the economic development scale.

**Petroleum and Natural Gas sector has been a key role player in the Indian economy. How would you describe its major achievements and challenges?**

Petroleum and Natural Gas have been the lifeline fuel for the Indian economy. To reach this fuel to the farthest corners of the country 24x7, 365 days have been the biggest achievement of the Petroleum and Natural Gas sector. The main challenges have been ensuring safe and cost effective production and logistics. This sector is highly sensitive to global geo political scenario which leads to very volatile supply/demand of the crude and consequent volatility in price. To balance the different factors and keep the price at reasonable level for the common man has also been a major challenge for this industry which they have carried out in an exemplary manner for many decades.

**Digital transformation and AI are the modern-day buzz words. Has there been major impact in the overall economy in general?**

As we all know that Digitization in India has had the maximum benefits in the online transaction space. The UPI (Unified Payments Interface) payments system was by far the best innovation in the country in the Digital space. We are a first hand witness of how this country, which was toally dependant on physical currency transactions, graduated to a level where Digital payment was used from street vendors to large shopping malls.

Digitization also helped in tracking COVID and reaching relief to Covid affected persons through the Aarogya Setu App. Quickly it became one of the fastest app reaching 50 million people in matter of days.

So Digitisation helps in reaching information, support and help to reach the ultimate beneficiary in the shortest possible and safe manner.

**ESG is the buzz word of the 21<sup>st</sup> Century. The present-day corporate scenario cannot be fathomed without taking into account ESG considerations. In such a scenario, what initiatives are being taken in making ESG an integral part of Board decision making?**

Obviously the most important initiative for making ESG an integral part of Board is through statutes. Reporting on Sustainability initiatives and BRSR reports have made the Boards aware of these parameters. Besides Sensitizing Board towards ESG parameters and regular reporting on the ESG achievements have generally helped many Boards to be more alive towards ESG considerations. Apart from this PSUs normally have to comply with many guidelines by Department Of Public Enterprises while taking Board decisions. These guidelines ensure adherence to ESG parameters. Hence statutory reportings, sensitizing of Board members and internal process have all contributed to making ESG an integral part of Board decision making.

**Corporate Restructuring – Mergers and Amalgamations have altered the business dynamics in their own way. How do you perceive the present environment in terms of conduciveness for such business moves? And your Message to the Young Company Secretaries and Professionals.**

Mergers and Amalgamations help in exponential growth of business in an inorganic manner. Businesses will be able to achieve significant increase in market share at a very fast pace through acquisition and merger. However there are many factors that are to be kept in mind for drawing up any successful scheme of merger. First of all there must be a sound rationale in terms of optimisation of cost, market synergies/ production synergies etc. Clear strategy to take care of the employees of merged entity and protection of their benefits. Clarity on the appointed date and effective date of the merger. (Mergers will become effective from the Appointed date but operative from the effective date) to name a few. There are other smaller operational matters such as clearance from ROC / MCA etc which play a crucial role in achieving the merger/ amalgamations within expected timelines. Young CS professionals can gain substantial exposure on Corporate Laws through experience in mergers and amalgamations. Diligent reading of the scheme, continuous updation on applicable laws, drawing up of suitable checklist of statutory provisions etc will help young CS professionals to successfully sail through the merger and amalgamation.

**The Regulatory environment is witnessing a paradigm shift from financial to non-**

**financial reporting. How do you envision the responsible reporting landscape in India in the coming 5 years?**

I think India is maturing as an economic power. With power comes responsibility and with responsibility comes reporting requirements. I would say in the next five years the statutory provisions on reporting may not undergo much change. However corporates are voluntarily disclosing many aspects of their functioning in the annual report to the benefit of their investors. This trend may continue leading to more transparency in reporting.

**As a member of the professional fraternity and being part of such a renowned PSU , how has your journey been like?**

I am extremely grateful to the profession for giving me this opportunity to witness decision making at the highest level for over 3 decades. I have also witnessed how the businesses have evolved over the years. The shift from mere profit/ revenue being the sole assessment of management performance to ESG / risk management etc, is a case in point. Also this profession gives you a unique perspective on business management which is not taught in any of the B schools.

**What role do you think professionals and especially Company Secretaries are playing and expected to play in the future in strengthening the economy of our country?**

Good governance, positive work place supports wealth creation. In this arena the CS professionals have a yeomen's role to play by ensuring compliance with statutory regulations and providing sound advise to management. Providing sufficient inputs in time and effective communication also builds Board's trust and facilitates quality decisions. All these will help in corporate and economic growth.

**Your Message to the Young Members of ICSI and the Journal readers?**

As we all know, effective functioning of the Boards and upholding highest standards of corporate governance is key to wealth creation and reporting on this is a yeomen's service. Like the Motto of ICSI, 'speak the truth and abide by the law', integrity is the central message and I would like to give the same message to the young members of ICSI and the journal readers.

## Company Secretary in Practice- A Multidisciplinary Professional 46

**CS Ashwani Singh Bisht, ACS**

Company Secretary in Practice means any member of the Institute of Company Secretaries of India (ICSI), who does not work under any employment agreement or presently is working as an employee in any organisation under the employment agreement. But, he/she works either as an individual or under a partnership agreement as a partner in a firm, and provides wide range of services, such as Legal, Financial, Consultancy, Taxation, Banking & Insurance etc, services to its clients. As a Company Secretary in Practice the role and authority is more than the Company Secretary in employment.

## Secretarial Audit – A Measure to Strengthen Corporate Governance 53

**CS Abhinav Kumar K P, ACS**

The evolution of Secretarial Audit in India reflects the changing regulatory landscape and the growing emphasis on corporate governance and compliance. The concept of Secretarial audit was initially introduced in the Companies Act, 1956 regime, wherein it focussed only on ensuring compliance with statutory provisions. With time, the amendments to Companies Act and other regulatory requirements have resulted in providing impetus to the secretarial audit framework and enhancing its scope and relevance. One of the major provisions enhancing the significance was introduction of the SEBI (Listing Obligations and Disclosure Requirements) Regulations in 2015 ('SEBI(LODR)') These regulations required the listed companies to mandatorily have secretarial audits, reinforcing the importance of transparency and accountability in the corporate sector. Moreover, the Companies Act, 2013 brought about substantial changes, expanding the scope of secretarial audits to cover various aspects such as related party transactions and corporate social responsibility.

## Secretarial Auditor's Duty of Reporting Frauds Under Section 143 of Companies Act, 2013 58

**CS (Dr.) K R Chandratre, FCS**

The Article delves deep into the Secretarial Auditor's Duty of Reporting Frauds Under Section 143 of Companies Act, 2013.

## CS in MSMEs: Catalysing Corporate Governance at All Levels 65

**CS Sangeeta Panchal, ACS, CS Sandhya Nair, ACS**

Corporate governance in Micro, Small, and Medium Enterprises (MSMEs) is crucial for ensuring transparency, accountability, and sustainable growth. Corporate governance frameworks help MSMEs build trust with stakeholders, attract investment, and enhance their operational efficiency. Here's how Company Secretaries (CS) can play a pivotal role in catalyzing corporate governance at all levels within MSMEs.

## Company Secretaries as Arbitrators 71

**CS (Dr.) M. Govindarajan, FCS**

The practicing Company Secretaries, in addition to their existing practice, move to the judiciary in appearing before the National Company Law Tribunal, National Company Law Appellate Tribunal, Competition Tribunal etc. The implementation of insolvency laws also thrush them to move to the judiciary. It is hoped that the Practising Company Secretaries will excel in arbitration proceedings in future.

## CS as Arbitrators: Moving to the Judicial Side 75

**CS Annu Khandelwal, ACS**

In the dynamic world of corporate governance and compliance, the role of a Company Secretary (CS) is continuously evolving. Traditionally seen as guardians of corporate compliance and governance, Company Secretaries are now expanding their horizons into the realm of arbitration, stepping into roles that blend their expertise in law, ethics, and corporate affairs. This shift is not just a natural progression but a necessary adaptation to the complexities of modern business disputes.

## Maritime Laws- An Ocean to Explore 81

**CS Swetha R, ACS**

The Company Secretaries are providing various services/ roles which are Statutory, Advisory, Management, Compliance Management, Representation Services, Arbitration, Mediation, Valuation, Due Diligence, Audit and Strategic Management. The article delves into Maritime Industry and its governing laws and understanding the Scope of CS.

## Opportunities for Company Secretaries in Maritime Law: A Comprehensive Analysis 87

**CS Praveen Kumar, ACS**

According to the latest data from the United Nations Conference on Trade and Development<sup>[1]</sup> (UNCTAD) The Maritime



trade (*Through Sea Routes*), carrying over **80% of global trade** by volume and amounting to approximately 11 billion metric tons in 2021, is crucial for global commerce, encompassing raw materials like oil and grain as well as manufactured products such as electronics and automobiles. The maritime sector in India presents vast opportunities for Company Secretaries. With a **coastline stretching over 7,516 kilometres** <sup>iii</sup> and a **network of 12 Major ports** (include Kandla, Mumbai, JNPT (Jawaharlal Nehru Port Trust), Chennai, Visakhapatnam, and Kolkata among others) and **200 non-major ports** <sup>iiii</sup>, and **Approximately 95% of India's trade by volume and 70% by value** <sup>lv</sup> is conducted through maritime transport, there's a burgeoning demand for skilled professionals to navigate the legal and administrative aspects of maritime operations.

## Embracing Technology: Issues, Challenges and Resources

94

**CS Garima Dadhich, ACS**

These CS professionals stand at the confluence of tradition and innovation, ensuring compliance and organizational efficiency amidst rapidly evolving regulatory landscapes. The integration of artificial intelligence and other digital tools into their workflows not only streamlines processes but also elevates the strategic value they bring to their organizations. This transformation underscores the importance of understanding how technology intersects with the functions of corporate governance to maintain a competitive edge.

## Embracing AI: Transforming the Company Secretarial Profession for a Better Future

99

**CS Srividhya Sampath, ACS**

Artificial intelligence (AI) is rapidly becoming a transformative force in many professions, including that of company secretaries. AI's integration into this field is not just an enhancement but a revolution, offering unprecedented capabilities and efficiencies.

## An Overview of Green Artificial Intelligence (AI) and its Applications in India

104

**Sonali Sardar, Dipanwita Majumder, CA Rajashik Sen**

Green AI encloses several essential environmental attributes, including management, water management, carbon emission, and energy efficiency. The main goal of the Green AI technique is to reduce greenhouse gas emissions, improve

energy efficiency, and promote sustainable business practices. AI has also spurred leading business practices, encouraging strategic trade and management practices that may generate a competitive business environment and promote sustainable products and services.

## Research Corner

P-113

### Quality for Enhancing Efficacy and Effectiveness of Audit: An Exploratory Study on Determinants of Audit Quality

114

**CS (Dr.) D. Mukhopadhyay, FCS**

This study investigates the relationship between audit quality and its impact on efficacy and effectiveness. Utilizing multiple regression analysis, a model for audit quality is developed, identifying seven key determinants. Through an exploratory approach, the research examines how these determinants influence the overall quality of audit processes. The findings shed light on the crucial factors that enhance audit quality, subsequently improving its efficacy and effectiveness. Understanding these determinants provides valuable insights for auditors, regulatory bodies, and stakeholders in optimizing audit practices to ensure reliability and integrity in financial reporting.

## Legal World

P-121

- **LMJ 06:06:2024** The Companies Act and the Rent Control Act have to be harmoniously interpreted and not to be so interpreted as to result in the one Act destroying a right under the other Act.[SC]
- **LW 39:06:2024** While deciding the issue of whether a debt is a financial debt or an operational debt arising out of a transaction covered by an agreement or arrangement in writing, it is necessary to ascertain what is the real nature of the transaction reflected in the writing.
- **LW 40:06:2024** If the terms of convertible debentures provide for repayment of borrower's principal amount at any time, it can be treated as a debt instrument but if it does not contemplate repayment of the principal amount at any time, that is, if it compulsorily leads to conversion into equity shares, it is nothing but an equity instrument.[NCLAT]
- **LW 41:06:2024** Claims after the Resolution Plan has been approved by the CoC should not be accepted. [NCLAT]
- **LW 42:06:2024** By the time when the refund should have been processed as per the provisions of the Act, the dues under the default notices had not crystallised and the respondent was not liable to pay the same at the time.[SC]

- **LW 43:06:2024** Once a buyer purchases a product from a seller at a given price, it cannot insist to avail benefit of any future discount which may be offered on such product by the seller. The discounted price alleged also does not seem to be predatory in nature.[CCI]
- **LW 44:06:2024** The Commission is of the view that WordPress.org is justified in taking appropriate action against any developer found non-compliant with the prescribed standards and regulations.[CCI]
- **LW 45:06:2024** When a bench of coequal strength is faced with conflicting judgments of other coequal benches, the judgment delivered earlier will continue to govern the field of law, till such time, the same is overturned or in case the question(s) of law, if referred to the larger bench is answered.[ALL]
- **LW 46:06:2024** The subject complaints are bereft of the adequate averments against the petitioner alleging the Petitioner's involvement in the conduct of the business of the Company beyond her statutory role as a Company Secretary, more particularly, in relation to the transaction pursuant to which cheque in question was issued.[Del]

## From The Government P-131

- Notice In the matter of Section 75 of the Limited Liability Partnership Act, 2008 read with Rule 37 (2) of Limited Liability Partnership Rules, 2009
- Relaxation of additional fees and extension of last date of filing of Form No. LLP BEN-2 and LLP Form No. 4D under the Limited Liability Partnership Act, 2008-regarding
- Comprehensive guidelines for Investor Protection Fund (IPF) and Investor Services Fund (ISF) for Stock Exchanges having commodity derivatives segment
- Revision of eligibility criteria for launching commodity futures contracts
- Ease of Doing Business – Internet Based Trading for Stock Brokers
- Investor Charter for Stock Exchanges
- Modification in requirement of inspection of accredited warehouses by Clearing Corporations
- Norms for acceptable collaterals and exposure of Clearing Corporations
- Investor Charter for Depositories and Depository Participants
- Standard Operating Procedure for handling of Stock Exchange outage and extension of trading hours thereof in Commodity Derivatives segment
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# Call For ARTICLES

## Call for Articles for Publication in Chartered Secretary July 2024



### IFSCs: 'Unleashing Professional Potential with Holistic Vision'

The IFSCA or the International Financial Services Centres Authority has been established as a unified regulator with a holistic vision in order to promote ease of doing business in IFSC and provide world class regulatory environment. Established in the year 2020, the IFSCA is a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centre (IFSC) in India. Given the fact that the dynamic nature of business in the IFSCs requires a high degree of inter-regulatory coordination within the financial sector, the IFSCA was put in place with the main objective to develop a strong global connect and focus on the needs of the Indian economy as well as to serve as an international financial platform for the entire region and the global economy as a whole.

Apart from providing a global financial platform, the IFSCA provides easy access to the Indian economy, which is amongst the largest and fastest growing economies in the world, and connects ~30 Mn strong Indian diaspora globally to India through the IFSC.

In view of the vastness of opportunities in the arena, we are pleased to inform you that the July 2024 issue of Chartered Secretary Journal will be devoted to the theme '**IFSCs: Unleashing Professional Potential with Holistic Vision**' covering inter alia the following aspects:

1. Listing of Securities on IFSC Exchanges
2. India @2047: Business opportunities in IFSCs
3. Unleashing Potential: Aircraft Leasing
4. Ship Leasing in International Financial Services Centre: Exploring varieties
5. Reimaging Trade with International Trade Finance Services Platform (ITFS)
6. IFSCA (Banking) Regulations, 2020: The Future of Banking
7. IFSCA (Bullion Exchange) Regulations, 2020: India's first International Bullion Spot Exchange
8. IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022: Raising India as a Global Soft Power
9. IFSCs a Global FinTech Hub: Regulatory Innovation Benchmarking global best practices
10. Viksit Bharat @2047: Role of IFSCA in driving India's economic growth
11. REITs and InvITs: Opportunities at GIFT IFSC
12. IFSCs as Global hub for reinsurance: India's NextGen Insurance
13. IFSCs and Role of Governance Professionals

.....and many more

Members and other readers desirous of contributing articles may send the same latest by Tuesday, June 25, 2024 at [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu) for July 2024 issue of Chartered Secretary Journal.

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

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

Regards,  
Team ICSI

# Articles in Chartered Secretary Guidelines for Authors

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

## Declaration-cum-Undertaking

1. I, Shri/Ms./Dr./Professor..... declare that I have read and understood the Guidelines for Authors.
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# 1

## ARTICLES



- 
- COMPANY SECRETARY IN PRACTICE- A MULTIDISCIPLINARY PROFESSIONAL
  - SECRETARIAL AUDIT – A MEASURE TO STRENGTHEN CORPORATE GOVERNANCE
  - SECRETARIAL AUDITOR’S DUTY OF REPORTING FRAUDS UNDER SECTION 143 OF COMPANIES ACT, 2013
  - CS IN MSMEs: CATALYSING CORPORATE GOVERNANCE AT ALL LEVELS
  - COMPANY SECRETARIES AS ARBITRATORS
  - CS AS ARBITRATORS: MOVING TO THE JUDICIAL SIDE
  - MARITIME LAWS-AN OCEAN TO EXPLORE
  - OPPORTUNITIES FOR COMPANY SECRETARIES IN MARITIME LAW: A COMPREHENSIVE ANALYSIS
  - EMBRACING TECHNOLOGY: ISSUES, CHALLENGES AND RESOURCES
  - EMBRACING AI: TRANSFORMING THE COMPANY SECRETARIAL PROFESSION FOR A BETTER FUTURE
  - AN OVERVIEW OF GREEN ARTIFICIAL INTELLIGENCE (AI) AND ITS APPLICATIONS IN INDIA
-

# Company Secretary in Practice- A Multidisciplinary Professional

Organizations need advice on navigating the legal system of the country. Therefore such an advisor is required who could be able to guide & direct the activities and functions towards the right direction as per the relevant provisions of Business & Corporate Laws of the country, and enable such organisations to comply the applicable laws. Thus, most trusted person who can manage compliances with all the Business and Corporate Laws is the Company Secretary.



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## INTRODUCTION

With the introduction and implementation of the concept of Liberalization, Privatization & Globalization (LPG) in the country, it was observed that over the past few years, many Multinational Companies have been setting up their business units in India and our Indian Companies are also setting up their business units outside India to expand their horizon.

These organizations need advice on navigating the legal system of the country. Therefore such an advisor is required who could be able to guide & direct the activities and functions towards the right direction as per the relevant provisions of Business & Corporate Laws of the country, and enable such organisations to comply the applicable laws.

Thus, most trusted person who can manage compliances with all the Business and Corporate Laws is the Company Secretary.

Businesses trust the Company Secretary Professionals other than any other Professionals for legal advice with respect to various matters such as Corporate Restructurings, Re-organisation, Fund raising through Issue of Securities, Incorporation and winding up of the Companies and LLPs, Overseas Direct Investments, Foreign Direct Investments, CSR etc.

## INTRODUCTION OF COMPANY SECRETARY PROFESSION

The Company Secretary Course was first introduced in the year 1960, by the Company Law Board (CLB) leading to the award of Government Diploma in Company Secretaryship. As the number of students taking up the Company Secretaryship course grew, the Government on 4<sup>th</sup> October, 1968, promoted the Institute of Company Secretaries of India under Section 25 of the Companies Act, 1956 for taking over from the Government the conduct of Company Secretaryship examination.

The Institute of Company Secretaries of India (ICSI) has since been converted into a statutory body w.e.f. 1.1.1981 under the Company Secretaries Act, 1980 (Act No. 56 of 1980). The Institute of Company Secretaries of India (ICSI) has its headquarters at New Delhi and four regional offices at New Delhi, Chennai, Kolkata, and Mumbai.

## MEANING AND DEFINITION OF COMPANY SECRETARY

**Company Secretary Means:** The Company Secretary is a person who holds the Key Managerial Personnel (KMP) position in the Corporate Sector, and plays a crucial role in ensuring adherence to statutory, legal, and regulatory compliance requirements.

The Company Secretary ensures that an organisation complies with all the applicable Laws, Rules and Regulations; he/she acts as an advisor to the Board of Directors in various Corporate, Business, Legal, and Secretarial matters.

The Company Secretary also serves as a communication link between the Board of Directors and other stakeholders of the Company.

## DEFINITION

### Under the Companies Act, 2013:

According to section 2(24) of the Companies Act, 2013 "Company Secretary or a secretary means a Company Secretary defined under clause (c) of sub section (1) of section 2 of Company Secretaries Act, 1980 and appointed by a Company to perform the functions of a Company Secretary under this Act".

**Under the Company Secretaries Act, 1980:**

As per section 2(1)(c) of the Company Secretary Act, 1980, “Company Secretary” means a person who is a member of the Institute of Company Secretaries of India (ICSI).

**Meaning of the Company Secretary in Practice:-**

Company Secretary in Practice means any member of the Institute of Company Secretaries of India (ICSI), who does not work under any employment agreement or presently is working as an employee in any organisation under the employment agreement.

But, he/she works either as an individual or under a partnership agreement as a partner in a firm, and provides wide range of services, such as Legal, Financial, Consultancy, Taxation, Banking & Insurance etc, services to its clients.

As a Company Secretary in Practice the role and authority is more than the Company Secretary in employment.

**DEFINITION****Under the Companies Act, 2013:**

According to section 2(25) of the Companies Act, 2013 Company Secretary in Practice means a Company Secretary who is in practice under sub-section (2) of section 2 of the Company Secretaries Act, 1980.

**Under the Company Secretaries Act, 1980:**

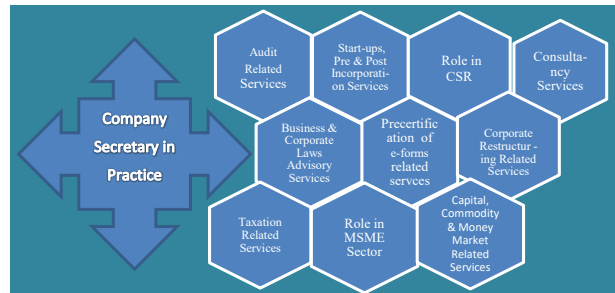
Section 2(2) of the Company Secretaries Act, 1980, provides that, a member of the Institute shall be deemed “to be in practice” when, individually or in partnership with one or more members of the Institute in practice or in partnership with members of such other recognised professions as may be prescribed, he, in consideration of remuneration received or to be received,—

- (a) Engages himself in the practice of the profession of Company Secretaries to, or in relation to, any company; or
- (b) Offers to perform or performs services in relation to the promotion, forming, incorporation, amalgamation, reconstruction, reorganization or winding up of companies; or
- (c) Offers to perform or performs such services as may be performed by—
  - (i) An authorised representative of a company with respect to filing, registering, presenting, attesting or verifying any documents (including forms, applications and returns) by or on behalf of the company,
  - (ii) A share transfer agent,
  - (iii) An issue house,
  - (iv) A share and stock broker,
  - (v) A secretarial auditor or consultant,

(vi) An adviser to a company on management, including any legal or procedural matter falling under the Capital Issues (Control) Act, 1947 (29 of 1947), the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Companies Act, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), any of the rules or byelaws made by a recognised stock exchange, the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), the Foreign Exchange Regulation Act, 1973, (46 of 1973), or under any other law for the time being in force,

(vii) Issuing certificates on behalf of, or for the purposes of, a company; or

- (d) Holds himself out to the public as a Company Secretary in Practice; or
- (e) Renders professional services or assistance with respect to matters of principle or detail relating to the practice of the profession of Company Secretaries; or
- (f) Renders such other services as, in the opinion of the Council, are or may be rendered by a Company Secretary in Practice; and the words “to be in practice” with their grammatical variations and cognate expressions, shall be construed accordingly.

**Brief snapshot of disciplines/areas, where Company Secretaries provide their Services****DISCUSSION ON THE MULTI-DISCIPLINARY FUNCTIONS OF A COMPANY SECRETARY IN PRACTICE**

A Company Secretary is a Multi-disciplinary Professional; especially a Company Secretary in Practice performs Multi-disciplinary functions because there are no such restrictions in practice, which are there in the employment.

The various services/ roles of a Company Secretary in Practice are as follows:

**1. Contribution of Company Secretary for Start-up:-**

A Company Secretary in Practice is a competent professional to advice, manage and perform various statutory, legal, and regulatory functions in various stages such as pre-incorporation as well as post-incorporation of the start-ups.

He/she contributes services in the matters related to determination of legal structure of the start-up,



preparation of legal documents for its registration etc during the pre-incorporation stage, and provides legal advice in various matters and guidance for the preparation of statutory registers, books, agreements, etc during the post-incorporation stage.

## 2. Contribution of Company Secretary for MSME Sector:-

As we know that in our country MSME sector plays a very significant role, and it contributes around more than 29% of total GDP of the Nation. Therefore MSME sector is considered as a backbone of Indian Economy. It provides employment to lakhs of skilled and unskilled workforce of the country.

Therefore it is very much important to provide correct guidance and support to such organisations, so that country's GDP could be increased.

Except few other Such MSME organisations can't afford to appoint a whole-time Company Secretary.

Thus, the role of Company Secretary in Practice comes into picture, Company Secretary in Practice plays a crucial role in ensuring various compliance requirements, corporate governance, and overall management of the corporate affairs of such MSME organisations in the best way.

## 3. Certification Services:-

The real crux of any profession can be identified, where such professionals enjoy signing authority or having authority to certify such kind of documents, processes.

Certifying authority or right to certify is given to a professional under any law or regulation, if such professional belongs to a professional body which has recognised under any law to deals with the such specified matters, such as Bar Council of India is recognised professional body for promoting legal education, Medical Council of India, is

recognised body for promoting, regulating and laying down standards for medical education in the country.

In the same way ICSI is the only recognised professional body for promoting, regulating, laying down standards for Company Secretary Profession, so that high calibre professionals facilitating good Corporate Governance could be developed.

A Company Secretary in Practice is such recognised professional who has authority to certify various kinds of documents, e-forms, processes etc, under various legislations, which reveals the trust of the various regulators, in the Company Secretary Profession.

## 4. As an Arbitrator or Conciliator:-

The Arbitration and Conciliation (Amendment) Act, 2019 (the amended Act) has also recognised the Company Secretary in Practice as an arbitrator or conciliator to resolve dispute or to negotiate and council clients in various commercial contracts and disputes.

Further Section 43J of Arbitration and Conciliation (Amendment) Act, 2019 (the amended Act) provides the Qualifications and Experience of Arbitrator. And clause (iv) of the said section provides that Company Secretary within the meaning of the Company Secretaries Act, 1980 having ten years of practice experience as a Company Secretary may be appointed as an arbitrator.

Thus, Company Secretary in Practice is playing significant role in alternate dispute resolution (ADR) forum also.

## 5. As a Trainer:

A Company Secretary also acts as a trainer. As he/she trains under him/her various trainees under the Regulation 46BB of the Company Secretaries Regulations, 1982.

And training under a practicing Company Secretary is considered best, because they deal with multidisciplinary areas, and the trainee has an opportunity to learn and explore more and more things which are not available, if the training is done under Company Secretary in the employment because in the employment scope of functioning is limited.

Thus, a Company Secretary in Practice also gives his/her contribution to accomplish the mission of the Institute of Company Secretaries of India (ICSI), **"To develop high calibre professionals facilitating good Corporate Governance."**

## 6. As a Secretarial Auditor:-

Pursuant to Section 204(1) of the Companies Act, 2013 every listed company and a company belonging to other class of companies as may be prescribed shall



annex with its Board's report made in terms of sub-section (3) of Section 134 of this Act, a secretarial audit report, given by a Company Secretary in Practice, in such form as may be prescribed. Such prescribed Form is MR-3.

Thus, it becomes an excellent opportunity for a Company Secretary in Practice for providing his/her independent opinion with respect to the secretarial records, and the status of Legal, Regulatory, and Statutory Compliance of the Company. This will help the investors, regulators, and statutory authorities to take informed decision and form their opinion on the Company based upon the report of Secretarial Auditor.

#### 7. As an Authorised Representative:-

A Company Secretary in Practice may also appear before various regulators, Tribunals such as CCI, NCLT, NCLAT, ITAT, TRAI, SAT, DRT, DRAT etc, on behalf of his/her clients.

Section 432 of the Companies Act, 2013 deals with the right to legal representation, and provides that the applicant or the appellant may either appear in person or authorise one or more Chartered Accountants or Company Secretaries or Cost Accountants or legal practitioners or any officer to present the case before the Tribunal or the Appellate Tribunal, as the case may be. Many Company Secretaries who are in practice appear before such Authorities to represent their clients.

Thus, it becomes another good opportunity for a Company Secretary in Practice to apply his/her skills, and expertise, excel in his/her career, and create value for their clients as well as for the whole CS Profession.

#### 8. As a valuer of financial assets:-

Many Company Secretaries in Practice are currently providing their services as a registered valuer.

The Companies (Registered Valuers and Valuation) Rules, 2017 ("Valuation Rules"), has provided an emerging area of practice to the Company Secretaries in the field the valuation of securities under various laws.

Therefore to explore such an opportunity by the members, the Institute of Company Secretaries of India (ICSI) has established a registered valuer organisation, which is wholly owned subsidiary of ICSI, and is registered with the Insolvency and Bankruptcy Board of India (IBBI). This organisation provides registration as registered valuer to the member of the Institute of Company Secretaries of India (ICSI) and training to upgrade the skills of its members time to time.

The Role of Company Secretary plays a crucial role in ensuring various compliance requirements, corporate governance, and overall management of the corporate affairs of such MSME organisations in the best way.

#### 9. As an Insolvency professional:-

A Company Secretary in Practice, having Ten years or more experience may register himself/herself as an Insolvency Professional (IP), after passing the limited insolvency exam, which is conducted by the Insolvency and Bankruptcy Board of India (IBBI). And may help his/her clients for revival, wind-up or take-over of the Company already under Insolvency proceedings or may act as resolution professional.

#### 10. As a management consultant:-

A Company Secretary in Practice also act as a management consultant, who helps his/her client Companies to solve issues, create value, maximise growth and improve business performance, by using his/her skills and expert knowledge in the various fields like, Business and Corporate Laws, Finance and Taxation, Drafting, Corporate Funding and Restructuring etc. He/she provides expert advice to client Companies/organisations for the achievement of their goals.

#### 11. As a private tutor or visiting faculty:-

A Company Secretary in Practice, who is willing to be a torchbearer for the young generation of the Country, may also become a private tutor or visiting faculty.

Many of the qualified professionals such as Chartered Accountants, Company Secretaries, Cost Accountants, and Lawyers etc become a private tutor and open their coaching centres where they provide best coaching to the students who want to become CA, CS, and CMA etc.

Many of the professionals are also invited as a visiting faculty by the premier management institutes, universities etc, to share their practical experience and knowledge with the students.

### UGC'S INITIATIVE

The University Grants Commission (UGC) has taken a new initiative to bring the industry and other professional expertise into the academic institutions through a new category of positions called "Professor of Practice". A professional having more than 15 years of experience will be eligible to act as Professor of Practice in various Institutes and Universities.

**12. As an advisor:-**

A Company Secretary in Practice gives his/her services as an advisor in the various areas of business and corporate laws, taxation, finance etc to his/her clients. And not only the small Companies, Societies, Start-ups but also the large Corporates, trust Company Secretaries to take advice with respect to Business and Corporate Laws matters.

Whenever any business faces issues with respect to notice from a regulator, M & A dealings, Takeover, or any Compliance issue etc. A preferred professional is the Company Secretary to take advice and resolve the issue.

**13. As an IPR Agent:-**

A Company Secretary in Practice may act as an IPR Agent, pursuant to the powers conferred under Clause (f) of Sub Section (2) of Section 2 of the Company Secretaries Act, 1980 read with Regulation 168 of the Company Secretaries Regulations, 1982 which allows 'A Company Secretary in Practice to act as IPR agent'.

Many Company Secretaries work in the field of IPRs, especially for the Trade Marks registration, renewal, and representation before Trade mark Authority etc.

**14. As Scrutinizer in e-voting process:-**

Scrutinizer means a person who independently and in a transparent manner monitors the entire process of e-voting, and finally gives his/her report to the Chairman of the Company, with the status of the resolutions put for voting.

There are provisions under the Companies Act, 2013 which authorises a Company Secretary to act as a scrutinizer. Such as Section 108 (Company Secretary as Scrutinizer in e-voting), Section 109, and Section 110.

**15. Role in fundraising:-**

A Company Secretary in Practice provides his/her services for the fundraising activities by the Corporates in form of IPO, FPO, Debt financing, ECB, etc.

A Company Secretary in Practice advises his/her clients about various funding options available, prepares documents for IPO, FPO, ECB, and issue and listing of various securities on the Stock Exchanges including issue and listing of American Depository Receipts (ADR) or Global Depository Receipt (GDR).

**16. As an Internal Auditor:-**

Section 138 of the Companies Act, 2013 provides the Companies and class of Companies which are required to appoint an Internal Auditor to conduct

internal audit function. Such person shall either, be a Chartered Accountant or a Cost Accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the Company. An Internal Auditor may be an employee of the Company also.

Being multidisciplinary professionals, Company Secretaries are well-versed in Corporate Laws, Governance, Ethics, Strategic Management, etc, may take this responsibility.

Thus, it will be convenient to the Board and its Committees to communicate with him/her and determine the area and scope of Internal Audit etc.

**17. As a Proxy Advisor:-**

A Company Secretary may also act as a proxy advisor. Proxy advisors are those who uncover risks associated with board proposals and provide recommendations on Proxy voting based on the Corporate Governance practices of the organisation.

They guide the institutional investors so that they could be able to cast more informed votes.

**18. As a Compliance and Risk Manager:-**

A Company Secretary in Practice may also act as Compliance and Risk Manager of its Clients. During the Secretarial Audit, he/she may find the loopholes in the internal control and risk management processes of the Company, and accordingly he/she may guide them to robust their internal controls and compliance management processes. Thus, the client Companies will also find the Secretarial Audit a fruitful exercise for them to reduce compliance risk.

**19. As a Corporate Planner:-**

A Company Secretary in Practice also plays the role of Corporate Planner for his/her clients.

During the normal course of business a Company Secretary in Practice makes strategies for his/her clients to meet business goals and achieving objectives. It may involve strategy with respect to in-organic growth e.g. Amalgamation, Merger, Takeover etc. or with respect to organic growth e.g. growth through proper planning, organising, customer support, and product development etc.

**20. As a Strategy Manager:-**

A Company Secretary in Practice also acts as a strategy manager, it is because he/she guides and formulates strategy to achieve the goals of the organisation and advises to his/her clients how to achieve growth in the business whether through in-organic route e.g. M & As, Takeovers, Strategic



Alliance etc or through organic route e.g. growth through internal sources such as better customer service, cost reduction, product development etc.

#### 21. As an Auditor of Capital Market Intermediaries:-

Robust internal control systems and processes are pre-requisite for good governance.

These internal controls can ensure compliance with laws and regulations; protect an organization's systems, data and assets, as well as to endure accurate and timely disclosures and reporting with respect to financials and/or non- financial data as the case may be.

Therefore it is very important to check such internal control systems time to time for ensuring good governance within the organisation.

The Company Secretary in Practice is authorised to carry out Audit of Stock Brokers/Trading Members/Clearing Members etc intermediaries of the Capital Market.

As an auditor he/she is responsible to check that such intermediaries are in compliance with the provisions of the SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956, and the intermediary specific regulations made by SEBI, e.g. SEBI

(Stock Brokers and Sub Brokers) Regulations, 1992, SEBI(Portfolio Managers) Regulations, 2020 etc.

#### 22. Role in an Economic development:-

Economic development depends upon the Investments in Stock Market. And growth of Economic development takes place faster if there is Foreign Investment in such Economy.

The Foreign Investors could be attracted for Investing, when there are robust compliance procedures in the Country which ensures strict ethical guidelines, regulatory requirements to maintain the highest standards of integrity, transparency and accountability.

Company Secretary in Practice also plays significant role to make robust compliance system of the Country, through high standard of professional ethics, to inculcate ethical business practices and by complying law in letter and spirit, in his/her practice.

#### 23. As technical member of NCLT:-

A Practicing Company Secretary can be appointed as a Technical Member of NCLT, provided that he/she has 15 years' work experience as Company Secretary in Whole-Time Practice.

## 24. Role in Corporate Social Responsibility (CSR):-

A Company Secretary in Practice also plays pivotal role in the CSR spending of his/her clients. As he/she gives advice to the clients about the areas to spend the CSR funds, prepares CSR Policy of the Company, and helps the client Companies to create the positive impact in the minds of the Investors, Regulators, and Public at large through the CSR initiatives.

## COMPANY SECRETARY AND ARTIFICIAL INTELLIGENCE (AI)

All of us know that at present most of the work is completed by using tools of artificial intelligence (AI), within minimal time and efforts. Such AI tools may be Chat GPT; power BI, or any Compliance Software etc.

An artificial intelligence program can perform the long calculation in a short period, whereas a professional like Company Secretary will take a long time to perform the same task.

But it cannot be denied that an artificial intelligence programmes have limited validity, it has no logic of its own; it can only provide solution without any reverse engineering or logic.

AI cannot understand the emotions and lacks intuition; therefore it provides the same solution to each and every one having different sentiments and emotions.

But a human can understand the sentiments and emotions, and can provide solution accordingly.

AI cannot argue on an issue as a qualified professional does. AI lacks common sense, but a professional can give solution based on his knowledge and common sense.

Thus, it can be said that Artificial Intelligence cannot beat the human intelligence as it has its own programming limitations. And its updation and programming is also done by the humans.

The services which are provided by the Company Secretary in Practice, such as pre-certification of e-forms, advice, and overall business compliance and planning cannot be wholly done by using AI tools.

Thus, an AI tool also can't defeat and replace the role of a Company Secretary in Practice because of various limitations of AI tools (few of them has discussed above).

## ANALYSIS OF ROLE OF COMPANY SECRETARY IN PRACTICE

Thus after throwing the light on the various aspects of professional services, which are provided by the Company Secretary in Practice.

It can now be said that a Company Secretary in Practice is one of the corporate professionals who deals with

multidisciplinary areas, and helps the clients to achieve the goal of good corporate governance, which reduces legal risk and makes business attractive for the Foreign Investors, which results development of Capital and Money Market, and finally, the Economy grows by leaps and bounds.

Thus, Company Secretaries in Practice are making true the slogan of ICSI, "In pursuit of Professional Excellence" by serving the corporate sector and enabling Companies to move from adequate compliances to absolute compliances.

## CONCLUSION

As the corporate sector is facing new challenges, ever-increasing regulations, and the role of artificial intelligence in business etc, increasing the compliance burden of the businesses and corporates, the Company Secretary in Practice must also be ready to undertake new challenges and emerging areas of practice due to technological developments and entry of artificial intelligence in the business.

As the Artificial Intelligence (AI) is one of the emerging areas, where the role of Company Secretary in Practice may increase because of entry of AI programmes in the business, which may result the change/amendment in the Information Technology Act, 2000 or for enactment of new law to deal with the artificial intelligence, which may increase the compliances and the Company Secretary in Practice may get the emerging areas of practice to enable Corporates and businesses to meet such compliance. One of such emerging area is Structural Digital Database (SDD) compliances in the listed entities.

Thus, the Company Secretary in Practice can no longer be considered just a professional for certification services or as an advisor, but at present he/she is considered as a multidisciplinary professional who deals with the various aspects of business and corporate laws, finance, taxation, international trade, foreign collaborations, etc, and helps to meet the Statutory, Regulatory and Legal Compliances.

Thus, after overall discussion and analysis it can be said that a Company Secretary in Practice is a multidisciplinary professional who plays significant role to promote good corporate governance, by complying law in letter and spirit, and through this way also facilitates good Corporate Governance.

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# Secretarial Audit – A Measure to Strengthen Corporate Governance

Secretarial audit plays a crucial role in ensuring compliance with regulatory requirements and identifying any non-compliance issues within companies. It has become an essential tool for enhancing transparency and accountability, thereby fostering investor confidence and strengthening corporate governance practices. With advancements in technology, secretarial audit processes have become more efficient through digitalization and automation, enabling auditors to streamline procedures and manage data effectively.



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## INTRODUCTION

The evolution of secretarial audit in India reflects the changing regulatory landscape and the growing emphasis on corporate governance and compliance. The concept of secretarial audit was initially introduced in the Companies Act, 1956 regime, wherein it focussed only on ensuring compliance with statutory provisions. With time, the amendments to Companies Act and other regulatory requirements have resulted in providing impetus to the secretarial audit framework and enhancing its scope and relevance. One of the major provisions enhancing the significance was introduction of the SEBI (Listing Obligations and Disclosure Requirements) Regulations in 2015 ('SEBI(LODR)'). These regulations required the listed companies to mandatorily have secretarial audits, reinforcing the importance of transparency and accountability in the corporate sector. Moreover, the Companies Act, 2013 brought about substantial changes, expanding the scope of secretarial audits to cover various aspects such as related party transactions and Corporate Social Responsibility.

Secretarial audit plays a crucial role in ensuring compliance with regulatory requirements and identifying any non-compliance issues within companies. It has become an essential tool for enhancing transparency and accountability, thereby fostering investor confidence and strengthening corporate governance practices. With advancements in technology, secretarial audit processes

have become more efficient through digitalization and automation, enabling auditors to streamline procedures and manage data effectively.

Continual refinement of the secretarial audit framework is necessary to keep pace with evolving regulatory standards and corporate governance norms. Auditors must stay updated with amendments to laws and regulations, aligning their procedures with international best practices to ensure effectiveness and relevance.

## REGULATORY LANDSCAPE

In India, the requirements of secretarial audit are primarily governed by the provisions of the Companies Act, 2013, and SEBI (LODR). Following are the key aspects:

- **Mandatory requirement:** As per Section 204 of the Companies Act, 2013, certain classes of companies are required to obtain a secretarial audit report from a practicing Company Secretary, which include:
  - ♦ Every listed company is required to conduct a secretarial audit of its records every year,
  - ♦ Any public company with a paid-up share capital of at least ₹50 crores or a yearly revenue of at least ₹250 crores,
  - ♦ Every company having outstanding loans or borrowings from banks or financial institutions of ₹100 crores or more.
- **Scope of audit:** Secretarial audit covers various aspects such as compliance with the provisions of the Companies Act, applicable rules and regulations, Memorandum and Articles of Association of the company, and other relevant laws.
- **Corporate governance:** Secretarial audit assesses the effectiveness of corporate governance practices adopted by the company, including the constitution and functioning of the Board of Directors, board committees, and comply with corporate governance guidelines in true letter and spirit.
- **Compliance with SEBI regulations:** For listed companies, compliance with SEBI regulations, including LODR, forms an integral part of the



secretarial audit. This includes disclosures, reporting requirements, and adherence to corporate governance norms prescribed by SEBI.

- **Disclosure and reporting:** The auditor is required to prepare a comprehensive report detailing their findings, observations, and recommendations. This report is submitted to the board of directors and is also disclosed in the company's annual report.
- **Penalties for non-compliance:** Non-compliance with the requirements of secretarial audit can attract penalties under the Companies Act, including fines and other legal consequences. Therefore, it is imperative for companies to ensure timely and accurate compliance with the provisions.
- **Continuous monitoring and compliance:** Secretarial audit is not a one-time exercise; it is conducted periodically to ensure continuous monitoring and compliance with regulatory requirements. This helps companies in identify and rectify any non-compliance issues in a timely manner.

## RELEVANCE OF SECRETARIAL AUDIT

The principle logic behind mandating secretarial audit lies in promoting good corporate governance, enhancing transparency, and ensuring compliance with regulatory requirements in the corporate sector. Some of the pertinent reasons include:

- **Enhancing corporate governance:** Secretarial audit necessitates the companies to adhere to the principles

of good corporate governance. By examining the company's internal controls, processes, and compliance with laws and regulations, secretarial audit contributes to the efficient functioning of the Board of Directors and the overall governance structure.

- **Ensuring regulatory compliance:** Companies operate within a complex regulatory environment, with numerous laws, regulations, and guidelines to adhere to. Mandating secretarial audit ensures that companies comply with these requirements, reducing the risk of non-compliance, legal disputes, and penalties.
- **Protecting stakeholder interests:** Secretarial audit helps to protect the interests of various stakeholders, including shareholders, employees, creditors, and the public. By providing assurance on the company's compliance with laws and regulations, secretarial audit instils confidence among stakeholders and fosters trust in the company's management and operations.
- **Detecting and preventing fraud and mismanagement:** Secretarial audit plays a crucial role in detecting and preventing fraud, mismanagement, and other irregularities within the company. By conducting a thorough examination of the company's records, transactions, and internal controls, auditors can identify potential areas of concern and recommend corrective measures.
- **Improving transparency and disclosure:** Transparency is essential for maintaining trust and confidence in the corporate sector. Mandating

secretarial audit ensures that companies disclose relevant information accurately and transparently, enabling stakeholders to make informed decisions about their investments, transactions, and dealings with the company.

- **Aligning with international best practices:** Many countries around the world, mandate some form of corporate governance and compliance auditing. By mandating secretarial audit, India aligns itself with international best practices, demonstrating its commitment to global standards of corporate governance and transparency.

## GLOBAL TRENDS

Secretarial audit has also evolved in global context and it has resulted in:

- **Global adoption of Corporate Governance codes:** Many countries have adopted or updated corporate governance codes, which often include provisions related to secretarial audit or similar compliance mechanisms.
- **Increase in regulatory scrutiny and enforcement:** Regulatory bodies worldwide have been increasing scrutiny on corporate governance practices, leading to a rise in enforcement actions and penalties for non-compliance.
- **Rise in demand for compliance services:** There has been a growing demand for compliance services, including secretarial audit, as companies seek to navigate complex regulatory requirements and mitigate compliance risks. According to a report by Grand View Research, the market size of global compliance management software was valued at \$2.8 billion in 2022 and is expected to grow at Compounded annual growth rate (CAGR) of 11.6% reflecting the increasing emphasis on compliance.
- **Focus on ESG and sustainability reporting:** Environmental, Social, and Governance (ESG) factors have become integral to corporate governance and reporting practices. According to a survey by Deloitte, 88% of executives identified sustainability as a significant priority and will impact their business, indicating a growing focus on non-financial reporting and compliance.
- **Adoption of technology in compliance:** The adoption of technology, including AI, data analytics, and automation, has been accelerating in compliance processes, including secretarial audit. A survey by PwC found that 91% of compliance officers believe that technology will fundamentally change how compliance is conducted over the next five years.

While these statistics may not directly relate to secretarial audit alone, they provide insights into broader trends in corporate governance, compliance, and regulatory oversight that impact the demand for and evolution of secretarial audit practices.

Secretarial audit covers various aspects such as compliance with the provisions of the Companies Act, applicable rules and regulations, Memorandum and Articles of Association of the company, and other relevant laws. In India, the requirements of secretarial audit are primarily governed by the provisions of the Companies Act, 2013, and SEBI (LODR).

## STRENGTHENING CORPORATE GOVERNANCE

Strengthening corporate governance through secretarial audit involves implementing measures to enhance transparency, accountability, and compliance with regulatory requirements. Some of the steps include:

- **Expand scope of secretarial audit:** Widen the scope of secretarial audit to cover additional areas relevant to corporate governance, such as risk management practices, ethical standards, and sustainability initiatives. This will ensure a comprehensive examination of governance practices beyond statutory compliance.
- **Enhance reporting requirements:** Introduce more robust reporting requirements for secretarial audit reports, mandating detailed disclosures on governance practices, Board effectiveness, and compliance with codes and standards. This would provide stakeholders with greater insights into the company's governance framework.
- **Regular Board evaluations:** Require companies to conduct regular evaluations of the Board of Directors and its committees, with the findings included in the secretarial audit report. This helps to identify areas for improvement and enhances the effectiveness of the board in overseeing corporate affairs.
- **Whistle blower mechanisms:** While whistle blower mechanism is mandatory for select class of companies, expanding its coverage and requiring the secretarial auditor to assess the effectiveness of such mechanisms, will go a long way in promoting transparency and accountability within the organization. This encourages the reporting of unethical behaviour and misconduct.
- **Training and awareness programs:** Introduce mandatory training programs for Directors, senior management, and employees on corporate governance principles, regulatory requirements, and ethical conduct. The secretarial auditor can assess the effectiveness of these programs in promoting a culture of governance and compliance.



- **Disclosure of related party transactions:** Strengthen disclosure requirements for related party transactions and require the secretarial auditor to scrutinize such transactions for potential conflicts of interest or abuse. Enhanced transparency in related party transactions improves investor confidence and mitigates risks of insider dealings.
- **Review of internal controls:** Conduct a thorough review of the company’s internal control systems specifically relating to compliances, as part of the secretarial audit process. Identify weaknesses or deficiencies in internal controls and recommend measures to strengthen them, thereby reducing the risk of fraud, mismanagement, and non-compliance.
- **Benchmarking against best practices:** Encourage companies to benchmark their governance practices against international best practices and industry standards. The secretarial auditor can assess the company’s governance framework relative to these benchmarks and provide recommendations for improvement.
- **Board diversity and independence:** Promote Board diversity and independence by introducing guidelines or regulations requiring companies to have a diverse Board composition with adequate representation of Independent Directors. The secretarial auditor can evaluate the Board’s composition and independence as part of the audit process.
- **Stakeholder engagement:** Emphasize the importance of stakeholder engagement in governance practices and require companies to disclose their engagement policies and initiatives. The secretarial auditor can assess the effectiveness of stakeholder engagement efforts in promoting accountability and responsiveness to stakeholder interests.
- **Policies and procedures:** As per the requirements of SEBI (LODR), listed companies are required to develop

various policies like policies on material subsidiaries, related party transactions, dividend, etc. Ensuring that the transactions are within the ambit of these policies as defined and approved by the Management and Board of Directors, contribute in strengthening the corporate governance practices.

Companies can strengthen their corporate governance mechanism and practices thereby, fostering a culture of transparency and accountability. The role of secretarial audit is pivotal in ensuring observance of these measures and promoting good governance standards across the corporate sector.

### ARTIFICIAL INTELLIGENCE (AI) AND SECRETARIAL AUDIT

The buzzword and the most relevant concept today is ‘artificial intelligence’. AI is ubiquitous and has relevance in every sphere of personal and professional lives. AI has the potential to revolutionize the field of secretarial audit by automating repetitive tasks, enhancing data analysis capabilities, and improving overall efficiency and accuracy. The following steps can be considered to integrate the AI with the procedures performed:

- **Automation of routine tasks:** AI technologies can automate routine tasks involved in the audit process, such as data collection, document analysis, and report generation. This frees up auditors’ time to focus on more complex and strategic aspects of the audit, improving productivity and efficiency.
- **Data analytics and pattern recognition:** AI-powered data analytics tools can analyze large volumes of data to identify patterns, trends, and anomalies that may indicate potential compliance issues or irregularities. This helps auditors uncover insights more effectively and prioritize areas for further investigation. Natural language processing (NLP) can assist auditors in extracting relevant information from textual



documents and identifying compliance requirements more efficiently.

- **Risk assessment and predictive analytics:** AI algorithms can assess the risk associated with various compliance areas and predict potential areas of non-compliance based on historical data and patterns. This enables auditors to proactively address risks and prioritize audit activities accordingly.
- **Continuous monitoring and surveillance:** AI-powered monitoring systems can continuously monitor corporate activities, transactions, and communications in real-time to detect potential compliance breaches or fraudulent behavior. This proactive approach helps companies to identify and address issues before they escalate.
- **Robotic process automation (RPA):** RPA bots can perform repetitive and rule-based tasks such as data entry, reconciliation, and compliance checks with high accuracy and speed. Integrating RPA into the audit process reduces manual effort, minimizes errors, and enhances audit efficiency.
- **Blockchain technology:** It can be leveraged to improve the integrity and transparency of audit trails by creating immutable records of transactions and activities. This enhances the reliability and trustworthiness of audit findings and ensures the integrity of audit processes.

Integration of AI into secretarial audit processes has the potential to revolutionize the way audits are conducted, making them more efficient, effective, and insightful. With the use of AI technologies, auditors can enhance their capabilities, improve risk assessment, and contribute to stronger corporate governance and compliance practices.

## ROLE OF PROFESSIONALS

Company Secretaries play a vital role in strengthening secretarial audit and adding value to the audit process through their expertise, knowledge, and experience they can contribute by:

- **Expertise in corporate law and governance:** Company Secretaries possess in-depth knowledge of corporate law, regulations, and governance practices. They ensure that the secretarial audit process complies with relevant legal and regulatory requirements, providing assurance on the company's meeting corporate governance standards.
- **Facilitating compliance:** Company Secretaries facilitate compliance with statutory requirements by ensuring that corporate actions, decisions, and filings are in accordance with applicable laws and regulations. They maintain proper records, documentation, and registers, which are essential for the secretarial audit process.
- **Advisory role:** Company Secretaries advise the Board of Directors and senior management on corporate governance matters, regulatory changes,

and compliance obligations. They provide guidance on best practices, risk management, and corporate governance frameworks, adding value to the audit process by helping to mitigate risks and enhance governance practices.

- **Ensuring Board effectiveness:** Company Secretaries play a key role in ensuring the effectiveness of the Board of Directors and its committees. They assist in organizing board meetings, preparing agendas and minutes, and facilitating communication between Board members. This ensures proper oversight and governance, which are integral to the secretarial audit process.
- **Managing stakeholder relationship:** Company Secretaries manage shareholder relations by facilitating communication, managing shareholder meetings, and ensuring compliance with shareholder rights and obligations. They play a crucial role in ensuring transparency, accountability, and fairness in dealings with shareholders, which contributes to the integrity of the audit process.
- **Risk management and internal controls:** Company Secretaries contribute to risk management and internal control processes by identifying, assessing, and mitigating risks related to compliance, governance, and regulatory matters. They establish robust internal control mechanisms and compliance frameworks, which are essential for the effectiveness of the secretarial audit process.
- **Continuous professional development:** Company Secretaries engage in continuous professional development to stay updated with changes in corporate laws, regulations, and governance practices. They leverage their knowledge and expertise to enhance the quality and effectiveness of the secretarial audit process, ensuring that it remains relevant and valuable to the organization.

Company Secretaries play a multifaceted role in strengthening secretarial audit and adding value to the audit process. Their expertise in corporate governance, compliance, and regulatory matters, combined with their advisory role and commitment to professional development, contributes to the integrity, transparency, and effectiveness of the audit process, ultimately enhancing corporate governance practices and adding value to the organization.

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# Secretarial Auditor's Duty of Reporting Frauds Under Section 143 of Companies Act, 2013

Section 143(12) of the Companies Act, 2013 ('the Act') casts a duty on the auditors of companies to report frauds committed by officers or employees of the companies. Section 143(12), as amended by the Companies (Amendment) Act, 2015, reads as follows: "(12) Notwithstanding anything contained in this section, if an auditor of a company in the course of the performance of his duties as auditor, has reason to believe that an offence of fraud involving such amount or amounts as may be prescribed, is being or has been committed in the company by its officers or employees, the auditor shall report the matter to the Central Government within such time and in such manner as may be prescribed.



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## INTRODUCTION

### STATUTORY FRAMEWORK AS REGARDS AUDITOR'S DUTY AS TO REPORTING OF FRAUDS

Section 143(12) of the Companies Act, 2013 ('the Act') casts a duty on the auditors of companies to report frauds committed by officers or employees of the companies. Section 143(12), as amended by the Companies (Amendment) Act 2015, reads as follows:

"(12) Notwithstanding anything contained in this section, if an auditor of a company in the course of the performance of his duties as auditor, has reason to believe that an offence of fraud involving such amount or amounts as may be prescribed, is being or has been committed in the company by its officers or employees, the auditor shall report the matter to the Central Government within such time and in such manner as may be prescribed.

*Provided* that in case of a fraud involving lesser than the specified amount, the auditor shall report the matter to the audit committee constituted under section 177 or to the Board in other cases within such time and in such manner as may be prescribed:

*Provided* further that the companies, whose auditors have reported frauds under this sub-section to the audit

committee or the Board but not reported to the Central Government, shall disclose the details about such frauds in the Board's report in such manner as may be prescribed."

### APPLICABILITY OF SECTION 143(2) TO SECRETARIAL AUDITORS

As per sub section (14)(b) of Section 143, the provisions of this Section shall *mutatis mutandis* apply to the company secretary in practice conducting secretarial audit under Section 204.

The Latin phrase *mutatis mutandis* means the necessary changes having been made. 'Mutatis mutandis' translates to 'all necessary changes having been made' or 'with the necessary changes'. The phrase *mutatis mutandis* indicates that whilst it may be necessary to make some changes to take account of different situations, the main point remains the same. The phrase *mutatis mutandis* is used within contracts to incorporate terms from one agreement into a different and separate agreement. For example, a lease renewal with similar terms to a previous agreement, save for changes to the tenants, may incorporate terms 'mutatis mutandis'. [see LexisNexis Legal Glossary]

Consequently, Section 143(12) is applicable when a secretarial auditor of a company in the course of the performance of his duties as the secretarial auditor, has reason to believe that an offence of fraud involving such amount or amounts as may be prescribed, is being or has been committed in the company by its officers or employees, the secretarial auditor shall report the matter to the Central Government within such time and in such manner as may be prescribed.

### CONDITIONS TO BE SATISFIED IN RESPECT OF REPORTING A FRAUD

According to sub-section (12) of Section 143 of the 2013 Act, if the auditor suspects, in the course of the performance of his duties as an auditor, and forms a belief based on a reason, he must report it in the manner set out in sub-section (12) and as prescribed under rules made

by the Central Government. While a fraud involving an amount in excess of the prescribed amount is required to be reported to the Central Government, a fraud of an amount less than the prescribed amount has to be reported to the audit committee of the company. The provision applies to all types of companies.

Sub-section (12) is attracted if the following conditions are fulfilled:

- The auditor of a company has, in the course of the performance of his duties as auditor, fostered a reason to believe that a fraud has been committed in relation to the affairs of the company;
- The fraud has been committed by any of the company's officers or employees;
- The fraud involves any amount (more or less than the prescribed amount);

A fraud involving the prescribed amount (which is Rs. One crore or more), the auditor shall report it to the Central Government within such time and in such manner as may be prescribed; but if the fraud involves a lesser amount than the prescribed amount (i.e. less than Rs. One crore), the auditor must report it to the audit committee constituted under Section 177 of the Companies Act, 2013 or to the Board in other cases within the prescribed time and in the prescribed manner.

The auditor's right to investigate and report a fraud under subsection (12) is limited to frauds committed by officers or employees of companies. The auditor cannot investigate to unravel a fraud committed by any other person. The term 'officer' is defined in Section 2(59) of the Act to include any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act. The term 'employee' has not been defined in the Act; so, ordinary meaning of this word has to be taken.

According to rule 13(2) of the Companies (Audit and Auditors) Rules 2014, the auditor shall report the matter to the Central Government as under:-

- (a) the auditor shall report the matter to the Board or the Audit Committee, as the case may be, immediately but not later than two days of his knowledge of the fraud, seeking their reply or observations within forty-five days;
- (b) on receipt of such reply or observations, the auditor shall forward his report and the reply or observations of the Board or the Audit Committee along with his comments (on such reply or observations of the Board or the Audit Committee) to the Central Government within fifteen days from the date of receipt of such reply or observations;
- (c) in case the auditor fails to get any reply or observations from the Board or the Audit Committee within the stipulated period of forty-five days, he shall forward his

report to the Central Government along with a note containing the details of his report that was earlier for-awarded to the Board or the Audit Committee for which he has not received any reply or observations;

- (d) the report shall be sent to the Secretary, Ministry of Corporate Affairs in a sealed cover by Registered Post with Acknowledgement Due or by Speed Post followed by an e-mail in confirmation of the same;
- (e) the report shall be on the letter-head of the auditor containing postal address, e-mail address and contact telephone number or mobile number and be signed by the auditor with his seal and shall indicate his Membership Number; and
- (f) the report shall be in the form of a statement as specified in Form ADT-4.

As per rule 13(3), in case of a fraud involving lesser than the amount specified in sub-rule (1), the auditor shall report the matter to Audit Committee constituted under Section 177 or to the Board immediately but not later than two days of his knowledge of the fraud and he shall report the matter specifying the following:

- (a) Nature of Fraud with description;
- (b) Approximate amount involved; and
- (c) Parties involved.

### MEANING OF 'REASON TO BELIEVE'

One of the essential conditions for the applicability of Section 143(12) is that, the auditor has a reason to believe that an offence of fraud involving the prescribed amount is being or has been committed in the company by its officer or employee. A person is said to have reason to believe a thing if he has sufficient cause to believe that thing.

Section 26, IPC explains the meaning of the words "reason to believe" thus. "Reason to believe". A person is said to have 'reason to believe' a thing, if he has sufficient cause to believe that thing but not otherwise".

The expression 'reason to believe' has been interpreted by the Supreme Court to mean that even though formation of opinion may be subjective but it must be based on material on the record. It cannot be arbitrary, capricious or whimsical.<sup>1</sup>

The expression "reason to believe" does not mean a purely subjective satisfaction. The belief must be held in good faith: it cannot be merely a pretence. The reasons for the belief must have a rational connection or relevant bearing to the formation of the belief and are not extraneous or irrelevant.<sup>2</sup>

Shah, J. as a member of the Constitution Bench in *Calcutta Discount Co. v. I. T.O.*, AIR 1961 SC 372 observed that, the expression "reason to believe postulates belief and

<sup>1</sup> *N. Nagendra Rao and Co. v. State of A.P.* AIR 1994 SC 2663

<sup>2</sup> *S. Narayanappa v. Commissioner of Income-tax, Bangalore* AIR 1967 SC 523

the existence of reasons for that belief. The belief must be held in good faith: it cannot be merely a pretense. The expression does not mean a purely subjective satisfaction of the Income Tax Officer: the form of decision as to the existence of reasons and the belief is not in the mind of the Income Tax Officer. If it be asserted that the Income Tax Officer had reason to believe that income had been under-assessed by reason of failure to disclose fully and truly the facts material for assessment, the existence of the belief and the reasons for the belief, but not the sufficiency of the reasons, will be justifiable. The expression therefore predicates that the Income tax Officer holds the belief induced by the existence of reasons for holding such belief. It contemplates existence of reasons on which the belief is founded, and not merely a belief in the existence of reasons inducing the belief; in other words, the Income Tax Officer must on information at his disposal believe that income has been under-assessed by reason of failure fully and truly to disclose all material facts necessary for assessment. Such a belief may not be based on mere suspicion: it must be founded upon information.”

### ORDINARY MEANING OF 'FRAUD'

As will be noted below, the definition in Section 447 is an inclusive definition; so apart from what is stated in the definition as the meaning of fraud, the ordinary meaning of fraud as appropriate in the context of the provision will also apply, since Where in a definition clause the word “includes” is used, it is so done in order to enlarge the meaning of the words or phrases occurring in the body of the statute and when it is so used, these words or phrases must be construed as comprehending not only such things which they signify according to their natural import, but also those things which the interpretation clause declares that they shall include. Where in a definition Section of a statute a word is defined to mean a certain thing, wherever that word is used in that statute, it shall mean what stated in the definition unless the context otherwise requires. But, where the definition is an inclusive definition, the word not only bears its ordinary, popular and natural sense whenever that would be applicable but it also bears its extended statutory meaning. At any rate, such expansion definition should be as construed as not cutting down the enacting provisions of an Act unless the phrase is absolutely clear in having opposite effect.<sup>3</sup>

The *Black's Legal Dictionary* defines “fraud” as an intentional perversion of truth for the purpose of inducing another in reliance upon it to part with some valuable thing belonging to him or surrender a legal right; a false representation of a matter of fact whether by words or by conduct, by false or misleading allegations, or by concealment of that which should have been disclosed, which deceives and is intended to deceive another so that he shall act upon it to his legal injury.

The ordinary meaning of “fraud” is any deception, trickery, or humbug; the crime of deceiving somebody in order to get money or things illegally; intentional perversion of truth in order to induce another to part

with something of value or to surrender a legal right; an act of deceiving or misrepresenting; wrongful or criminal deception intended to result in financial or personal gain; dishonestly making a false (untrue or misleading) representation with a view to gain or with intent to cause loss. Fraud is a misrepresentation made recklessly without belief in its truth to induce another person to act. It is a tort arising from a knowing misrepresentation, concealment of material fact, or reckless misrepresentation made to induce another to act to his or her detriment.<sup>4</sup> A fraud is intentional deception resulting in injury to another. Fraud usually consists of a misrepresentation, concealment or nondisclosure of a material fact, or at least misleading conduct, devices or contrivance.<sup>5</sup>

Section 2(26) of the IPC states that a person is said to do a thing fraudulently if he does that with intent to defraud but not otherwise.

Section 17 of the India Contract Act, 1872 defines fraud as follows:

“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.

In *S. P. Changalvaraya Naidu v. Jagannath* AIR 1994 SC 853;[1994] 1 SCC 1, the Supreme Court explained ‘fraud’ as follows: “A fraud is an act of deliberate deception with the design of securing something by taking unfair advantage of another. It is a deception in order to gain by another’s loss. It is a cheating intended to get an advantage.”

Fraud means an intention to deceive; whether it is from any expectation of advantage to the party himself or from the ill-will towards the other is immaterial. The expression “fraud” involves two elements, deceit and injury to the person deceived. Injury is something other than

<sup>3</sup>. *S.K.Gupta v. K.P.Jain* [1979] 49 Comp Cas 342 (SC)

<sup>4</sup>. See *Black's Law Dictionary*, 8<sup>th</sup> Edn.

<sup>5</sup>. *Barrons Dictionary of Legal Terms*.

economic loss, that is, deprivation of property, whether movable or immovable or of money and it will include any harm whatever caused to any person in body, mind, reputation or such others. In short, it is a non-economic or non-pecuniary loss. A benefit or advantage to the deceiver, will almost always cause loss or detriment to the deceived. Even in those rare cases where there is a benefit or advantage to the deceiver, but no corresponding loss to the deceived, the second condition is satisfied.<sup>6</sup>

Fraud is a conduct either by letter or words, which induces the other person or authority to take a definite determinative stand as a response to the conduct of the former either by words or letter. It is also well-settled that misrepresentation itself amounts to fraud. Indeed, innocent misrepresentation may also give reason to claim relief against fraud. A fraudulent misrepresentation is called deceit and consists in leading a man into damage by wilfully or recklessly causing him to believe and act on falsehood. It is a fraud in law if a party makes representations, which he knows to be false, and injury ensues therefrom although the motive from which the representations proceeded may not have been bad. An act of fraud on the court is always viewed seriously. A collusion or conspiracy with a view to deprive the rights of the others in relation to a property would render the transaction void ab initio. Fraud and deception are synonymous. Although in a given case a deception may not amount to fraud, fraud is anathema to all equitable principles and any affair tainted with fraud cannot be perpetuated or saved by the application of any equitable doctrine including *res judicata*.<sup>7</sup>

## MEANING OF FRAUD FOR THE PURPOSES OF SECTION 143(12)

While an auditor is under the statutory obligation to report an offence of fraud under Section 143, the Section does not define the expression “offence of fraud” or the term “fraud”, nor is there a definition in Section 2 of the Companies Act, 2013. However, Section 447 of the Companies Act, 2013, which provides for punishment for fraud, defines fraud. Section 143 itself does not provide for punishment for fraud. But Section 143 refers to “offence of fraud” and Section 447 prescribes punishment if any person who is found to be guilty of fraud. Therefore, a person found guilty of fraud reported by the auditor will be punished (if found guilty) under Section 447.

Section 447 defines in the Explanation, the term ‘fraud’ as follows:

“fraud” in relation to affairs of a company or any body 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

The definition in section 447 is an inclusive definition; so apart from what is stated in the definition as the meaning of fraud, the ordinary meaning of fraud as appropriate in the context of the provision will also apply, since Where in a definition clause the word “includes” is used, it is so done in order to enlarge the meaning of the words or phrases occurring in the body of the statute and when it is so used, these words or phrases must be construed as comprehending not only such things which they signify according to their natural import, but also those things which the interpretation clause declares that they shall include.

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.

The essential ingredients of the definition of fraud, read with and for the purposes of Section 143(12), to be reported by an auditor under Section 143(12), are as follows:

1. As the words “*an offence of fraud involving such amount or amounts as may be prescribed, is being or has been committed in the company*” point out, a fraud to be reported by the auditor must be concerning the company in question. A fraud in relation to any other company (including holding, subsidiary or associate company) or any other person or entity cannot come within the ambit of this definition. So, a fraud concerning company A cannot be ascribed to company B or body corporate B.
2. As the words “*by its officers or employees*” point out, the fraud must have been committed by an officer or employee of the company either individually or together with two or more officers or employees in connivance with each other, acting together. A fraud committed by any person other than an officer or employee of the company cannot come within the ambit of Section 143(12) although it falls within the definition of fraud in Section 447.
3. Since the definition is inclusive one and it has not been specifically made applicable in the case of Section 143(12), any act which constitutes fraud in its ordinary meaning or as interpreted by a court of law (if the judgement has attained finality) may also amount to fraud for the purposes of this definition. A definition of fraud in any other law can also be taken aid of. In particular, the definition in the Indian Contract Act would be relevant to understand meaning of fraud in ordinary parlance.

<sup>6</sup> *Dr. Vimla v. Delhi Administration* [1963] 33 Comp Cas 279; and *Indian Bank v. Satyam Fibres (India) Pvt. Ltd.* [1998] 92 Comp Cas 149; [1996] 5 SCC 550

<sup>7</sup> *Ram Chandra Singh v. Savitri Devi* [2003] 8 SCC 319; *Commissioner of Customs (Preventive) v. Aafloat Textiles (I) P. Ltd.* AIR 2009 SC (Supp) 2320.

4. To constitute fraud, there must be intention on the part of the person(s) 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.
5. A wrongful gain by the fraudster must have been caused by unlawful means to any property of the company by reason of the fraudulent act of the fraudster.
6. A wrongful loss to the company must have been caused by reason of the fraudulent act of the fraudster.

## WHAT IS 'MENS REA'

The expression "with intent to" envisages *mens rea* as an essential requirement of offence of fraud. *Mens rea* is variously described, such as guilty mind, blameworthy mind, criminal intention, evil intent, guilty or wrongful purpose etc. *Mens rea* is one of the essentials of a crime. It means 'criminal intent', the essential mental element that in theory has to be proved for all crimes, although in practice some statutory offences are crimes of absolute liability, regardless of criminal intent. Every crime requires a mental element. Even in strict or absolute liability some mental element is required. *Mens rea* or *actus non facit reum nisi mens sit rea*<sup>8</sup> is considered a fundamental principle of penal liability.

It is a well-established principle of criminal law that unless the statute either clearly or by necessary implication, rules out *mens rea* as a constituent part of an offence an accused should not be found guilty of the offence unless he has got a guilty mind. The broad principles which apply in deciding the question as to whether *mens rea* must be proved in regard to a given criminal offence are well established. Generally speaking, a person cannot be convicted unless he commits an overt act with a wrongful or illegal intention, *i.e.* the presence of *mens rea* is usually treated as a condition precedent for the successful prosecution of a person. It is, however, open to the Legislature to provide for offences where *mens rea* may not be an essential element. If the Legislature expresses its intention in that behalf in unambiguous and clear language, the principle that *mens rea* must ordinarily be established in a criminal case would have no application. Instances where the Legislature has expressed such an intention are not unknown. These, however, constitute statutory offences of a minor and quasi-criminal

<sup>8</sup> *The maxim actus non facit reum nisi mens sit rea means that the intent and act must both concur to constitute the crime; the act itself does not make a man guilty unless his intention were so or his mind is also guilty. Actus reus (Latin) means a guilty act; the wrongful that comprises the physical components of a crime and that generally must be coupled with mens rea to establish criminal liability. The essential element of a crime that must be proved to secure a conviction, as opposed to the mental state of the accused. In most cases the actus reus will simply be an act (e.g. appropriation of property is the act of theft) accompanied by specified circumstances (e.g. that the property belongs to another). Sometimes, however, it may be an omission to act (e.g. failure to prevent death may be the actus reus of manslaughter) or it may include a specified consequence (death resulting within a year being the consequence required for the actus reus of manslaughter or murder). In certain cases the actus reus may simply be a state of affairs rather than an act (e.g. being unfit to drive through drink or drugs when in charge of a motor vehicle on a road).*

character. In the absence of clear and unambiguous language indicating such an intention on the part of the Legislature it may be permissible to ascertain the intention of the Legislature by examining the object of the statute in question and its general scheme. The nature and extent of the punishment awardable under the statute may also have to be considered. As often happens it is not very difficult to enunciate these broad principles; the difficulty arises in applying them to the facts in a particular case.<sup>9</sup>

Thus, the words of a statutory provision play a decisive role in its interpretation to determine the question whether it involves *mens rea* as an essential ingredient of the offence or not.

## REQUIREMENT AS TO DISCLOSURE IN BOARD'S REPORT

As per second proviso to Section 143(12), the companies, whose auditors have reported frauds under this sub-Section to the audit committee or the Board but not reported to the Central Government, shall disclose the details about such frauds in the Board's report in such manner as may be prescribed."

Section 134(3)(ca) provides: There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include—<sup>10</sup>(ca) details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.

Rule 13(4) requires as follows:

"(4) The following details of each of the fraud reported to the Audit Committee or the Board under sub-rule (3) during the year shall be disclosed in the Board's Report:

- (a) Nature of Fraud with description;
- (b) Approximate Amount involved;
- (c) Parties involved, if remedial action not taken; and
- (d) Remedial actions taken."

## NFRA'S CIRCULAR

The NFRA (National Financial Reporting Authority) issued a circular on 26<sup>th</sup> June 2023 on Statutory Auditors' Responsibilities in relation to fraud in a Company,

<sup>9</sup> *Clayfield Holland Ltd., In re (1953) 55 Bom LR 768.*

<sup>10</sup> *Exceptions, Modifications and Adaptations to an unlisted public company licensed to operate from IFSC located in approved SEZ under Section 462.—In sub-section (3), following proviso shall be inserted, namely:—*

*"Provided that in case of a Specified IFSC public company, if any information listed in this sub-section is provided in the financial statement, the company may not include such information in the report of the Board of Directors." [Notification No. GSR 8(E), dated 4-1-2017]*

*Exceptions, Modifications and Adaptations to a private company licensed to operate from IFSC located in approved SEZ under Section 462.—In sub-section (3), the following proviso shall be inserted, namely:—*

*"Provided that in case of a Specified IFSC private company, if any information listed in this sub-section is provided in the financial statement, the company may not include such information in the report of the Board of Directors. [Notification No. GSR 9(E), dated 4-1-2017]*

wherein the reporting responsibility of statutory auditors would also be applicable in cases where the auditor is not the first person to identify or suspect fraud. The Circular seeks to extend the scope of the reporting requirements of Statutory Auditors to include such frauds that have not been identified by them. This advice runs contrary to the plain language of Section 143(12) and thereby modify the provision in subsection (12), which, as noted earlier, clearly provides that the auditor has a reason to believe that a fraud had been committed in the company and such belief occurred to the auditor in the course of the performance of his duties (as an auditor of the company).

Clause 4.2 of NFRA circular states that:

“The Statutory Auditor is duty-bound to submit Form ADT-4 to the Central Government u/s 143 (12) even in cases where the Statutory Auditor is not the first person to identify the fraud/suspected fraud.”

It is a well-settled principle of statutory interpretation that the words used in the Section must be given their plain grammatical meaning.<sup>11</sup> This is the ‘literal rule’ (called the ‘golden rule of interpretation’) is the basic and cardinal rule of interpretation of statutes, according to which words that are reasonably capable of only one meaning must be given that meaning whatever may be the result. If the words used are capable of one construction only then it would not be open to the Courts to adopt any other hypothetical construction on the ground that such construction is more consistent with the alleged object and policy of the Act.<sup>12</sup> The intention of the Legislature must be gathered from the words used by the Legislature, for the words declare best the intention. The Legislature might have intended to do a certain thing, but if the words employed do not express that intention, it is not for the courts to assume the role of legislators and give effect to the unexpressed intention. No confusion must be made ... between what the draftsman might have intended to do and the effect of the language which in fact was employed by him. If the words, which are a medium of expressing intention, fall short of declaring the intention, it is for the Legislature to amend the language of the Section. So far as the courts are concerned, where the words are clear and precise, they must be given their natural meaning.<sup>13</sup>

Moreover, it is against the principle of statutory interpretation to insert any words in a statute. No words can be added in, or deducted from, a statute. It is a corollary to the general rule of literal construction that nothing is to be added to or taken out from a statute unless there are adequate grounds to justify the inference the legislature intended something which it omitted to express.<sup>14</sup> The intention of the legislature is required to be gathered from the language used and, therefore, a construction, which requires for its support

with additional substitution of words or which results in rejection of words as meaningless has to be avoided.<sup>15</sup>

There does not seem to be any other statutory obligation under any other provision of the Act or Rules requiring reporting of details of frauds in the Board's Report, and therefore, a company is not required to disclose in the Board's Report the instances of fraud as identified by the management and informed to the Auditors and in turn informed to the Audit Committee consequent to the NFRA circular.

The NFRA's circular of 26<sup>th</sup> June 2023 only advises that the reporting responsibility of statutory auditors would also be applicable in cases where the auditor is not the first person to identify or suspect fraud. The Circular emphasis in its Clause 4.2 that “The Statutory Auditor is duty-bound to submit Form ADT-4 to the Central Government under Section 143(12) even in cases where the Statutory Auditor is not the first person to identify the fraud/suspected fraud.” It does not seek to modify the statutory provisions under Section 143(12) and Rule 13 of the Companies (Audit and Auditors) Rules 2014 by adding a new requirement besides what those statutory provisions lay down.

## ICAI GUIDANCE NOTE

The Institute of Chartered Accountants of India has issued a Guidance Note on Reporting of fraud under Section 143(12) of the Act and Rule 13 of the Audit Rules. The following paragraphs of the Guidance Note are relevant in the present circumstances.

- Paragraph 47 of the Guidance Note technically explains the meaning of the terms “reason to believe”, “knowledge” and “suspected offence involving fraud” used in Section 143(12) read with Rule 13.
- Paragraph 48 of the Guidance Note clarifies that based on a harmonious reading of Section 143(12) and Rule 13, reporting on fraud in the course of performance of duties as auditor, would be applicable only when the auditor has reason to believe and has knowledge that a fraud has occurred or is occurring i.e., when the auditor has evidence that a fraud exists.
- Paragraph 90 of the Guidance Note clarifies that when a fraud involving an amount above the specified threshold is reported by the auditor to the Board or Audit Committee, they are required to evaluate the matter, where applicable, and take appropriate action, including, where required an investigation/forensic audit conducted either by appropriate internal specialists of the company or external specialists/experts and respond to the auditor within 45 days of their communication.
- Paragraph 96 of the Guidance Note requires the auditor to evaluate the response of the Board or Audit Committee.

<sup>11</sup> *Madanlal Fakirchand Dudhediya v Shree Changdeo Sugar Mills Ltd AIR 1962 SC 1543*

<sup>12</sup> *Kanailal Sur v. Paramnidhi Sadhu Khan AIR 1957 SC 907; State of Maharashtra v. Nanded Parbhani Z.L.B.M.V. Operator Sangh 2000 AIR SCW 261.*

<sup>13</sup> *Madanlal Fakirchand Dudhediya v Shree Changdeo Sugar Milla Ltd [1958] 28 Comp Cas 312 (Bom).*

<sup>14</sup> *Maxwell on the Interpretation of Statutes, 12<sup>th</sup> edn, page 33*

<sup>15</sup> *State of Maharashtra v. Nanded Parbhani Z.L.B.M.V. Operator Sangh 2000 AIR SCW 261.*



- Paragraph 98 of the Guidance Note provides that where the Board or the Audit Committee has provided its reply on the basis of an investigation/forensic audit, the auditor is not expected to re-perform or carry out an independent investigation/audit of the same. The auditor is only expected to review the process followed by investigation/forensic audit to gain comfort on the scope, period covered, persons covered, information gathered, scope exclusions, reasonableness of the amounts involved and the competence of the expert conducting the competence, experience and seniority of the persons who have conducted the investigation/forensic audit.
- Paragraph 100 of the Guidance Note provides that pursuant to the reply of the company disagreeing with the initial belief of the auditor that a suspected offence involving fraud is being or has been committed, if the auditor is convinced that his initial suspicion was incorrect, the need for reporting the matter to the Central Government would not be applicable.

The Guidance Note suggests that when the auditor reports any matter or issue concerning fraud to the Board or the Audit Committee seeking their reply or observations, it is only an initial belief of the auditor regarding a suspected offence. The Guidance Note has introduced an element of natural justice so as to ensure that a reply given by the Board or Audit Committee is properly considered by the auditor before he decides to report the matter to the Central Government. Where the auditor is satisfied with the response given by the Board or Audit Committee, it necessarily follows that the initial opinion of the auditor was not justified and there is no reason for the auditor believe or claim knowledge of a suspected fraud that would attract reporting under Section 143(12) of the Act read with Rule 13 of the Audit Rules to the Central Government. We believe that the Guidance Note correctly and harmoniously interprets the statutory provisions in light of principles of natural justice (which are followed under Indian law in accordance with common law principles) and if the special forensic audit takes a different view of the matter, the statutory auditor India is expected to follow the forensic report, and statutory auditor will then not be required to report the matter to the Central Government.

The provisions of Paragraph 98 of the Guidance Note are particularly relevant. We believe that in cases where on receipt of an initial notice from the auditor, the Board decides to provide its reply on the basis of an investigation/forensic audit, the auditor is not expected to re-perform or carry out an independent investigation/forensic audit to validate the report of the forensic accountant. The auditor is only expected to review the process followed by the forensic accountant i.e. to gain comfort on the scope, the period covered, the persons covered, information gathered/information gathered, scope exclusions, reasonableness of the amounts involved and the competence of the expert conducting the competence, experience and seniority of the persons who have conducted the investigation/forensic audit. It would appear that any other approach would necessarily cause the auditor to lose objectivity. Moreover, the auditor is not an investigating agency and where a specialized investigating agency has been appointed, an auditor will not be justified in substituting his own opinion for that of the specialized agency, so long as the process followed is properly undertaken by forensic auditors of competence, experience, independence, objectivity and seniority.

### **PENALTY FOR NON-COMPLIANCE**

Subsection (15) of Section 143 provides that if any auditor, cost accountant, or company secretary in practice does not comply with the provisions of sub-section (12), he shall,—

- (a) In case of a listed company, be liable to a penalty of five lakh rupees; and
- (b) In case of any other company, be liable to a penalty of one lakh rupees.

This provision does not make the non-compliance an offence punishable with fine and/or imprisonment; rather it makes the non-compliance subject to penalty on adjudication under section 454 of the Act. Of course, any disciplinary action by the respective Institute of which the person is a member may subject him/her to disciplinary action according to the applicable provisions.





# CS in MSMEs: Catalysing Corporate Governance at All Levels

There are 633.88 lakh MSMEs in total and 608.41 lakh MSMEs were proprietary concerns. Men predominated in proprietary MSME ownership which resulted in male holdings of 79.56% of micro businesses, 94.74% for small businesses and 97.63% for medium businesses. On the other hand, female ownership is 20.44% for micro businesses, 5.26% for small businesses and 2.77% for medium businesses. There was no discernible divergence from this pattern in both urban and rural areas. While in urban areas, the prevalence of male-owned businesses was slightly higher than in rural areas. The MSME sector is a nursery of entrepreneurship. The sector is expected to experience robust growth, characterized by the establishment of numerous enterprises.



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- Individuals, startups, business owners, and entrepreneurs,
- Private and public limited companies,
- Sole proprietorship,
- Partnership firm,
- Limited Liability Partnerships (LLPs),
- Self Help Groups (SHGs),
- Co-operative societies,
- Trusts.

There are about 633.88 lakh MSMEs in India, out of which over 99% of total MSMEs qualify as micro-enterprises that make up to 630.5 lakh enterprises. There are a total of 3.3 lakh businesses that qualify as small businesses i.e. 0.5% of all MSMEs and just 0.05 lakh qualify as medium businesses that sum of 0.01% of all MSMEs. The rural areas majorly consist of 324.9 lakh businesses, while urban areas have 309 lakh businesses.

There are 633.88 lakh MSMEs in total and 608.41 lakh MSMEs were proprietary concerns. Men predominated in proprietary MSME ownership which resulted in male holdings of 79.56% of micro businesses, 94.74% for small businesses and 97.63% for medium businesses. On the other hand, female ownership is 20.44% for micro businesses, 5.26% for small businesses and 2.77% for medium businesses.

There was no discernible divergence from this pattern in both urban and rural areas. While in urban areas, the prevalence of male-owned businesses was slightly higher than in rural areas.

The MSME sector is a nursery of entrepreneurship. The sector is expected to experience robust growth, characterized by the establishment of numerous enterprises that will upscale into small and medium-sized enterprises (SMEs).

## INTRODUCTION

### MSMEs IN INDIA

All manufacturing, service industries, wholesale, and retail trade that fulfil the revised MSME classification criteria of annual turnover and investment can apply for MSME registration. Thus, the MSME registration eligibility depends on an entity's annual turnover and investment. The following entities are eligible for MSME registration:

The MSME sector's transition from being predominantly unorganized to more organized will be a positive development, significantly contributing to overall economic stability and growth. This transition will lead to better regulatory compliance, improved access to finance, enhanced operational efficiencies, and greater competitiveness in both domestic and international markets.

To enhance the growth, development and competitiveness of MSMEs the Govt has launched various schemes.

Name of the Schemes	Brief description
Prime Minister's Employment Generation Programme (PMEGP):	Provides financial assistance for setting up new enterprises in rural and urban areas.
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	Offers credit guarantees to banks for collateral-free loans to MSMEs.
Micro and Small Enterprises - Cluster Development Programme (MSE-CDP)	Aims at enhancing the productivity and competitiveness of MSMEs by developing clusters.
Technology Upgradation Fund Scheme (TUFSS):	Supports MSMEs in upgrading their technology to improve productivity and quality.
Startup India:	Provides various benefits including tax exemptions, easier compliance, and financial support for startups, many of which fall under the MSME category.

However, there are Challenges in Implementation of these schemes:

- **Awareness and Outreach:** Ensuring that information about schemes reaches all potential beneficiaries, especially in remote areas.
- **Complex Procedures:** Simplifying application and approval processes to make them more user-friendly.
- **Monitoring:** Effectively tracking the use of funds and the impact of schemes.
- **Capacity Building:** Enhancing the capabilities of implementing agencies and beneficiaries.

Absolutely, the MSME (Micro, Small, and Medium Enterprises) landscape in India has been a cornerstone of the economy, and its growth path is indeed noteworthy. As we look ahead to 2024, several trends are likely to shape the future of this vital sector.

- It's impressive to see how sustainability has become a core focus for MSMEs, not just as a regulatory requirement but as a strategic business decision. By integrating eco-friendly practices, businesses can not only reduce costs but also appeal to a growing segment of environmentally conscious consumers.

- The e-commerce explosion presents a significant opportunity for MSMEs to expand their market reach. However, success in this realm requires more than just a digital presence; it necessitates a strategic approach to digital marketing and logistics management to thrive in the competitive online marketplace.
- Technological advancements, particularly in AI, automation, and cloud computing, are indeed vital for enhancing efficiency and productivity in MSME operations. These tools enable businesses to streamline processes and manage data more effectively, translating into tangible cost savings and competitive advantages.
- The emergence of alternative funding models like digital lending, coupled with government initiatives to simplify loan processes and improve financial literacy, is crucial for bridging the financial gap for MSMEs, especially in rural and underrepresented communities. This shift toward more inclusive financial solutions holds significant promise for empowering entrepreneurs and driving economic growth.
- As MSMEs increasingly look to global markets, understanding cultural nuances and conducting thorough market research are essential for success in international trade. Leveraging cross-border e-commerce platforms can provide valuable access to a global customer base.
- Adapting to the evolving workforce dynamics, including remote work and hybrid models, is key for MSMEs to remain competitive and attract top talent. Investing in skill development and fostering inclusive work environments will be critical in this regard.
- Government initiatives like "Make in India" and "Self-reliant India" play a pivotal role in fostering MSME development. Clarity in policies, regulatory reforms, and public-private partnerships are essential to creating an enabling environment for MSMEs to thrive. Collaborative efforts between organizations like Global Alliance for Mass Entrepreneurship (GAME) and government bodies are instrumental in driving inclusive growth and realizing the full potential of these initiatives.

The Company Secretaries are essential to the corporate structure, acting as the conscience keepers of the corporate sector. They ensure legal compliance, facilitate effective communication among stakeholders, provide crucial guidance to the board, and uphold robust governance practices within the company. Their role is fundamental to maintaining the integrity and smooth functioning of the corporate governance framework.

A Company Secretary (CS) in India is a qualified professional recognized as a Key Managerial Personnel (KMP) under the Companies Act, 2013. These professionals are members of the Institute of Company Secretaries of India (ICSI), a statutory body tasked with the promotion, regulation, and development of

the Company Secretaries profession. As KMPs, CS professionals hold senior-level management positions and an integral part to the corporate governance framework of a company.

CS Professionals act as a vital link between the company’s Board of Directors, shareholders, and regulatory authorities, the CS facilitates effective communication and ensures that stakeholders are well-informed.

In a rapidly changing economy and industrial environment, the role of a Company Secretary (CS) in India has undergone significant transformation over the last three decades. The increasing emphasis on corporate governance and ethical business practices has expanded the responsibilities and influence of CS professionals, making them indispensable to modern corporate management.

In summary, the role of Company Secretaries has evolved from traditional compliance and governance duties to encompass strategic leadership and change facilitation. They are now central figures in ensuring that companies not only comply with legal requirements but also pursue sustainable growth and ethical business practices. The expanded scope and increased responsibilities under recent legislative changes underscore the critical importance of CS professionals in the modern corporate landscape.

**Evolution and Expansion of the Company Secretary’s major Role:**

Sr. No.	Particulars	Descriptions
1	Vigilant Stakeholder Compliance	Stakeholders are increasingly vigilant about compliance, making it essential for CS professionals to meet these expectations rigorously and consistently.
2	Broader Professional Dimensions	From being traditional conscience keepers, CS professionals have evolved into compliance officers, governance experts, advisors, and strategists. They now play a pivotal role in guiding corporate growth and ensuring sustainable practices.
3	Leadership and Change Facilitation	Modern CS professionals act as facilitators for change, helping decision-makers set strategic directions that aim for excellence. Their leadership is crucial in navigating the complex regulatory and economic landscapes.

4	Enhanced Responsibilities under New Legislation	The Companies Act, 2013, and the Insolvency and Bankruptcy Code, 2016, have significantly increased the responsibilities of CS professionals. They are now more accountable for ensuring strict legal compliance and addressing any issues related to law evasion and financial misrepresentation. The government’s focus on stringent compliance measures and actions against shell companies has further heightened the role of CS professionals.
5	Strategic Involvement and Governance	CS professionals are now integral to top management decision-making processes. They help frame and implement operational structures and policies, ensuring that the company’s activities align with corporate governance requirements and best practices.
6	Coordinator Role	CS professionals serve as coordinators in the administration of a company’s business and affairs. They ensure the effective execution and implementation of management policies set by the Board. The role extends both internally, involving coordination with the Board, Chairman, Managing Director, and auditors, and externally, managing relationships with shareholders, regulators, and the government.

The role of CS professionals continues to expand, encompassing a variety of specialized tasks, including Indian Companies Act, Trademarks Act, Income Tax Act, Goods and Services Tax Act, Securities and Exchange Board of India Act, Securities Contracts (Regulation) Act, Competitions Act, Real Estate (Regulation and Development) Act, Foreign Exchange Management Act, Consumer Protection Act, Depositories Act, Environment and Pollution Control Laws, Labour and Industrial Laws, Co-operative Societies Act, Copyrights Act, Designs Act, Patent Laws, Food Safety and Standards Act, Legal Metrology Act, Arbitration and Conciliation Act and many other local as well as international laws.

The role of a Company Secretary has significantly evolved, becoming more comprehensive and integral to the success and governance of corporations. CS professionals are now strategic leaders and coordinators, ensuring that companies navigate regulatory complexities while fostering sustainable growth and ethical business

practices. Their expanding responsibilities underscore their critical importance in the modern corporate world.

## EXPANDED ROLES AND RESPONSIBILITIES OF COMPANY SECRETARIES EVOLVES AROUND THE

### a) Strategic Leadership

- **Business Strategy:** Company Secretaries are increasingly involved in shaping business strategies, advising on mergers, acquisitions, and other growth initiatives.
- **Risk Management:** They identify potential risks and develop strategies to mitigate them, ensuring the company's long-term stability and growth.

### b) Governance and Compliance

- **Regulatory Adherence:** Ensuring that the company complies with all relevant laws and regulations, thus avoiding legal pitfalls.
- **Corporate Governance:** Implementing and maintaining robust governance frameworks that promote transparency, accountability, and ethical behavior within the organization.

### c) Sustainable Growth

- **CSR and Sustainability:** Leading corporate Social Responsibility (CSR) initiatives and promoting sustainable business practices that align with global standards and contribute to long-term success.
- **Stakeholder Engagement:** Facilitating effective communication and engagement with stakeholders, including investors, regulators, and the community, to build trust and support.

### d) Ethical Business Practices

- **Code of Conduct:** Developing and enforcing a code of conduct that guides the ethical behavior of the company's employees and management.
- **Whistleblower Policies:** Establishing mechanisms for reporting unethical behavior and ensuring that such reports are handled appropriately.

### e) Coordination and Communication

- **Board Coordination:** Organizing and documenting Board meetings, ensuring that decisions are well-recorded and implemented.
- **Interdepartmental Liaison:** Acting as a bridge between different departments to ensure cohesive and efficient operations.

Company Secretaries serve as key advisors to the board and management on matters of corporate governance. They guide MSMEs in establishing robust governance structures, defining roles and responsibilities, and setting up effective internal controls. This helps in fostering a culture of accountability and ethical business practices.

### f) Training and Development

- **Employee Education:** Organizing training programs to educate employees on regulatory changes, compliance requirements, and ethical standards.
- **Leadership Development:** Facilitating leadership development programs to build a strong pipeline of future leaders.

### g) Technology Integration

- **Digital Transformation:** Leading digital transformation initiatives to improve operational efficiencies and governance practices through technology.
- **Data Management:** Ensuring robust data management and cybersecurity practices to protect sensitive information.

### h) Global Operations

- **International Compliance:** Managing compliance with international regulations and standards, especially for companies operating across multiple jurisdictions.
- **Cross-border Transactions:** Advising on cross-border transactions and ensuring compliance with relevant laws and regulations.

The expanding role of Company Secretaries reflects their critical importance in the modern corporate world. Their expertise not only ensures regulatory compliance and effective governance but also supports strategic growth and the implementation of sustainable and ethical business practices. By fulfilling these multifaceted roles, Company Secretaries contribute significantly to the stability, reputation, and overall success of their organizations.

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively

lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.

Addressing the Udyami Bharat Programme in New Delhi, Hon'ble PM said the Micro, Small and Medium Enterprises (MSME) sector accounts for almost one third of India's economy and it has a very important role in India's growth journey. He added that for the government MSME means Maximum Support to Micro Small and Medium Enterprises and said a self-reliant fund of 50 thousand crore rupees has been released for the sector.

Micro, Small, and Medium Enterprises (MSMEs) are crucial for economic growth, especially in developing economies. Governments often introduce various schemes to support the growth and development of MSMEs. Here's an overview of how these schemes are typically implemented:



Sr.No.	Broader Headings	Particulars	Description
1	Identification of Needs	Assessment and Surveys	Conducting surveys and assessments to identify the needs and challenges faced by MSMEs.
		Consultations:	Engaging with stakeholders including MSME owners, industry associations, and experts to gather insights.
2	Designing the Scheme	Objective Setting:	Defining clear objectives for the scheme, such as access to finance, technological upgrades, skill development, market access, etc.
		Policy Formulation	Drafting policies and guidelines that outline the scope, eligibility criteria, benefits, and
3	Implementation strategies.	Approval and Budget Allocation	Government Approval: Obtaining necessary approvals from relevant government bodies or ministries.
		Budget Allocation	Securing financial resources through budgetary allocations.
4	Implementation Mechanism	Implementation Agency	Designating specific agencies or departments to implement the scheme. This could include ministries, state-level agencies, or dedicated institutions like SIDBI (Small Industries Development Bank of India).
		Collaboration:	Partnering with banks, financial institutions, training institutes, and other stakeholders for smooth execution.
5	Awareness and Outreach	Information Dissemination	Using media, workshops, seminars, and digital platforms to spread awareness about the scheme.
		Capacity Building	Training local bodies, officials, and partners involved in the implementation.
6	Application and Enrolment	Online Portals:	Setting up online portals for easy application and tracking.
		Simplified Procedures:	Ensuring the application process is straightforward with minimal paperwork.
		Helpdesks	Establishing helpdesks and support centers for assistance. Monitoring and Evaluation.
		Regular Monitoring:	Setting up a monitoring framework to track the progress and effectiveness of the scheme.
		Feedback Mechanism	Collecting feedback from beneficiaries to identify areas of improvement.
		Impact Assessment	Conducting periodic impact assessments to evaluate the outcomes and make necessary adjustments.

Implementing MSME schemes involves a multi-faceted approach that includes identifying needs, designing appropriate policies, securing funding, raising awareness, and setting up robust monitoring mechanisms. By addressing the challenges and leveraging technology, the effectiveness of these schemes can be significantly improved, fostering the growth and sustainability of MSMEs.

## COMPANY SECRETARIES PLAY A CRUCIAL ROLE IN THIS TRANSITION BY PROVIDING THE FOLLOWING ADVISORY SERVICES TO MSMEs

Corporate governance in Micro, Small, and Medium Enterprises (MSMEs) is crucial for ensuring transparency, accountability, and sustainable growth. Corporate governance frameworks help MSMEs build trust with stakeholders, attract investment, and enhance their operational efficiency. Here's how Company Secretaries (CS) can play a pivotal role in catalyzing corporate governance at all levels within MSMEs:

### 1. Regulatory Compliance

Company Secretaries ensure that MSMEs comply with relevant laws and regulations. This includes filing necessary documentation, adhering to statutory requirements, and staying updated with changes in the regulatory environment. By ensuring compliance, CS help MSMEs avoid legal pitfalls and penalties.

### 2. Board and Management Advisory

CS serve as key advisors to the Board and management on matters of corporate governance. They guide MSMEs in establishing robust governance structures, defining roles and responsibilities, and setting up effective internal controls. This helps in fostering a culture of accountability and ethical business practices.

### 3. Facilitating Transparent Decision-Making

CS facilitate transparent decision-making processes within MSMEs by ensuring proper documentation of Board Meetings, decisions, and policies. This transparency is crucial for building stakeholder trust and ensuring that decisions are made in the best interest of the company.

### 4. Risk Management

Company Secretaries help MSMEs to identify and mitigate risks through the development of risk management frameworks. They ensure that MSMEs have strategies in place to handle financial, operational, and reputational risks, which is essential for long-term sustainability.

### 5. Corporate Social Responsibility (CSR)

Even though MSMEs may not be mandated to engage in CSR activities like larger corporations, CS can encourage them to adopt sustainable and ethical practices. This can enhance their reputation and align their operations with broader societal goals.

### 6. Training and Development

CS play a role in training and developing the management and employees of MSMEs on corporate governance practices. They conduct workshops, seminars, and training sessions to educate staff about the importance of governance, ethical practices, and compliance.

### 7. Stakeholder Engagement

Effective stakeholder engagement is key to good corporate governance. CS help MSMEs communicate effectively with stakeholders, including investors, employees, customers, and regulatory bodies. This ensures that the interests of all parties are considered in the decision-making process.

### 8. Enhancing Financial Management

Good corporate governance practices often lead to better financial management. CS help MSMEs implement financial controls, audit mechanisms, and reporting systems that enhance financial transparency and integrity.

### 9. Succession Planning

CS assist MSMEs in developing succession plans to ensure business continuity. This involves identifying and grooming future leaders within the organization and establishing protocols for smooth transitions.


### 10. Ethical Conduct and Corporate Culture

Company Secretaries help instill a culture of ethical conduct within MSMEs. They develop codes of conduct, whistleblower policies, and other ethical guidelines that promote integrity and responsible business practices.

The role of Company Secretaries in catalyzing corporate governance in MSMEs is multifaceted and vital. By embedding good governance practices, CS help MSMEs to navigate regulatory complexities, build stakeholder trust, and achieve sustainable growth. This, in turn, contributes to the overall health and competitiveness of the economy.

By fulfilling these roles, Company Secretaries not only help MSMEs to navigate the complexities of the business environment but also position them for sustainable growth and enhanced economic contribution. Their expertise is crucial in transforming MSMEs into more organized, efficient, and competitive entities.

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# Company Secretaries as Arbitrators

A Company Secretary in practice is typically a qualified professional working independently, providing advice and support to his clients on a wide range of corporate governance and compliances issue. He may work for a law firm, an accounting firm or as an independent consultant. He is responsible for ensuring that his client companies comply with relevant laws and regulations including the Companies Act, the SEBI, RBI and other laws etc.



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## INTRODUCTION

### COMPANY SECRETARY

**A** Company Secretary is an individual who has qualified for the examinations and completed the required practical and theoretical sessions conducted by the Institute of Company Secretaries of India ('ICSI' for short), a body of registered Company Secretaries founded in 1980. Every Indian company, public or private, with paid up capitals of at least Rs. 10 crore or greater or listed its securities on the stock market needs a full-time Company Secretary who handles legal obligations related to the company.

A Company Secretary may be either in employment or in practice. The Company Secretary in full time in employment is required to perform the following activities, in general-

- Planning and facilitating Board of Director meetings;
- Acting as Registrar for a Company;
- Guiding the formation of new companies, mergers of companies, and liquidations of companies;
- Administration-related tasks as Chief Administration officer;
- Managing secretarial assignments as principal secretary;
- Adhering to regulations on various legal issues;
- Reviewing guidelines on accountancy and audit as Corporate Planner;

- Representing the Company before Registrar of Companies, SEBI, Stock Exchange, etc.;
- Representing the Company in issues related to arbitration.

He is responsible for ensuring that the company, in which he is working, complies with legal and regulatory requirements within the stipulated time. He plays a vital role in the company's compliance with various laws and regulations, including Companies Act, various SEBI regulations, circulars, notifications, etc.. He also assists the company in managing its relationships with stakeholders, such as shareholders, regulators and others.

A Company Secretary in practice is typically a qualified professional working independently, providing advice and support to his clients on a wide range of corporate governance and compliances issue. He may work for a law firm, an accounting firm or as an independent consultant. He is responsible for ensuring that his client companies comply with relevant laws and regulations including the Companies Act, the SEBI, RBI and other laws etc. Some of the key areas for practicing Company Secretary are given below-

- Assisting with the creation and registration of companies, along with associated tasks;
- Acting as a representative for companies and individuals in dealings with the Tribunal;
- Managing corporate restructuring and takeover procedures;
- Overseeing the rehabilitation and revival processes for struggling companies;
- Offering professional support to company liquidators;
- Conducting secretarial audits and providing certification services;
- Signing off on the annual return;
- Pre-certifying and electronically filing different e-forms as may be required.

The importance of Company Secretaries in practical business operations has been steadily increasing, primarily due to the evolving legal landscape and the need for regulatory compliance. Arbitration is one among the areas for the practicing Company Secretary, to provide services.

Arbitrators are appointed by or on behalf of the parties in disputes. Arbitrators have to decide a dispute that has been referred to in the agreement. Arbitration is conducted in accordance with the terms of the parties' arbitration agreement. Arbitrators are usually used to resolve financial or contractual commercial disputes, international or cross-border commercial disputes, sports disputes, such as appeals against disciplinary sanctions or player eligibility, life science matters, in research and development agreements, maritime or shipping disputes and still many more areas.

## ARBITRATION

Arbitration is one among the Alternative Disputes Resolution methods. The need for arbitration is-

- Less time consuming and faster resolution;
- Cost effective and efficient – The parties to the arbitration proceedings can decide the fee of the arbitrator(s) appointed by them as per the prevailing agreement;
- Interaction with each other and hearing their concerns directly from them, helps parties in maintaining future business relations even if one of the parties loses;
- Autonomy to decide on the procedural aspects of the mechanism and hence, it's convenient;
- Choice of Decision Maker (Arbitrator) and option to appoint experts on the subject matter for better adjudication and settlement of disputes;
- Strict rules of CPC and Evidence Act are not required to be followed, the Arbitrator is free to frame his own procedure to conduct arbitration proceedings;
- Arbitration is consensual process and collaborative approach.

As Arbitration is flexible, inexpensive, confidential, fair and final, Arbitration is distinguished from other dispute resolution mechanisms. Arbitrators are appointed by or on behalf of the parties in disputes. Arbitrators have to decide a dispute that has been referred to in the agreement. Arbitration is conducted in accordance with the terms of the parties' arbitration agreement. Arbitrators are usually used to resolve financial or contractual commercial disputes, international or cross-border commercial disputes, sports disputes, such as appeals against disciplinary sanctions or player eligibility, life science matters, in research and development agreements, maritime or shipping disputes and still many more areas.

## HISTORY OF ARBITRATION IN INDIA

India has a rich historical back ground over 2000 years. India has a long history, where people often voluntarily submitted their disputes to a group of wise men of a community called the Panchayats for a binding resolution.

- Indian Arbitration Act, 1899 – The first law in India limited to Presidency Town of Bombay, Calcutta and Madras.
- Civil Procedure Code, 1908 – Arbitration was codified in this Act. These provisions are extended to various parts of British India.
- The Arbitration Act, 1940 – This Act was enacted with effect from 01.07.1940 repealing the previous two acts viz., Indian Arbitration Act, 1899 and Civil Procedure Code, 1908. In this act the arbitration award can be enforced only after the award is made as a decree by filing a petition before the Civil Court, having jurisdiction.
- The Arbitration and Conciliation Act, 1996 – This Act was enacted with an aim and objective to give effect to UNCITRAL. The said Act was amended during the years 2015, 2019 and 2021. This Act provides that the award by the Arbitrator amounts to a decree.

## QUALIFICATIONS OF ARBITRATORS

Initially there is no qualification that has been prescribed for the appointment of arbitrator. According to Section 11(1) of the Act a person of any nationality can be appointed as arbitrator. Section 11(2) of the Act provides that the parties to the arbitration agreement are free to agree on a procedure for the appointment of an arbitrator. Section 11(6) of the Act provides that where, parties or the appointed arbitrators (including arbitral institutions) fails to reach an agreement expected or fails to perform any function entrusted upon them or in their procedure, the appointment shall be made by-

- Arbitral Institution designated by supreme court, in case of international commercial arbitration;
- High Court, in case of arbitrations other than international commercial arbitration.

In '**Krishna Kumar v. Union of India**' - 1959 AIR 1390, the Supreme Court held that the Chief Justice is not strictly bound to appoint an Arbitrator who must have a qualification as agreed upon between the parties, and therefore, if the Arbitrator appointed by the Hon'ble Chief Justice does not have the qualification, his appointment would not be rendered invalid.

Section 43J of the Act (after amendment during 2019) prescribed the qualifications, experience and norms for arbitrators as specified in the Eighth Schedule. The Central Government may, after consultation with the Council, by notification in the Official Gazette, amend the Eighth Schedule and thereupon, the Eighth Schedule shall be deemed to have been amended accordingly.



Schedule 8 provides that a person shall not be qualified to be an arbitrator unless he—

- (i) is an advocate within the meaning of the Advocates Act, 1961 having ten years of practice experience as an advocate; or
- (ii) is a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 having ten years of practice experience as a Chartered Accountant; or
- (iii) is a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 having ten years of practice experience as a Cost Accountant; or
- (iv) is a Company Secretary within the meaning of the Company Secretaries Act, 1980 having ten years of practice experience as a Company Secretary; or
- (v) has been an officer of the Indian Legal Service;
- (vi) has been an officer with law degree having ten years of experience in the legal matters in the Government, Autonomous Body, Public Sector Undertaking or at a senior level managerial position in private sector; or
- (vii) has been an officer with law degree having ten years of experience in the legal matters in the Government, Autonomous Body, Public Sector Undertaking or at a senior level managerial position in private sector; or
- (viii) has been an officer having senior level experience of administration in the Central Government or State Government or having experience of senior level management of a Public Sector Undertaking or a Government company or a private company of repute;
- (ix) is a person, in any other case, having educational qualification at degree level with ten years of experience in scientific or technical stream in the fields of telecom, information technology, Intellectual Property Rights or other specialized areas in the Government, Autonomous Body, Public Sector Undertaking or a senior level managerial position in a private sector, as the case may be.

According to this schedule a PCS, having 10 years of experience can be appointed as arbitrator. But this schedule has been omitted vide amendment Act, 2021. It is hoped that the Central Government would give effect to the provisions of Schedule 8 to the Act.

Having legal background and on the enormous experience under the various Act applicable to the corporate entities the Company Secretary in employment can appear before the Arbitrator and do all the related work. The Practising Company Secretary can be appointed as arbitrator if the parties to the agreement agree for the same. Even otherwise the Practising Company Secretary may act for the benefit of the company in the arbitration proceedings.

The indirect tax laws, Companies Act, 2013, Competition Act, 2002 etc., authorize practicing Company Secretaries before the Tribunals constituted under the above said

Acts. Now the practicing Secretaries having eligible years of practice are entitled to be appointed as Technical Member of the Tribunal.

## CONTRIBUTION OF PCS IN ARBITRATION PROCEEDINGS

A practicing Company Secretary being corporate legal experts and exposed to various facets of law and the management can-

- Formulate a better strategy in arbitral procedure;
- Possess domain expertise and ethical values with a code of conduct;
- Assist compliance required under arbitration, process documentation, advising on procedural aspects etc.;
- Act as arbitrators, conciliators and mediators in resolution of business and commercial disputes;
- Represent clients before the arbitral tribunals and assist in a reaching a win-win situation;
- Advise on conflict resolution and dispute management to save time, cost and cordial business relationship;
- Enhance satisfaction level of parties by encouraging and helping them to find practical solutions to their disputes; and
- ADR advocacy to empower society, avoid litigation and reducing the burden of judiciary.

The Association for International Arbitration (AIA), International Chamber of Commerce (ICC) and London Court of International Arbitration (LCIA) all offer many opportunities. However, when pursuing a career in arbitration the main thing to demonstrate is an interest in the relevant area. General dispute resolution experience is also valuable. Some of them include Investment Arbitration, Securities Arbitration, Commodity Arbitration, IP Arbitration, Domain Name Disputes Arbitration, Space Arbitration, Agriculture Arbitration, Sports Arbitration.

A Company Secretary is definitely specialized in arbitration matters particularly those connected with breach of contracts, insurance claims, loss of profit, securities fraud, Commercial disputes, rights of properties, Lease transactions, etc. and represent their clients in Arbitration Proceedings.

## EMPANELMENT

- In order to create an independent autonomous regime for institutional arbitration, there are several leading arbitral Institutions in India, which, provides services of institutional arbitration, for domestic and international dispute.
- These arbitral institutions have their own rules or governed by the rules based on of UNCITRAL Legal framework.



- Company Secretaries, who are interested in taking up arbitration may enroll with such arbitral institutions as an empaneled member or as an expert and provide their service.

### CONTRIBUTION BY INSTITUTE

The ICSI conducted various programs on arbitration for the benefit of the members. It also brought a 'Handbook on arbitration' - A practical guide for Professionals, during the year 2022 which deals 'A to Z' of arbitration.

The ICSI CCGRT-Hyderabad, Madhyastha Ek Vikalp: Professional Training on Commercial Arbitration is organized with the objective to upgrade the professional competencies of members and other professionals in the area of arbitration by undertaking training, and certificate programs. Since the first program in 2019 till date the Centre has successfully conducted 6 Basic Online Certificate Programs on Commercial Arbitration for knowledge enhancement and 4 Residential Advanced Simulation Training Program on Commercial Arbitration for skill building of CS Students, ICSI Members and other professionals. Till date more than 1200 participants from different parts of the Country have participated and successfully completed the programs.

With the intent to facilitate Arbitration, Mediation and Conciliation at National and International level, the ICSI established its first ICSI International ADR Centre at Noida (U.P.) to promote Alternate Dispute Resolution (ADR) methods including Mediation, Conciliation and Arbitration to assist and educate all sections of

Society, Individuals, Corporates, Firms, Institutions and Establishments (Local or international).

### CONCLUSION

Now the practicing Company Secretaries, in addition to their existing practice, move to the judiciary in appearing before the National Company Law Tribunal, National Company Law Appellate Tribunal, Competition Tribunal etc. The implementation of insolvency laws also thrust them to move to the judiciary. Arbitration is one form the same. It is hoped that the Practising Company Secretaries will excel in arbitration proceedings in future. The ICSI will tender its helping hands for the development of Practising Company Secretaries in all the fields including arbitration.

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# CS as Arbitrators: Moving to the Judicial Side

Company Secretaries are trained to maintain impartiality and confidentiality – key attributes for an effective arbitrator. Their role in a company inherently involves balancing various interests and ensuring that all actions comply with legal and ethical standards. This impartiality is crucial in arbitration, where unbiased decision-making is paramount. Their expertise in maintaining confidentiality further enhances their suitability, as arbitration proceedings often involve sensitive corporate information that needs to be protected from public disclosure.



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## INTRODUCTION

In the dynamic world of corporate governance and compliance, the role of a Company Secretary (CS) is continuously evolving. Traditionally seen as guardians of corporate compliance and governance, Company Secretaries are now expanding their horizons into the realm of arbitration, stepping into roles that blend their expertise in law, ethics, and corporate affairs. This shift is not just a natural progression but a necessary adaptation to the complexities of modern business disputes.

Arbitration, an alternative dispute resolution method, has gained prominence due to its efficiency, confidentiality, and flexibility compared to traditional court litigation. It involves the resolution of disputes outside the courts, where the parties to a conflict agree to be bound by the decision of an impartial arbitrator. This method is particularly beneficial in the corporate world, where swift and discreet resolutions are often preferred. Here, Company Secretaries are finding their niche, leveraging their deep understanding of corporate laws and governance.

Company Secretaries are trained to maintain impartiality and confidentiality – key attributes for an effective arbitrator. Their role in a company inherently involves balancing various interests and ensuring that all actions comply with legal and ethical standards. This impartiality is crucial in arbitration, where unbiased decision-making is paramount. Their expertise in maintaining confidentiality further enhances their suitability, as arbitration proceedings often involve sensitive corporate information that needs to be protected from public disclosure.

But it doesn't stop there. Recognizing the latent potential within the CS community, the Institute of Company Secretaries of India (ICSI) has taken proactive steps. Picture this: specialized training programs, akin to honing the skills of legal ninjas, are being crafted and delivered. These programs are not just about skimming through legal jargon; they're about equipping CS with the necessary tools and techniques to navigate the intricate terrain of arbitration with finesse.

In addition to their legal and regulatory expertise, Company Secretaries bring a practical perspective to arbitration. Their day-to-day involvement in corporate governance issues means they understand the practical implications of business decisions and disputes. This practical insight can lead to more effective and pragmatic resolutions, aligning with the business realities of the disputing parties.

However, the transition from a traditional compliance role to a judicial one is not without challenges. Company Secretaries must continuously update their knowledge and skills to stay relevant in the arbitration landscape. This includes understanding the latest legal precedents, mastering negotiation techniques, and developing a deep understanding of arbitration procedures. Continuous professional development and a proactive approach to learning are essential in this regard.

The evolving role of Company Secretaries in arbitration represents a significant opportunity for these professionals to enhance their career prospects while contributing to more effective dispute resolution in the corporate sector. As they embrace this judicial side, Company Secretaries are not only expanding their professional boundaries but also reinforcing the importance of ethical governance and compliance in business. This evolution is a testament to their versatility and indispensability in the ever-changing corporate world.

## REGULATORY LANDSCAPE FOR COMPANY SECRETARIES IN ARBITRATION

The regulatory landscape for Company Secretaries (CS) in arbitration is shaped by a combination of statutory provisions, professional guidelines, and market practices. As professionals who are already well-versed in the complexities of corporate law and governance, Company Secretaries are increasingly recognized as suitable arbitrators in the business world. The legal framework in

India, particularly the Arbitration and Conciliation Act, 1996, plays a pivotal role in this context, alongside the initiatives taken by the Institute of Company Secretaries of India (ICSI).

Under this Act, arbitrators can be appointed by mutual agreement of the parties involved in the dispute. This flexibility allows for the appointment of professionals like Company Secretaries who possess the necessary expertise in corporate law and governance.

One practical example of a Company Secretary serving as an arbitrator can be seen in disputes related to shareholder agreements. Consider a scenario where a dispute arises between shareholders in a mid-sized company regarding the interpretation of certain clauses in their shareholder agreement. The shareholders decide to resolve the matter through arbitration rather than going to court. Given the complexity of the corporate governance issues involved, they agree to appoint a CS as the arbitrator. The CS, with their deep understanding of corporate structures, statutory requirements, and shareholder rights, is able to dissect the nuances of the agreement and deliver a balanced, legally sound decision.

In addition to statutory provisions and professional guidelines, market practices also influence the role of Company Secretaries in arbitration. There is a growing recognition in the corporate sector of the value that Company Secretaries bring to the arbitration process. Their dual expertise in law and business provides a unique perspective that can facilitate fair and pragmatic resolutions. Companies are increasingly including clauses in their contracts that specifically allow for the appointment of Company Secretaries as arbitrators in case of disputes.

However, this evolving role is not without its challenges. Company Secretaries must stay abreast of ongoing developments in arbitration law and practice. Continuous professional development is crucial, and so is gaining practical experience in arbitration proceedings. Networking with legal professionals and participating in arbitration forums can also enhance their capabilities and credibility as arbitrators.

## UNDERSTANDING THE ARBITRATION AND CONCILIATION ACT, 1996

The Arbitration and Conciliation Act, 1996, is a landmark piece of legislation in India that revolutionized the way disputes are resolved outside the traditional court system. This Act not only modernized the arbitration process in India but also aligned it with international standards, making India a more arbitration-friendly jurisdiction. Understanding this Act is crucial for professionals involved in dispute resolution, including Company Secretaries, legal practitioners, and business leaders.

One of the key features of the Arbitration and Conciliation Act, 1996, is its emphasis on party autonomy. This means that the parties involved in a dispute have significant

freedom to choose how they want their arbitration to be conducted. They can decide on the procedure, the rules to be followed, and even select the arbitrators. This flexibility is particularly beneficial for complex commercial disputes where specialized knowledge is required. For example, in a dispute involving intricate financial transactions, parties can appoint an arbitrator with expertise in finance, ensuring that the nuances of the case are properly understood and adjudicated.

A lesser-known fact about the Act is its provision for “fast track” arbitration. Introduced to speed up the resolution process, fast track arbitration allows parties to agree to a streamlined procedure with a shorter timeline. Under this provision, the dispute is decided, based on written submissions, with minimal or no oral hearings. The arbitrator is required to make an award within six months from the date, the tribunal is constituted. This feature is particularly advantageous for businesses seeking quick resolutions to their disputes, thereby saving time and resources.

The Act also incorporates provisions from the UNCITRAL (United Nations Commission on International Trade Law) Model Law on International Commercial Arbitration, which ensures that Indian arbitration laws are in harmony with global best practices. This alignment has made India a more attractive destination for international arbitration, encouraging foreign companies to include arbitration clauses in their contracts with Indian parties.

## NAVIGATING ARBITRATION: THE NEW FRONTIER FOR CS PROFESSIONALS

The role of Company Secretaries (CS) is evolving rapidly, and one of the most exciting new frontiers for these professionals is arbitration. As companies seek faster, more confidential ways to resolve disputes, arbitration has become a preferred method, offering an alternative to the lengthy and often public litigation process. For Company Secretaries, this shift represents a significant opportunity to leverage their expertise in corporate governance and legal compliance in a new and impactful way.

This method is particularly advantageous in the corporate world because it offers confidentiality, speed, and flexibility. Unlike court proceedings, which are public and can drag on for years, arbitration is private and can be tailored to fit the needs of the disputing parties. This is where Company Secretaries come in, equipped with the skills and knowledge to serve as effective arbitrators.

One unknown fact about arbitration is its historical roots. While arbitration might seem like a modern solution, it actually dates back thousands of years. Ancient civilizations, including those in Greece and Rome, used arbitration to resolve commercial disputes. In India, too, arbitration has a long history, with ancient texts describing how disputes were resolved by local elders or

community leaders. This historical context underscores the enduring value of arbitration as a tool for resolving conflicts.

For CS professionals, navigating this new frontier involves understanding both the legal framework and the practical applications of arbitration. The Arbitration and Conciliation Act, 1996, which governs arbitration in India, provides the necessary legal structure. This Act outlines the procedures for arbitration, including how arbitrators are appointed, the conduct of arbitration proceedings, and the enforcement of arbitral awards. It is crucial for Company Secretaries to familiarize themselves with these provisions to effectively serve as arbitrators.

A practical example of a CS professional excelling in arbitration can be found in the resolution of a complex merger dispute. Imagine two companies merging, only to face disagreements over the valuation of assets and the integration of management teams. Instead of a protracted legal battle, they opt for arbitration and appoint a CS as the arbitrator. The CS, drawing on their comprehensive understanding of corporate finance, governance, and compliance, facilitates a fair and efficient resolution. Their expertise ensures that the decision is grounded in sound corporate principles, satisfying both parties and preserving their business relationship.

Another lesser-known fact about arbitration is the concept of “arbitration-friendly” jurisdictions. Some regions actively promote themselves as ideal locations for arbitration due to their supportive legal frameworks, availability of skilled arbitrators, and established arbitration centres. Singapore, for example, has become a global hub for arbitration, with the Singapore International Arbitration Centre (SIAC) being highly regarded. Similarly, India is making strides to position itself as a favourable arbitration destination, with the Mumbai Centre for International Arbitration (MCIA) emerging as a key player.

As arbitrators, Company Secretaries are called upon to resolve disputes impartially and efficiently. Here, we explore the essential skills that make them effective in this role, while uncovering some lesser-known aspects of their capabilities.

### LEGAL PROFICIENCY AND KNOWLEDGE OF ARBITRATION LAW

A fundamental skill for any arbitrator is a deep understanding of the legal framework governing arbitration. For Company Secretaries, this includes proficiency in the Arbitration and Conciliation Act, 1996, which outlines the procedures and principles of arbitration in India. Beyond just knowing the law, CS professionals are adept at applying it in various contexts, ensuring that arbitration proceedings comply with statutory requirements. Their legal training also equips them to draft precise arbitration agreements, an often overlooked but critical aspect of the arbitration process.

In addition to their legal and regulatory expertise, Company Secretaries bring a practical perspective to arbitration. Their day-to-day involvement in corporate governance issues means they understand the practical implications of business decisions and disputes. This practical insight can lead to more effective and pragmatic resolutions, aligning with the business realities of the disputing parties.

<p><b>Corporate Governance Expertise</b></p>	<p>Company Secretaries are the custodians of corporate governance within organizations. This expertise is invaluable in arbitration, especially in disputes involving complex corporate structures, shareholder rights, or compliance issues. Their ability to navigate and interpret governance frameworks ensures that decisions are not only legally sound but also align with best practices in corporate management. This governance perspective is a unique asset, setting them apart from other legal professionals who may not have the same depth of experience in corporate operations.</p>
<p><b>Impartiality and Ethical Integrity</b></p>	<p>Arbitration hinges on the impartiality of the arbitrator. Company Secretaries, by virtue of their professional role, are trained to maintain neutrality and uphold high ethical standards. Their daily responsibilities often involve balancing conflicting interests and ensuring fair treatment of all stakeholders, which translates seamlessly into their role as arbitrators. This ethical grounding helps to build trust with parties involved in the dispute, fostering a fair and unbiased resolution process.</p>
<p><b>Analytical and Problem-Solving Skills</b></p>	<p>Arbitration requires a keen analytical mind to dissect the facts of a case, understand the nuances of the dispute, and identify the most equitable solutions. Company Secretaries are adept at analysing complex information and making informed decisions. Their problem-solving skills, honed through years of handling corporate issues, enable them to devise creative solutions that satisfy all parties. This capability is particularly crucial in arbitration, where innovative resolutions can often prevent prolonged litigation.</p>

<b>Effective Communication and Negotiation Skills</b>	<p>Clear and effective communication is essential in arbitration. Company Secretaries are skilled communicators, able to articulate complex legal and business concepts in a way that is easily understood by all parties. This skill is critical in explaining arbitration procedures, the reasoning behind decisions, and facilitating discussions between disputing parties. Additionally, their negotiation skills are invaluable in achieving settlements that are agreeable to all involved, reducing the need for protracted arbitration processes.</p>
<b>Attention to Detail and Organizational Skills</b>	<p>Arbitration involves meticulous attention to detail, from reviewing documents to drafting awards. Company Secretaries, accustomed to managing corporate records and ensuring compliance, possess exceptional organizational skills. This attention to detail ensures that all aspects of the arbitration process are handled with precision, minimizing errors and ensuring thorough examination of the issues at hand.</p>
<b>Emotional Intelligence and Interpersonal Skills</b>	<p>An often underappreciated skill in arbitration is emotional intelligence. Company Secretaries, through their interaction with diverse stakeholders, develop strong interpersonal skills and emotional intelligence. These abilities help them in manage the interpersonal dynamics of arbitration, understanding the emotions and motivations of the parties involved, and facilitating a more harmonious resolution process.</p>
<b>Unknown Fact: The Versatility of CS Training</b>	<p>An interesting and lesser-known fact is that the training and certification programs offered by the Institute of Company Secretaries of India (ICSI) include modules on conflict resolution and mediation, in addition to arbitration. This comprehensive approach ensures that Company Secretaries are well-rounded dispute resolution professionals, capable of handling a variety of conflict scenarios with finesse.</p>

## WHY CS PROFESSIONALS ARE SUITED FOR ARBITRATION?

1. **Legal Expertise:** CS professionals are well-versed in company law and other relevant legal frameworks, making them capable of understanding and resolving intricate legal disputes.
2. **Attention to Detail:** Their role requires precision and a thorough understanding of regulatory requirements, which are crucial traits for an arbitrator.

3. **Neutrality and Fairness:** CS professionals are trained to act impartially and uphold high ethical standards, aligning perfectly with the demands of arbitration.
4. **Effective Communication:** Their ability to draft detailed reports and communicate complex issues clearly is vital in arbitration proceedings.

## STEPS FOR CS PROFESSIONALS TO TRANSITION INTO ARBITRATION

### 1. Specialized Training:

Embarking on a career in arbitration requires a solid foundation of knowledge and skills. Enrolling in arbitration and mediation courses provided by recognized institutions serves as the first step towards building this foundation. These courses offer a blend of theoretical insights and practical techniques, equipping aspiring arbitrators with the essential tools needed to navigate complex disputes effectively.

Imagine yourself immersed in a classroom setting, engaging in lively discussions about arbitration principles and strategies. These courses often feature experienced practitioners as instructors, offering valuable real-world perspectives and insights. Through interactive learning sessions and case studies, you'll not only grasp the theoretical underpinnings of arbitration but also develop practical problem-solving skills essential for success in the field.

### 2. Certification:

Certifications from reputable bodies such as the Indian Council of Arbitration (ICA) or the International Chamber of Commerce (ICC) are invaluable assets for aspiring arbitrators. These certifications serve as a testament to your expertise and proficiency in arbitration practices, bolstering your credibility in the eyes of clients and stakeholders.

Picture yourself proudly displaying your certification, symbolizing your commitment to excellence in arbitration. Attaining such recognition not only enhances your professional reputation but also opens doors to a myriad of opportunities in the field. Whether you aspire to work independently or join established arbitration firms, having the right certifications can significantly elevate your prospects and set you apart from the competition.

## NETWORKING

In the dynamic world of arbitration, networking is key to staying abreast of industry trends and forging valuable connections. Joining professional networks and arbitration forums provides a platform for interaction with peers, mentors, and industry experts. These interactions offer invaluable insights, career guidance, and potential collaboration opportunities.

Envision yourself attending networking events and seminars, engaging in meaningful conversations with



seasoned arbitrators and fellow CS professionals. Through active participation in these forums, you'll not only expand your knowledge base but also cultivate relationships that can prove instrumental in your professional journey. From learning about upcoming arbitration opportunities to seeking mentorship from established practitioners, networking opens doors to a world of possibilities.

### 3. Practical Experience:

Acquiring practical experience is essential for honing your arbitration skills and building credibility in the field. Start by taking on smaller arbitration cases or assisting seasoned arbitrators to gain first-hand exposure to the arbitration process. While these initial experiences may seem daunting, they provide invaluable learning opportunities and lay the groundwork for future success.

Imagine yourself stepping into the role of an arbitrator for the first time, applying the knowledge and skills acquired through training and certification. As you navigate through the intricacies of real-world disputes, each case presents a unique learning opportunity, allowing you to refine your arbitration techniques and decision-making prowess. With each successful resolution, your confidence grows, paving the way for more significant challenges and accomplishments in your arbitration career.

## CHALLENGES AND SOLUTIONS

Arbitration, despite being a highly effective dispute resolution mechanism, comes with its own set of practical

challenges. Navigating these challenges requires careful planning, strategic thinking, and a proactive approach. Let's explore some common practical challenges in arbitration proceedings and strategies to overcome them:

### 1. Procedural Complexity:

Arbitration proceedings can be complex, involving various procedural steps and legal requirements. Navigating through these complexities requires meticulous planning and coordination. To overcome this challenge:

- **Preparation is Key:** Thoroughly review the arbitration agreement, procedural rules, and applicable laws before commencing the proceedings. Develop a clear roadmap outlining the procedural steps and timelines.
- **Engage Expert Assistance:** Seek guidance from experienced arbitrators, legal counsel, and procedural experts to ensure compliance with procedural requirements.

### 2. Evidence Collection and Presentation

Gathering and presenting evidence effectively is crucial for building a compelling case in arbitration. However, parties may encounter challenges in obtaining and presenting relevant evidence. To address this:

- **Early Evidence Gathering:** Initiate the process of evidence collection as soon as the dispute arises. Preserve documentary evidence, secure witness statements, and gather expert opinions promptly.

- **Strategic Presentation:** Organize and present evidence in a clear and persuasive manner. Utilize technology-assisted tools for effective presentation, such as multimedia exhibits and electronic document management systems.

### 3. Cost Considerations:

Arbitration proceedings can be costly, involving fees for arbitrators, legal representation, and administrative expenses. Managing costs effectively is essential for parties, especially smaller businesses or individuals. Strategies to mitigate costs include:

- **Budgetary Planning:** Develop a realistic budget for arbitration expenses and monitor costs throughout the proceedings. Consider alternative fee arrangements, such as fixed fees or capped billing, with legal counsel and arbitrators.
- **Efficient Case Management:** Streamline procedural steps and avoid unnecessary delays to minimize the duration of the arbitration process. Opt for expedited procedures where feasible, especially for simpler disputes.

### 4. Enforcement of Awards

Obtaining and enforcing arbitral awards can pose challenges, particularly in cross-border disputes. Ensuring the enforceability of awards requires careful consideration and proactive measures. To address this:

- **Selecting Enforceable Forums:** Choose arbitration forums and jurisdictions with robust legal frameworks for the enforcement of arbitral awards. Consider factors such as the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.
- **Drafting Enforceable Awards:** Craft arbitration awards meticulously, ensuring clarity and specificity in the directives issued. Include provisions for the enforcement of awards in accordance with applicable laws and conventions.

### 5. Maintaining Neutrality and Impartiality

Arbitrators are expected to maintain neutrality and impartiality throughout the proceedings, but challenges may arise due to inherent biases or conflicts of interest. To uphold these principles:

- **Transparent Disclosures:** Require arbitrators to disclose any potential conflicts of interest or relationships that may compromise their neutrality. Parties should have the opportunity to object to arbitrators based on such disclosures.

- **Appointment of Neutral Arbitrators:** Opt for a panel of arbitrators or appoint a neutral arbitrator agreed upon by both parties to minimize the risk of bias.

By proactively addressing these practical challenges and implementing effective strategies, parties can navigate arbitration proceedings with confidence and achieve outcomes that are fair, efficient, and enforceable.

In 2024, the role of Company Secretaries (CS) as arbitrators has evolved into a pivotal component of the corporate dispute resolution landscape. With their expertise in corporate governance, legal compliance, and ethical standards, CS professionals have seamlessly transitioned into the realm of arbitration, offering impartiality, confidentiality, and practical insight to the resolution process.

In a world where disputes can quickly escalate into legal battlegrounds, CS armed with arbitration expertise are akin to skilled navigators steering ships through stormy seas. They bring a unique blend of corporate governance acumen and legal prowess to the table, ensuring that disputes are not just resolved, but resolved efficiently and fairly.

So, next time you think of arbitration, don't just think of lawyers in courtrooms. Think of Company Secretaries, donning the hat of arbitrators, armed with the knowledge and skills to resolve disputes with precision and finesse. Thanks to the Arbitration and Conciliation Act of 1996 and the forward-thinking initiatives of ICSI, the stage is set for CS to shine as arbitrators in the ever-evolving landscape of dispute resolution.

Through practical examples and unknown facts about arbitration law, it's evident that CS bring unique value to arbitration proceedings, facilitating fair and pragmatic resolutions in complex corporate disputes. As businesses increasingly recognize the advantages of arbitration and the expertise of CS professionals, the future of CS as arbitrators looks promising, contributing to a more efficient, effective, and ethical corporate governance landscape in India and beyond.

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# Maritime Laws – An Ocean to Explore

Maritime Industry is inseparably linked to the country's development because it is one of the primary sources of revenue for the country's economic development. India is a peninsular country with coastal line spread on both the Western and Eastern borders measuring 7516.6 kms (including the Island Territories). Though India has a long history of Maritime Trade since time immemorial, the Maritime Law is still an evolving area of law both within and outside of India.



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## INTRODUCTION

**M**aritime Industry is inseparably linked to the country's development because it is one of the primary sources of revenue for the country's economic development. India is a peninsular country with coastal line spread on both the Western and Eastern borders measuring 7516.6 kms (including the Island Territories). Though India has a long history of Maritime Trade since time immemorial, the Maritime Law is still an evolving area of law both within and outside of India.

In the present day, the Company Secretaries are providing various services/ roles which are Statutory, Advisory, Management, Compliance Management, Representation Services, Arbitration, Mediation, Valuation, Due Diligence, Audit and Strategic Management. Let's dive into the Maritime Industry and its governing laws before we can understand the Scope of CS.

## WHAT IS MARITIME?

The word maritime has been defined in the merriam-webster.com as

- of, relating to, or bordering on the sea.
- of or relating to navigation or commerce on the sea.
- having the characteristics of a mariner.

Mariner means – a person who navigates or assist in navigating a ship.

In simple terms, 'maritime' covers all aspects of Ship, ocean and trade on the sea.

There are various types of ships/vessels that are sailing in the Oceans, some are Commercial / Merchant Ships carrying goods, commodities. Some are passenger Cruise ships and some are Military / Coast Guard Ships. The focus of this article will be more specifically to commercial ships.

*Maritime Industry and Maritime laws are governed by the "Ministry of Ports, Shipping and Waterways".*

The Maritime Laws deal with Shipping and logistics, Marine Insurance, Maritime Compliance and regulations, Marine pollution, Maritime Commerce, Seamen's safety, Admiralty litigation, Arbitration.

## TO SIMPLIFY AND UNDERSTAND

Eg., There is a ship MV Bon Voyage. The ship is owned by Owner Ltd. The Ship management is handled by Manager Ltd. (Ship management involves employing master, crew, officers, insurance for the crew members, payment of wages for the Crew). In simple terms Ship managers 'Manager Ltd.' run the vessel. In turn, the ship managers are paid "Ship Management Fee" by the Owners Ltd.

(The owners can themselves manage the ship or can delegate the same to a separate entity like in the above example).

In some cases technical management of the ship is also carried by Managers, which involves compliance with International Safety Management Code (ISM code) prescribed by the International Maritime Organization (IMO), employing competent personnel to maintain the efficiency of the Vessel, supplying necessary stores, spares, lubricants, Bunkers (fuel for the ship). Further, the requirements of the FLAG STATE should be complied. FLAG STATE means the country in which the ship is registered. eg., Indian flag/ Singapore flag etc.

The business of Shipping is governed by several agreements in order to safeguard the interests of the stakeholders at large. Though there are standard formats prescribed by BIMCO that are internationally accepted, Company Secretaries have a role to play in drafting/ vetting these agreements, Power of Attorneys and other such other Certifications as and when required.

## OWNERSHIP OF VESSEL

Ships must have a National Character to sail in the High Seas freely. Ships generally possess the Nationality of the Country whose flag they are entitled to use. Some countries may not require the Ship to be registered in their records when the owning company is registered. The ship will be subject to the laws and regulations of the State (Country) under whose Flag it is registered. Jurisdiction over vessels on the high seas, including for offences committed on the high seas, will reside with that Country.

The country to which a ship is registered is called its "Flag State." A Ship is bound by the laws of its Flag State, and one commonly says a Ship sails "under the flag" of its country of registration.

The Registration of the Ship gives protection to the members of the crew in case of unforeseen circumstances, involving injuries or loss of life and claim compensation under the Indian Acts in Indian courts.

## MERCHANT SHIPPING ACT, 1958

In India, Merchant Shipping Act of 1958, deals with registration of ships. Part V of this Act deals with exclusively with the registration of Indian ships, while Part XV deals with registration of sailing vessels and Part XVA deals with the registration of fishing boats.<sup>1</sup>

A Central Register is maintained by the Director General of Shipping, which contains all the entries recorded in the Register Books kept by the Registrar at the Port of Registry in India. The Director General of Shipping, at the request of owners of Indian ships, desiring to be known at sea, allots signal letter & controls the series that may be so issued. Certain formalities are required to be complied with before a ship is registered as an Indian ship and these are laid down in the Merchant Shipping (Registration of ships) rules 1960 as amended from time to time.

Over the years, the Act has been amended to ratify the changes approved by the International Maritime Organisation (IMO), through its conventions and protocols, to which India is a Member. This Act deals with the Registration of Indian Ships.

At present Mumbai, Kolkata, Chennai, Cochin and Mormugao have been notified as Ports of Registry and Principal Officers of Mumbai, Kolkata & Chennai and Surveyor in charge of Cochin and Mormugao have been notified as Registrar of Indian ships. The Registrar of Indian Ships will maintain a complete record of Ships on register. A Central Register is maintained by the Director General of Shipping, which contains all the entries recorded in the register books kept by the registrar at the port of registry in India. The role of DG Shipping is implementation of shipping policy and law as well to ensure the safety of life and ships at sea, prevention of

marine pollution, promotion of maritime education and training in co-ordination with the International Maritime Organization, regulation of employment and welfare of seamen, development of coastal shipping, augmentation of shipping tonnage, examination and certification of Merchant Navy Officers, Supervision and Control of the allied offices under its administrative jurisdiction.<sup>2</sup>

At the time of Purchase and Sale, the ship is registered and deregistered with the Registrar of Indian Ships as per the procedures laid down in the Merchant Shipping Act and rules made thereunder.

Further, the filing of documents under this Act is still done physically and there are no e-filing facilities. The documents such as Bill of Sale, Power of Attorney and Agreements duly Notarized must be submitted to the Registrar of Indian Ships.

A Practicing Company Secretary or the Company Secretary of the Company can assist in the entire process of Purchase or Sale of the Vessel starting from drafting and vetting of the agreements to the Registration with the Registrar of Indian Ships. Presently, the Shipping Brokers or Agents represent their clients while registering the vessel with the Registrar of Indian Ships.

## SEAMEN'S PROVIDENT FUND

Provident fund paid for the Crew members are governed by the **Seamen's Provident fund Act of 1966** under the Ministry of Ports, Shipping and Waterways. This SPF is similar to our Employees Provident Fund, where in Employer's (12%) and Employee's (12%) contribution is made.

## PORTS ACT

The Indian Ports Act, 1908 was enacted for safeguarding ports and regulating the port charges.

The Major Port Authorities Act, 2021 deals with the regulation, operation and management of the Major ports in India.

**The Indian Ports Bill, 2021** is yet to be enacted and it provides safety and security and containment of pollution at ports. It ensures compliance with the country's obligation under the Maritime Treaties and International Instruments to which India is a party. It provides measures for conservation of ports as well providing adjudicatory mechanisms for redressal of port related disputes and to empower a National council for fostering structured growth and development of the port sector, and ensure optimum utilization of the coastline of India, as may be necessary, and to provide for matters ancillary and incidental thereto, or connected therewith.

The adjudication mechanism in the Indian Ports Bill 2021, establishes an Appellate Tribunal which is a Quasi-Judicial body. Hence, Company Secretaries can represent their clients or their company in these Appellate Tribunals.

<sup>1</sup> Source: [https://www.dgshipping.gov.in/Content/PageUrl.aspx?page\\_name=ShipManualChap6](https://www.dgshipping.gov.in/Content/PageUrl.aspx?page_name=ShipManualChap6)

<sup>2</sup> (Source: <https://www.dgshipping.gov.in/>)

## MARITIME ARBITRATION

Gujarat International Maritime Arbitration Centre (GIMAC)

GIMAC is a unique Arbitration Centre for Maritime Disputes. It will cover the disputes arising from the maritime, shipping and logistics sector. It is a specialized ADR (Alternate Dispute Resolution) Centre. Based on an MOU signed by Gujarat Maritime University (GMU) with IFSCA (International Financial Services Centers Authority) on 21<sup>st</sup> June 2021, the GIMAC has been formed to deal exclusively in Arbitration of Maritime and Shipping Industry.

The GIMAC has set out below criteria for selection of experts into its panel as Arbitrator.<sup>3</sup>

- 1) has been empaneled as an Arbitrator with other arbitral Institutions; or
- 2) has been a Judicial Officer; or
- 3) has been an Officer of the Indian Legal Service; or
- 4) has been a Professor of Law; or
- 5) has been an Officer having senior level experience of administration in the Central Government or State Government or having experience of senior level management of a Public Sector Undertaking or a Government company or a Private Company of repute; or
- 6) has a minimum of ten years of engagement in a responsible position in one or more areas of the maritime and/or shipping industry/logistics; or
- 7) has been an Advocate having a minimum of ten years of practice experience as an advocate with specialisation in the field of commercial or arbitration laws; or
- 8) **has been a Chartered Accountant/ Company Secretary having a minimum of ten years of practice experience with specialisation in the field of commercial or arbitration laws; or**
- 9) has been a Cost Accountant (within the meaning of the Cost and Works Accountants Act, 1959) having a minimum of ten years of practice experience as a cost accountant with specialisation in the field of commercial or arbitration laws; or
- 10) has been an Officer with a law degree having a minimum of ten years of experience in legal matters in the Government, Autonomous Body, Public Sector Undertaking or at a senior level managerial position in the Private Sector and where he/she has worked in the Private Sector; or
- 11) has been an Officer having a minimum of ten years of experience as an Engineer in the Government,

Autonomous Body, Public Sector Undertaking or (at a senior level managerial position in the private sector or self-employed); or

- 12) has educational qualification at degree level with ten years of experience in a scientific or technical stream in the fields of architecture, telecom, information technology, intellectual property rights or other specialised areas in the Government, Autonomous Body, Public Sector Undertaking or senior level managerial position in the Private Sector, as the case may be; or
- 13) has been teaching law relating to Arbitration/ Maritime/ Shipping Law for a duration of 10 years or more; or
- 14) has a cumulative experience of 10 years in the fields mentioned from points 5 to 12 above.

List of arbitrators includes members of the Institute of Company Secretaries of India having 10 years of relevant experience. Hence there is a tremendous Scope for Company Secretaries in Maritime Arbitration to act as Arbitrators.

## ADMIRALTY (JURISDICTION AND SETTLEMENT OF MARITIME CLAIMS) ACT, 2017

An Act to deal with the Maritime claims and Settlement in connection with the same.

This Act is applicable to every vessel (ship), irrespective of the place of residence or domicile of the owner. But does not extend to Inland Vessel defined in clause (a) of sub-section (1) of Section 2 of the Inland Vessels Act, 1917, vessel under construction, warships, naval auxiliary such foreign vessel which is used for non-commercial purpose as may be notified by Central Government.

The Admiralty jurisdiction in respect of all Maritime Claims under this Act shall vest in the respective High Courts and be exercisable over the waters up to and including the territorial waters of their respective jurisdictions in accordance with the provisions contained in this Act.

Section 2(1)(e) of the Act, defines the High court - "High Court", in relation to an Admiralty Proceeding, means any of the High Court of Calcutta, High Court of Bombay, High Court of Madras, High Court of Karnataka, High Court of Gujarat, High Court of Orissa, High Court of Kerala, High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh or any other High Court, as may be notified by the Central Government for the purposes of this Act.

Section 4 of the Act provides the following situations classified broadly wherein Maritime Claims may arise;

<sup>3</sup> (Source: <https://gimac.in/eligibility-criteria>)

- Disputes regarding ownership of a vessel;
- Disputes between co-owners of a vessel regarding employment or earnings of the vessel;
- Mortgage on a vessel; Maritime lien;
- Loss or damage by operation of the vessel;
- Loss of life or personal injury on land or water in connection with operation of the vessel;
- Agreements relating to carriage of goods or passengers on board a vessel, whether contained in a charter party or otherwise; hire of the vessel;
- Construction, repair, or conversion of the vessel;
- Insurance premium;
- Disputes arising out of the sale of a vessel;
- Environmental damage caused by the vessel, etc.

### Arrest of Vessel *in rem*

Since the vessels travel from one port to another and to different countries, there is every possibility of incurring certain unforeseen liabilities due to collision, loss of life or damages to goods in their voyage to different countries which result in Maritime Claims.

As per Section 5- The High Courts having Jurisdiction under the Act have the power to order for Arrest of any Vessel for settlement of a Maritime claim which is the subject matter of the Admiralty proceeding, wherein the High court has a reason to believe that-

- The person who owned the vessel at the time when the maritime claim arose is liable for the claim and is the owner of the vessel when the arrest is effected; or
- The demise charterer of the vessel at the time when the maritime claim arose is liable for the claim and is the demise charterer or the owner of the vessel when the arrest is effected; or
- The claim is based on a mortgage or a charge of the similar nature on the vessel; or
- The claim relates to the ownership or possession of the vessel; or
- The claim is against the owner, demise charterer, manager or operator of the vessel and is secured by a maritime lien as provided in section 9.

An *action in rem* is directed against the Ship itself, to satisfy the claim of the plaintiff. In Maritime claims, the ship is treated as a Person different from its owners.

The Plaintiff does not sue the owner directly and by name; but the owner or any one interested in the proceedings may appear and defend. A Maritime Lien is a privileged claim against the ship. Because the ship has to “pay for the wrong it has done”, it can be compelled to do so by forced sale.

Over the years, the Act has been amended to ratify the changes approved by the International Maritime Organisation (IMO), through its conventions and protocols, to which India is a Member. This Act deals with the Registration of Indian Ships.

If the owner does not submit to the jurisdiction and appear before the Court to put in bail and release the ship, then Ship is liable to be condemned and sold to satisfy the claims against her. The Owner of the Vessel may obtain the release of the Ship by depositing security and becomes personally liable to be proceeded against *in personam* in case the bail amount is in excess of decreed amount. The arrest of the foreign ship by means of an *action in rem* is thus a means of assuming jurisdiction by the competent court.

Section 7 of the Act lays down the Restrictions on *action in personam* – Actions against the persons/ owners of the Ship.

Maritime claim which arises in respect of damage or loss of life or personal injury arising out of Collision; non-compliance with the collision regulations made in pursuance of Section 285 of the Merchant Shipping Act, 1958 (44 of 1958). In these cases, unless

- The cause of action, wholly or in part, arises in India; or
- The defendant, at the time of commencement of the action by the High Court, actually and voluntarily resides or carries on business or personally works for gain in India.

Further the High Court should not entertain any *action in personam* against the defendant until the previous proceedings brought by the plaintiff in any other court outside India against the same defendant in respect of the same incident or series of incidents are discontinued or has come to an end.

Hence, the above mentioned condition prevents the High Court from proceeding against the Owners of the ship. Till, then the ship is only arrested or proceeded for settling the claims.

### WHAT HAPPENS TO THE ARRESTED VESSEL?

The Vessel is arrested for settlement of the Maritime Claims which is done either by sale of the vessel in Auction by the High court or by payment of security by the owner or charterers to release the vessel.



Section 8 of the Act states that the vessel which is sold by High Court exercising its Admiralty jurisdiction is free from Encumbrance, liens, attachments, registered mortgages and charges of the same nature on the vessel. Hence, the purchaser of the Vessel is protected from any further claims.

Section 10 of the Act stipulates the order of priority of Maritime Claims-

- (1) A claim on the vessel where there is Maritime Lien;
- (2) Registered Mortgages on the vessel.

Also, Maritime Liens – Section 9 of the Act covers the Order of priority of Maritime Liens which are-

- (a) Claims for wages;
- (b) Claims in respect of loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the vessel;
- (c) Claims for reward for salvage services including special compensation relating thereto;
- (d) Claims for port, canal, and other waterway dues and pilotage dues and any other statutory dues related to the vessel;
- (e) Claims based on tort arising out of loss or damage caused by the operation of the vessel other than loss or damage to cargo and containers carried on the vessel.

#### **Protections available to the Owner of the Vessel under Section 11**

The High Court may impose a condition on the Claimant who seeks to arrest the vessel, an undertaking to pay for the damages or such security for any loss or damage which may be incurred by the defendant because of the arrest wherein the claimant may be found liable in case (a) the arrest having been wrongful or unjustified, or (b) excessive security having been demanded by him.

In cases wherein the owner or the demise charterer abandons the ship after the arrest, the High Court will

auction the Vessel within 45 days from the date of arrest or abandonment.

Hence, the Act protects all the stakeholders connected with the Ship.

Understanding the provisions of Admiralty Act will become necessary while working in Maritime Industry particularly in cases of Insolvency and Winding up.

#### **INSOLVENCY OF SHIPPING COMPANIES**

Insolvency and Bankruptcy Code, 2016 is legislation for resolving the Insolvency of Corporate Debtors by way of implementing a Corporate Insolvency Resolution Process (CIRP) as well as Liquidation of the Corporate Debtor if revival is not possible. The Code maximizes the Asset value as well protects and takes care of all the Stakeholders connected with the Corporate Debtor.

While Insolvency Code centralizes all the assets of the Corporate Debtor pooling them into a common box so that insolvency can be resolved and payment be made to creditors, the Admiralty Act in the Maritime law allows the Creditor to obtain security for their claims by arresting the ship which owes them. In case of IBC, the waterfall mechanism for payment to be made will be decided by the Committee of Creditors (CoC). But, the Maritime liens will get extinguished only by way of a sale by an Admiralty Court as per the Admiralty Act, 2017. The order of priority under the Admiralty Act in Section 9 and Order of priority under Section 53 of the IBC Code are different.

Giving priority among the similarly placed workmen in different classes will violate the principles of natural justice. For eg., providing priority to wages of seamen over the wages of workers in land, when both face considerable personal peril, may be difficult to reconcile with the intent of the Code. These issues of conflict in the priorities need to be clearly addressed to promote certainty and enable effective restructuring.

This has given rise to several instances of conflict of provisions in the Code and the Admiralty Act. But

the judgement of Bombay High Court in *Raj Shipping Agencies v. Barge Madhwa* on 19<sup>th</sup> May 2020 has given some clarity on the same.

## QUESTIONS OF LAW FRAMED BY THE COURT

The Court puts forth the following questions with respect to the provisions of the Admiralty Act, the IBC and the Companies Act:

Whether leave under Section 446(1) of the Companies Act is required for the commencement or continuation of an Admiralty action *in rem* where a winding up order has been made or the Official Liquidator has been appointed as Provisional Liquidator of the company that owned the ship?

The Court after considering various pronouncements of the Supreme Court of India, held that “the Admiralty Act is a Special Act and a later Act whereas the Companies Act is a General Act. The Admiralty Act is also a consolidating Act and a complete code as regards Admiralty jurisdiction, arrest of ships, maritime claims, sale of ships and determination of priorities” and hence, the leave under Section 446(1) is not applicable.

Is there a conflict between actions *in rem* filed under the Admiralty Act, 2017 and the provisions of IBC and if so, how is the conflict to be resolved?

The Court after considering the various judgments pronounced by courts in India and Foreign Courts, observed put forth the following :

- a. That as per the Section 4 of the Admiralty Act, the jurisdiction for an *action in rem* against the vessel vests only with the High Court having jurisdiction of the territorial waters within which the vessel is stationed for the maritime claims.
- b. The *action in rem* is against the vessel under Admiralty Act and the Vessel is considered as a separate entity from its owners.
- c. Further the Maritime Liens attach only the particular vessel against which the claim arises and no other property or vessel of the owner can be charged to settle the same.
- d. The moment a ship is arrested, the Plaintiff becomes a secured creditor of the vessel and not against its owner or the other assets of the owners.
- e. Further an action *in rem* may be filed and the ship arrested-
  - (a) Before the moratorium under Section 14 of the Code comes into force; or
  - (b) During the moratorium period; or
  - (c) Even after the Corporate Debtor is ordered into Liquidation.

In case an Admiralty suit has been proceeded against a Ship and its owner is already a Corporate Debtor under CIRP. The proceedings may be commenced when there is a maritime claim which seeks arrest and the subsequent sale of the Ship to enforce the right of a secured creditor.

The above Admiralty proceedings can be commenced even when the insolvency proceedings are commenced against the Corporate Debtor.

But the Corporate Debtor can prevent the Arrest of the Ship by furnishing the required amount of security for the Ship, so that the Ship can be utilized for CIRP Revival. Till the CIRP is initiated, the vessel will not be sold.

In case CIRP is initiated, it is the discretion of the Admiralty court to sell the vessel and settle the Maritime Claim raised by any party, by providing due notice to the owner of the vessel. This is permissible only when the Application for sale is made by the Resolution Professional or when the Vessel is not maintained properly, crew wages are not paid by the RP during the moratorium period or when the Ship becomes unsafe to sail or threat to environment.

## HENCE, RP IS PRIMARILY RESPONSIBLE FOR THE SHIP

If the CIRP is successful, then the plaintiff under the Admiralty will be treated as a Secured Creditor. In case the Corporate Debtor is ordered to be liquidated, then the security if any provided for the Plaintiff’s claim will be realized. If no such security is provided, then the Sale of the Ship will be by way of Admiralty Sale to reap the maximum benefit to settle maritime claims. Further, the Admiralty court will be entitled to invite claims against the sale proceeds and Parties who have a maritime lien or a maritime claim against the Ship will be paid as per the Order of claims under the Sections 9 and 10 of the Admiralty Act. If the Sale proceeds of the Ship are insufficient to settle the claims, then such claimants would have to pursue their claims in the liquidation of the Corporate Debtor.

The Scope of a CS as a Resolution Professional in the Insolvency of a Shipping Company is huge wherein the responsibility for maintenance of the Ship and its crew falls on the RP in addition to their other roles under IBC.

## CONCLUSION

The above explanations on Insolvency Code and Admiralty Act gives rise to further questions, in cases of Cross border transactions. Once the Cross Border Insolvency mechanism is implemented in the IBC 2016 the issues on cross-border insolvency in the Maritime industry can be solved to a greater extent. The Maritime Industry and the governing Laws are yet to be explored to its full depth. In simple words, there is a huge potential for professionals to unearth and expand their area of practice in the Maritime Laws.



# Opportunities for Company Secretaries in Maritime Law: A Comprehensive Analysis

Within this realm of corporate governance lies a distinct yet often overlooked domain – maritime laws. Maritime laws constitute a specialized branch of the legal framework governing activities at sea, encompassing a wide array of regulations pertaining to shipping, navigation, marine commerce, and maritime environmental protection. These laws hold profound significance in the context of business operations, particularly for entities engaged in maritime trade, logistics, and offshore activities.



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## INTRODUCTION

In the dynamic landscape of corporate governance, the role of a Company Secretary stands as a pivotal cornerstone. Traditionally, Company Secretaries have been perceived as guardians of corporate compliance, ensuring adherence to regulatory frameworks and facilitating effective communication between the Board, management, and shareholders. Beyond these conventional duties, modern Company Secretaries have evolved into strategic advisors, contributing significantly to the decision-making processes of organizations.

Within this realm of corporate governance lies a distinct yet often overlooked domain – maritime laws. Maritime laws constitute a specialized branch of the legal framework governing activities at sea, encompassing a wide array of regulations pertaining to shipping, navigation, marine commerce, and maritime environmental protection. These laws hold profound significance in the context of business operations, particularly for entities engaged in maritime trade, logistics, and offshore activities.

According to the latest data from the United Nations Conference on Trade and Development<sup>1</sup> (UNCTAD) The Maritime trade (*Through Sea Routes*), carrying over 80% of global trade by volume and amounting to approximately 11 billion metric tons in 2021, is crucial for global commerce, encompassing raw materials like oil and grain as well as manufactured products such as electronics and automobiles. The maritime sector in India presents vast

opportunities for Company Secretaries. With a coastline stretching over 7,516 kilometres<sup>2</sup> and a network of 12 Major ports (*include Kandla, Mumbai, JNPT (Jawaharlal Nehru Port Trust), Chennai, Visakhapatnam, and Kolkata among others*) and 200 non-major ports<sup>3</sup>, and Approximately 95% of India's trade by volume and 70% by value<sup>4</sup> is conducted through maritime transport, there's a burgeoning demand for skilled professionals to navigate the legal and administrative aspects of maritime operations. Company Secretaries can leverage their expertise in governance, compliance, and regulatory affairs to support the dynamic needs of the maritime industry. From ensuring adherence to maritime laws and regulations to facilitating seamless communication between port authorities, government agencies, and stakeholders, Company Secretaries play a pivotal role in enhancing operational efficiency and regulatory compliance.

Additionally, with India's robust shipping industry contributing significantly to international trade, there's ample scope for Company Secretaries to provide strategic advisory services, manage corporate governance frameworks, and drive sustainable growth initiatives. Furthermore, the thriving fisheries and aquaculture sectors offer opportunities for Company Secretaries to navigate regulatory complexities, manage legal compliance, and support sustainable practices in coastal communities. In essence, the maritime sector in India presents a fertile ground for Company Secretaries to contribute their expertise, drive innovation, and foster sustainable development in this critical industry.

Maritime law is an international concept that requires understanding and interpreting regulations and international laws set forth by organizations like the International Maritime Organization (IMO<sup>5</sup>) and other international bodies. It encompasses a broad spectrum of legal principles and regulations governing activities at sea, including navigation, commerce, environmental protection, and maritime safety. Given its global nature, maritime law necessitates expertise in navigating the complexities of international agreements, treaties, and conventions to ensure compliance and address legal challenges that arise in the maritime domain. This multidimensional framework determines the importance of collaboration and a deep understanding

of international maritime regulations for stakeholders involved in maritime operations, from shipowners and operators to legal professionals and policymakers.

The maritime industry, characterized by its global reach and intricate legal landscape, presents a myriad of challenges and opportunities for businesses. From ensuring compliance with international conventions such as the United Nations Convention on the Law of the Sea (UNCLOS)<sup>6</sup> to navigating complex regulations governing maritime insurance and liability, companies operating within this sector must navigate a labyrinth of legal intricacies. The maritime sector is governed by a multitude of international conventions and agreements, primarily administered by the IMO, to ensure safe, secure, and environmentally friendly maritime operations. These international instruments are supplemented by regional agreements and national laws to address specific maritime issues within their jurisdictions.

Overall, the intersection of corporate governance and maritime law opens a plethora of opportunities for Company Secretaries. By harnessing their comprehensive knowledge of legal and regulatory frameworks, Company Secretaries can significantly contribute to the maritime sector, ensuring compliance, facilitating effective communication, and promoting sustainable growth in a highly dynamic and critical industry.

## UNDERSTANDING MARITIME LAWS

Maritime laws form the legal backbone of activities conducted at sea, encompassing a broad spectrum of regulations governing international and domestic maritime activities. These laws are essential for ensuring safety, security, and sustainability within the maritime domain while also facilitating the smooth operation of global trade and commerce. The maritime sector is governed by a multitude of international conventions and agreements, primarily administered by the International Maritime Organization (IMO), to ensure safe, secure, and environmentally friendly maritime operations. These international instruments are supplemented by regional agreements and national laws to address specific maritime issues within their jurisdictions.

- **International Maritime Laws and Regulations:**

**United Nations Convention on the Law of the Sea (UNCLOS):** UNCLOS, often referred to as the “Constitution for the Oceans,” serves as the primary international legal framework governing maritime affairs. It establishes the rights and responsibilities of nations regarding the use of the world’s oceans, including navigational rights, maritime boundaries, and marine resource management. UNCLOS consists of 320 articles divided into 17 parts<sup>7</sup>, along with nine annexes and 160 sections, covering various aspects such as territorial seas, exclusive economic zones (EEZs), continental shelves, and the high seas.

**International Maritime Organization (IMO) Regulations:** The IMO, a specialized agency of

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the United Nations, develops and maintains a comprehensive framework of regulations aimed at ensuring the safety, security, and environmental sustainability of international shipping. These regulations cover various aspects, including ship construction standards, navigation rules, pollution prevention measures, and the training and certification of seafarers. Key IMO conventions<sup>8</sup> include the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL), and the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW).

**Maritime Trade and Commerce Laws:** Domestic laws and regulations pertaining to maritime trade and commerce govern activities such as shipping contracts, charter parties, bills of lading, and cargo insurance. These laws vary from jurisdiction to jurisdiction but generally address issues related to the carriage of goods by sea, freight forwarding, port operations, and customs clearance procedures. Key international conventions in this area include the Hague-Visby Rules, the Hamburg Rules, and the Rotterdam Rules.

**Maritime Insurance Laws:** Maritime insurance plays a crucial role in managing the risks associated with maritime activities. Laws governing maritime insurance encompass marine hull insurance, cargo insurance, protection and indemnity (P&I) insurance, and liability insurance for shipowners and operators. These laws establish the rights and obligations of insurers and insured parties, as well as the procedures for resolving disputes and handling insurance claims. Internationally recognized guidelines include the York-Antwerp Rules on general average and the Institute Cargo Clauses for cargo insurance.

- **Indian Maritime Laws**

In India, several laws and regulations, state maritime boards ensure the safety, security, and efficiency of



maritime activities.<sup>9</sup> The Merchant Shipping Act, 1958, with its 24 parts and 490 Sections, governs ship registration, seafarers' qualifications, safety standards, pollution prevention, and maritime claims, aiming to standardize maritime operations. The Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017, comprising 18 sections, addresses admiralty jurisdiction and maritime claim settlements, providing mechanisms for ship arrests and dispute adjudication, thus enhancing legal certainty in maritime transactions.

The Indian Ports Act, 1908, contains 11 chapters and 111 Sections, and regulates port authorities' powers, port operations, and dues, ensuring the development and smooth functioning of port infrastructure critical for maritime trade. The Marine Insurance Act, 1963, with 10 chapters and 95 Sections, governs marine insurance contracts, covering insurable interest, disclosure of facts, marine perils, and indemnity, managing maritime activity risks. The Coasting Vessels Act, 1838, comprising 18 Sections, regulates coastal trade and the licensing of vessels within Indian waters, ensuring safe and efficient coastal trade operations.

The Major Port Trusts Act, 1963, includes 146 Sections, governing the administration, management, and regulation of major ports, establishing port trusts to ensure effective governance and port operations. The Inland Vessels Act, 1917, with 62 Sections, regulates the construction, registration, and navigation of inland vessels, setting safety standards and licensing requirements to promote safe and efficient inland waterway transportation. The Prevention of Damage to Public Property Act, 1984, containing 9 Sections, aims to safeguard ports, harbors, and maritime facilities from damage or destruction, protecting critical infrastructure.

The Carriage of Goods by Sea Act, 1925, comprising 8 Sections, governs the rights and liabilities of carriers and shippers, incorporating Hague-Visby Rules to ensure uniformity and clarity in maritime transportation contracts. Collectively, these laws form a comprehensive legal framework for India's maritime sector, ensuring compliance with international standards and promoting safety, security, and sustainability in maritime activities. This framework supports the growing maritime industry, facilitates trade, and protects the maritime environment.

## **ROLES, CHALLENGES AND WAY FORWARD FOR COMPANY SECRETARIES IN MARITIME LAW**

Within the maritime industry, Company Secretaries play a multifaceted role, leveraging their expertise in corporate governance, compliance management, and legal advisory to contribute significantly across various domains governed by maritime laws. One key area where Company Secretaries excel is in corporate governance and Board support. *For instance*, they facilitate Board Meetings, maintain corporate records, and ensure

adherence to governance protocols. *A practical example* would be their role in ensuring compliance with the Companies Act and other relevant regulations during board meetings, thus maintaining transparency and accountability within maritime entities.

Moreover, Company Secretaries may offer invaluable support in regulatory compliance, particularly concerning international conventions such as SOLAS, MARPOL, and the ISPS Code. Indian CS can assist in compliance for various Projects in India like SAGARMALA. For instance, they monitor changes in maritime regulations and devise compliance strategies accordingly. An example would be their involvement in ensuring that vessels comply with SOLAS regulations regarding safety equipment and procedures, thereby mitigating the risk of accidents at sea and avoiding potential regulatory penalties.

In the realm of vessel registration and documentation, Company Secretaries may oversee the registration process and maintain accurate records of vessel ownership. They also provide guidance on flag state requirements and international conventions related to vessel registration. A practical example would be their role in assisting a maritime company in registering a new vessel under the relevant flag state's jurisdiction, ensuring compliance with all legal requirements and facilitating seamless operation.

When it comes to charter party management, Company Secretaries are adept at drafting, reviewing, and executing charter party agreements for vessel chartering. They also provide counsel on contractual terms and conditions, including laytime, demurrage, and freight rates. A practical example would be their involvement in negotiating charter party agreements between a shipping company and a charterer, ensuring that the terms are fair and favorable to both parties while minimizing legal risks.

In the domain of maritime insurance and claims management, Company Secretaries may play a crucial role in securing appropriate insurance coverage for vessels, cargo, and liabilities. They can also manage insurance policies and coordinate claims processes in the event of maritime incidents. For example, they may assist in handling insurance claims arising from vessel collisions or cargo damage, ensuring that the company receives adequate compensation and minimizing financial losses.

Furthermore, Company Secretaries are instrumental in environmental compliance and sustainability efforts within the maritime sector. They monitor regulatory developments related to environmental protection and advise on compliance with emissions control, ballast water management, and marine pollution prevention regulations. A practical example would be their involvement in implementing environmental management systems onboard vessels to minimize the environmental impact of maritime operations and ensure compliance with relevant regulations.

In addition, in legal advisory and contractual negotiations, Company Secretaries may provide invaluable counsel on various contractual agreements, including shipbuilding contracts, ship sale and purchase agreements, and maritime service contracts. They negotiate terms and conditions with stakeholders and draft and review legal documents pertinent to maritime operations. *For instance*, they may advise on the legal implications of a ship sale and purchase agreement, ensuring that the transaction is conducted in accordance with applicable laws and regulations.

In essence, Company Secretaries bring a wealth of expertise and experience to the maritime industry, playing a vital role in ensuring legal compliance, risk management, and sustainable growth. Their contributions across various legal and regulatory aspects enhance operational efficiency, mitigate risks, and foster compliance with international standards, thereby supporting the development and success of maritime enterprises.

### Special Roles in ICJ<sup>10</sup> and ITLOS<sup>11</sup>

Indian company secretaries with specialized knowledge in maritime law and international regulations like (IMO regulations and UNCLOS) have significant opportunities to contribute to institutions like the International Court of Justice (ICJ) and the International Tribunal for the Law of the Sea (ITLOS). These professionals can assume diverse roles, ranging from legal counsel to representation and policy advocacy. *For instance*, in disputes involving maritime boundaries or navigation rights, Indian CS professionals can serve as legal advisors, offering expert guidance on complex legal issues and ensuring that the interests of Indian stakeholders are effectively represented. Additionally, they can represent Indian companies, government agencies, or individuals involved in maritime disputes, advocating for their rights and interests before these international courts.

Moreover, Indian CS professionals can play a pivotal role in facilitating negotiations and mediating disputes between parties in maritime conflicts. By leveraging their expertise in international law and negotiation skills, they can work towards amicable resolutions that uphold legal principles and promote peaceful coexistence among nations. For example, they may assist in negotiations related to maritime delimitation agreements or disputes over the interpretation of international treaties governing maritime activities.

Furthermore, these professionals can contribute to policy advocacy efforts at international forums, representing India's interests and shaping the development of maritime law frameworks. By actively participating in discussions and debates on maritime legal issues, they can influence decision-making processes and ensure that Indian perspectives are taken into account in the formulation of international maritime regulations. This could involve advocating for the recognition of traditional fishing rights or promoting fair and equitable access to marine resources for developing countries like India.

In addition to their roles in dispute resolution and policy advocacy, Indian CS professionals can engage in research and analysis on maritime legal issues, contributing to the advancement of knowledge in this field. By conducting studies on emerging legal challenges in the maritime domain, they can provide valuable insights that inform the decisions of international courts and policymakers. This research could encompass topics such as the legal implications of climate change on maritime boundaries or the jurisdictional issues arising from the use of emerging technologies in maritime activities.

Furthermore, Indian CS professionals can participate in capacity-building initiatives aimed at enhancing legal expertise in maritime law globally. By sharing their knowledge and experiences with counterparts from other countries, they can contribute to the professional development of legal practitioners and officials involved in maritime governance. This could involve conducting training workshops, seminars, or academic exchanges focused on various aspects of maritime law, thereby strengthening international cooperation and collaboration in this critical area.

Overall, Indian Company Secretaries with expertise in maritime law have a wide range of opportunities to contribute to international courts like the ICJ and ITLOS. Whether it's providing legal counsel, representing stakeholders in disputes, advocating for policy reforms, conducting research, or building capacities, these professionals can play a vital role in advancing the rule of law and promoting peaceful resolution of maritime conflicts on the global stage.

### Challenges and Problems Faced by Company Secretaries in the Maritime Law

Indian Company Secretaries operating within the maritime industry may face numerous challenges, particularly from legal aspects. One significant challenge is the legal complexity and compliance burden stemming from international conventions and national regulations. Ensuring compliance with a diverse range of regulations such as SOLAS, MARPOL, and ISPS Code poses a significant challenge. *For instance*, interpreting and implementing the complex provisions of MARPOL Annex VI to adhere to emission standards requires meticulous attention to detail and legal expertise.

Moreover, Company Secretaries typically receive limited education on maritime law within their course curriculum of ICSI Institute<sup>12</sup>, resulting in a lack of comprehensive understanding and knowledge of maritime legal principles. Many Company Secretaries may not be familiar with basic maritime laws, such as admiralty law or maritime insurance principles. Consequently, when tasked with legal matters specific to the maritime industry, they may struggle to provide informed advice or assistance.

Additionally, Indian Company Secretaries often have insufficient knowledge and experience in international law, particularly concerning maritime legal frameworks. In cases involving disputes over maritime boundaries or navigation rights governed by international conventions like UNCLOS, Company Secretaries may encounter challenges in providing nuanced legal advice due to their limited understanding of international legal principles.

Furthermore, the absence of specialized maritime tribunals in India limits opportunities for full-fledged legal practice and adjudication in the maritime sector. Resolving complex legal disputes related to vessel collisions or charter party breaches often requires specialized expertise in maritime law. However, without dedicated maritime tribunals, such cases may be adjudicated in generalist courts, leading to delays and suboptimal outcomes.

The maritime sector in India is governed by a patchwork of laws and regulations, with limited specific legislation addressing international maritime law issues. This creates challenges in establishing clear jurisdictional boundaries for legal disputes. Determining the applicable law and jurisdiction in cases involving maritime accidents or contractual disputes can be complex, leading to uncertainty and procedural hurdles in resolving disputes effectively.

Operational and logistical challenges further compound the complexities faced by Company Secretaries in the maritime industry. Coordinating various operational aspects such as vessel management and port operations presents logistical challenges. Managing vessel registration and documentation processes involves liaising with multiple stakeholders, and delays or errors in documentation can result in operational disruptions and regulatory non-compliance.

Additionally, risk management and insurance complexities pose significant challenges. Assessing and mitigating risks associated with maritime operations requires comprehensive risk management strategies. Handling insurance claims arising from maritime incidents involves intricate negotiations with insurers and legal complexities, which Company Secretaries must navigate efficiently to minimize financial losses and reputational damage.

Keeping pace with technological advancements (*like Maritime Cyber-Crimes*) in the maritime sector and adapting regulatory frameworks accordingly also pose ongoing challenges. Addressing legal implications and compliance requirements related to technological advancements such as autonomous vessels or digitalization initiatives requires continuous monitoring of regulatory developments and proactive adaptation of compliance measures.

Balancing environmental sustainability goals with regulatory compliance obligations presents a complex

challenge. Ensuring compliance with emerging environmental regulations while optimizing vessel operations for efficiency and profitability requires a delicate balance and proactive risk management approach.

Lastly, cross-border legal and jurisdictional issues further compound the challenges. Resolving legal disputes involving multiple jurisdictions and navigating conflicting laws can be arduous. Addressing contractual disputes or maritime incidents involving vessels operating in international waters may entail complex legal proceedings and jurisdictional challenges, requiring adept legal counsel and strategic negotiation skills from Company Secretaries. Overall, these challenges identified the need for Company Secretaries in the maritime industry to possess a strong understanding of legal principles and the ability to adapt to dynamic legal landscapes effectively.

### Strategies to Overcome Challenges

To address the challenges faced by Indian Company Secretaries operating within the maritime industry, several strategies and solutions can be implemented which are discussed in this portion of the article:

Enhancing education and training in maritime law for Company Secretaries is crucial. Integrating specialized courses with practical case studies on admiralty law and maritime insurance will provide valuable insights. Further, promoting international law expertise through professional development programs and certifications focusing on frameworks like UNCLOS will enhance their proficiency in global maritime issues.

Establishing specialized maritime tribunals in India will ensure efficient resolution of maritime disputes and offer legal practice opportunities. Legislative reforms are needed to address inconsistencies in maritime laws and create clear jurisdictional boundaries, reducing uncertainty and procedural hurdles. Streamlining operational processes for vessel management, registration, and documentation using technology will improve efficiency and compliance. Continuous regulatory monitoring is essential to stay updated on technological advancements and regulatory changes, ensuring adherence to evolving legal requirements.

Implementing environmental compliance initiatives, such as ballast water management programs, will balance sustainability goals with regulatory obligations. Fostering collaboration among industry stakeholders and advocating for policy reforms will support the growth and sustainability of the maritime sector. Investing in capacity building and skill development for Company Secretaries through professional development and training will enhance their understanding of legal principles and adaptability to dynamic legal landscapes. Hosting seminars on cross-border maritime trade issues will further develop their negotiation skills and legal acumen.

## RECOMMENDATIONS, SUGGESTIONS AND CONCLUSIONS

Based on the critical analysis of the opportunities for Company Secretaries in Maritime Law in this article above and the challenges they face, a total of 10 effective recommendations can be made to enhance their role and effectiveness in Maritime Law:

- Enhanced Education and Training:** Collaborate with educational institutions like Indian Maritime University (IMU), Rastriya Raksha University and professional bodies Like National Maritime Foundation to incorporate specialized modules on maritime law within the Company Secretary curriculum. For example, include case studies on maritime insurance principles, such as a scenario where a shipping company faces liability claims due to environmental damage caused by an oil spill from one of its vessels. This will equip Company Secretaries with the necessary knowledge and skills to navigate the complexities of maritime legal frameworks effectively.
- Continued Professional Development:** Encourage Company Secretaries to pursue further education and training in international law and maritime regulations through workshops, seminars, and certifications. For instance, they could attend workshops on the implementation of the International Safety Management (ISM) Code to ensure compliance with safety standards aboard ships. This will enable them to stay updated on evolving legal landscapes and enhance their expertise in maritime law.
- Advocacy for Specialized Tribunals:** Advocate for the establishment of specialized maritime tribunals or courts dedicated to resolving maritime disputes. For example, lobby for the creation of a Maritime Arbitration Tribunal to address contractual disputes between shipping companies and charterers efficiently. This will provide a specialized forum for adjudicating complex legal issues in the maritime sector and ensure timely and efficient resolution of disputes.
- Legislative Reforms:** Lobby for legislative reforms to address the fragmented regulatory framework governing the maritime sector. Develop specific legislation addressing international maritime law issues to provide clarity on jurisdictional boundaries and streamline legal procedures. For instance, propose amendments to the Merchant Shipping Act to incorporate provisions for the enforcement of international conventions like MARPOL.
- Adoption of Technology:** Embrace technology solutions for streamlining operational processes and enhancing compliance with regulatory requirements. Implement digital platforms for vessel management, registration, and documentation to reduce administrative burdens and improve efficiency. For example, introduce an online portal for vessel registration and documentation, allowing stakeholders to submit and track applications electronically, thereby reducing processing times and paperwork.
- Comprehensive Risk Management:** Develop comprehensive risk management strategies for assessing and mitigating risks associated with maritime operations. This includes conducting thorough risk assessments, implementing risk mitigation measures, and establishing protocols for handling insurance claims. For instance, conduct a risk assessment of potential environmental hazards in port operations and develop contingency plans to mitigate the impact of oil spills or other pollution incidents.
- Continuous Regulatory Monitoring:** Establish mechanisms for continuous monitoring of regulatory developments in the maritime sector. This includes staying updated on international conventions, treaties, and agreements to ensure compliance with evolving legal requirements. For example, subscribe to regulatory updates from organizations like the International Maritime Organization (IMO) to stay informed about changes to maritime regulations and guidelines.
- Environmental Sustainability Initiatives:** Introduce environmental compliance initiatives focused on promoting sustainability in maritime operations. Develop strategies for minimizing environmental impact and ensuring compliance with emerging environmental regulations. For instance, implement a ballast water management program to comply with regulations aimed at preventing the spread of invasive species through ballast water discharge.
- Stakeholder Collaboration:** Foster collaboration among stakeholders in the maritime industry, including government agencies, industry associations, and legal experts. Work together to address key legal and operational challenges and advocate



for policy reforms that support the growth and sustainability of the maritime sector. For example, participate in industry forums and working groups to discuss regulatory issues and propose solutions collaboratively.

- **Capacity Building:** Invest in capacity building and skill development initiatives for Company Secretaries in the maritime industry. Provide opportunities for professional development, training, and knowledge exchange to enhance their understanding of legal principles and their ability to adapt to dynamic legal landscapes effectively. For instance, organize seminars on emerging legal trends in maritime law and invite industry experts to share insights and best practices with Company Secretaries.

### SPECIAL RECOMMENDATION TO THE POLICY MAKER FOR ENACTMENT OF MARITIME TRIBUNAL IN INDIA

Establishing a maritime tribunal in India is crucial given its vast coastline and strategic maritime position. Currently, general courts handle maritime disputes, leading to prolonged litigation and inconsistent judgments due to the lack of specialized knowledge. A dedicated tribunal would efficiently resolve disputes related to territorial waters, shipping routes, and marine resource exploitation, enhancing maritime security and governance. Moreover, it would bolster investor confidence, attract investments, and support economic growth by providing a transparent mechanism for dispute resolution. Additionally, it would enforce environmental protection laws, aligning India with international standards and fostering global cooperation.

The tribunal would also nurture expertise in maritime law, positioning India as a leader in the field and enabling effective participation in international negotiations. Company Secretaries can contribute by providing specialized support in legal proceedings, ensuring compliance, and advising on governance practices and risk management strategies. Overall, the tribunal would efficiently resolve disputes, enhance security, support economic growth, and safeguard India's maritime interests.

### CONCLUSION

In conclusion, the maritime sector in India offers significant opportunities for Company Secretaries to contribute their expertise in governance, compliance, and legal advisory. However, navigating the complex legal landscape of the maritime industry poses several challenges, including the lack of specialized education, limited understanding of international law, and operational complexities. To overcome these challenges, it is essential to enhance education and training, advocate for legislative reforms, streamline operational processes, and promote collaboration among stakeholders. By

implementing these strategies, Indian Company Secretaries can effectively address legal challenges, ensure regulatory compliance, and contribute to the sustainable growth of the maritime sector.

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# Embracing Technology: Issues, Challenges and Resources

The role of a Company Secretary has significantly transitioned from being a passive participant in corporate governance to an active and crucial figure within the business landscape. Historically viewed as an administrative role, the Company Secretary's responsibilities have expanded beyond managing documents and scheduling meetings. This evolution is marked by a shift from physical document management to a digital-centric approach, where proficiency in digital tools and cybersecurity awareness has become paramount.



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*In the realm where laws and commerce meet,  
 A Company Secretary is careful and discreet.  
 With vast duties and burdens high,  
 Technology soars, reaching the sky.  
 Rules, regulations, permissions and licenses,  
 The legal environment demands compliances  
 Technology shines bright and clear,  
 Guiding the CS, eradicating fear.*

*In the depths of corporate seas,  
 Where governance reigns and transparency free,  
 Technology's waves carry the CS's hand,  
 Navigating complexities across the land.*

*The digital era makes data supreme,  
 Handling it is difficult extreme,  
 Flows with ease through bytes and code,  
 Harnessing technology's power, he boldly strode.  
 Technological guidance makes you follow paths refine,*

*And in the crowd the firm will shine  
 An organization's reputation is must to keep,  
 So, be compliant for the cost will steep*

*In boardrooms filled with decisions grand,  
 Technology sits at the CS's hand,  
 Providing insights, analytics bright,  
 Helps the organization making choices right  
 So, here's to technology, our steadfast friend,*

*On whom the CS can depend.*

*In this dynamic world, where change is key,  
 Technology and the CS, a formidable decree.*

## INTRODUCTION

In our fast-changing world, technology has become an essential element of our daily lives, penetrating all sectors of society. From communication and transportation to healthcare and entertainment, technology innovations have transformed how we live, work, and interact with one another.

In an era where technology reshapes every aspect of business operations, the role of the digital Company Secretary has gained unprecedented significance in navigating the future of corporate governance. These professionals stand at the confluence of tradition and innovation, ensuring compliance and organizational efficiency amidst rapidly evolving regulatory landscapes. The integration of artificial intelligence and other digital tools into their workflows not only streamlines processes but also elevates the strategic value they bring to their organizations. This transformation underscores the importance of understanding how technology intersects with the functions of corporate governance to maintain a competitive edge.

The role of a Company Secretary has significantly transitioned from being a passive participant in corporate governance to an active and crucial figure within the business landscape. Historically viewed as an administrative role, the Company Secretary's responsibilities have expanded beyond managing documents and scheduling meetings. This evolution is marked by a shift from physical document management to a digital-centric approach, where proficiency in digital tools and cybersecurity awareness has become paramount. The global COVID-19 pandemic further underscored the importance of digital adaptation, revealing the need for corporations to be prepared for unforeseen risks through effective digital strategies.

## NEED OF TECHNOLOGY

A number of regulatory and legislative developments have recently occurred, all of which have an impact on

governance plans and procedures. As the governance custodians, the Company Secretary is at the heart of this transition and must ensure that the proper people within the business are kept informed of developments and that they are authorized by the Board.

It is difficult to absorb both the quantity of information and its ramifications in such a short period of time. Not least, at the same time, Company Secretaries also need to run a tight ship in terms of their other duties, whether attending Board and shareholder meetings, establishing compliance checklists and time frames for important projects (for example, an IPO), or overseeing the timely completion of major corporate transactions.

Failure to comprehend the effects of regulatory or legislative developments, or ensuring their effective implementation across the organisation, could harm the firm's reputation or have a significant impact on the business. A single unintentional oversight can have catastrophic effects.

Change is unavoidable and constant. With recent technological advancements, several components of the Company's Secretary function have already transformed. The Entity management, access and management of compliance data and maintenance of statutory registers are done electronically using company secretarial software, while filing of statutory documents and accounts are done online. Meetings are also administered online, with all directors having access to a soft board pack from wherever they are.

## THE GROWING ROLE OF COMPANY SECRETARIES IN THE ERA OF DIGITALIZATION

Typically, Company Secretaries are in charge of keeping corporate documents and making sure regulations are followed. However, as technology was introduced into corporate secretarial job, the conventional methods of completing these responsibilities have changed throughout time. Corporate Secretaries play a crucial role in ensuring that the Board of Directors and the organization are aware of the new processes that have been put in place as a result of the implementation of technology in these responsibilities. This occurs during their discussion of the main operating procedures, protocols, strategies, and hazards related to technology.

The evolution of corporate secretarial responsibilities represents a deep change in perspective, aptitude, and influence.

**1. Data streams replace paper traces :** The conventional secretary kept track of things on paper, scheduled meetings, and handled tangible documents. Conversely, their digital counterpart flourishes in the data realm. Board, committees and members meetings

are now generally held digitally these days, firm data is safely maintained on the internet, and cloud-based apps enable real-time collaboration. This shift calls for proficiency with digital tools, awareness of cybersecurity threats, and a deep understanding of data governance.

**2. From traditional gatekeeper to advisor on strategy:** The corporate secretary's traditional responsibilities were administrative and compliance-related. These days, a digital corporate secretary uses technology to provide insights and recommendations, giving them a more strategic position. Digital corporate secretaries, for instance, assess data to identify and reduce risks, interpret complex regulations, and advise the Board on governance and ESG issues. Excellent analytical skills, business acumen, and a forward-thinking outlook are necessary for this.

## HOW DIGITAL CORPORATE SECRETARIES INCREASE PRODUCTIVITY?

Every firm needs efficiency and compliance to be successful in the long run. However, conventional company secretarial services could find it difficult to stay up to date because they are usually burdened by paperwork and manual processes. Here's where digital business secretaries may help, providing a host of advantages such as:

**Efficiency and speed of access in an instant:** Digital systems provide easy access to corporate documents and provide you with real-time activity updates through notifications and reminders. Digital signatures and paperless workflows also speed up processing.

Secretaries of digital companies often work using a software-as-a-service (SaaS) model, which consists of simple pricing packages that list essential and optional services together with their associated costs.

**Improved dialogue:** More frequent communication, more effective teamwork, and a reduced dependency on time-consuming in-person meetings are made possible by video conferencing and virtual meetings.

Resource limitations, compliance concerns, and administrative inefficiencies are the common enemies that impact companies of all sizes. Use digital Corporate Secretaries, which transform operational efficiency through four major pillars, to minimize these complications:

**Automated accuracy:** Digital Company Secretaries efficiently automate a variety of administrative duties, such as setting up Board Meetings, producing yearly reports, and notifying shareholders at a rate never seen before.

**Document proficiency:** Paper records' disarray is eliminated by safe, cloud-based systems. Automated backups and version control guarantee careful document management, and powerful search makes it possible to retrieve documents instantly.

With recent technological advancements, several components of the Company's Secretary function have already transformed. The Entity management, access and management of compliance data and maintenance of statutory registers are done electronically using company secretarial software, while filing of statutory documents and accounts are done online. Meetings are also administered online, with all Directors having access to a soft board pack from wherever they are.

## ROLE OF TECHNOLOGY IN COMPLIANCE MANAGEMENT

Simply defined, compliance technology is a solution that helps businesses and organizations streamline all compliance-related tasks while guaranteeing that all regulatory requirements are met without fail. It does this by utilizing big data, artificial intelligence, machine learning, and cloud computing.

Although businesses do not necessarily need to depend on technology for legal compliance, an increasing number of them are doing so in order to simplify operations and cut expenses. Technology utilization has a lot to offer in terms of compliance. The goal of company compliance is to become cashless, paperless, and presence-free. By enabling the company DigiLocker to serve as a central repository for all licenses, registrations, permissions, and consent orders, generation can contribute to the creation of paperless compliance. There will be no need to print out reams of paper with notarising and stamping needs thanks to this trustworthy, verifiable, and tamper-proof helpful resource.

An enterprise's unique identity, or UEN, will make it easier to create and manage its risk and compliance profile. All licenses, registrations, permissions, consent orders, returns, registers, challans, payments, and notices in digital India of the twenty-first century should be kept up to date and accessible online using a UEN. Establishing credibility and confidence amongst businesses, investors, and financial institutions will be facilitated by a distributed ledger powered by blockchain technology. Furthermore, by providing the pertinent regulatory bodies with access to these papers through a security key, enforcement may be streamlined, expedited, and made easier in terms of renewals, reviews, and inspections. The time, expense, and labour associated with regulatory reporting can be significantly decreased through the efficient use of blockchain technology.

Furthermore, it will increase the process's accuracy, confidence, and quality. An unchangeable audit trail for

all compliance actions and increased data visibility are two benefits of such a system. Regulatory bodies are able to obtain secure compliance-related data almost instantly. As an alternative to examining data after the fact, this would enable authorities to remain ahead of the curve.

There was a time when WhatsApp didn't exist, twitter was mere a sound, the cloud was meant to be in the sky and 5G was a parking place.

Many manual operations that are essential to compliance can be automated by technology, such as data collecting, analysis, and reporting. Businesses can better manage resources and free up critical time to handle other urgent concerns by automating these operations. The prospects for compliance seem bright. Businesses that fully embrace technology's ability to rewrite regulations will be well-positioned for success.

It takes more than just installing the newest technology to stay ahead of the compliance game. You also need to comprehend its consequences, match it to your needs as a business, and execute it well. The companies who make the most use of these cutting-edge tools will surely prosper as we continue to traverse the compliance landscape in the future.

Compliances are difficult to comply. Global customer base, partners, and commercial operations are common among organizations in various industries. An organization's operations become more complex as it grows in size. The dynamic and ever-evolving nature of modern organizations further compounds the difficulties of doing business globally. The dynamic and worldwide character of company poses unique challenges for the management of compliance risks. Organizations experience exponential growth in risk as they increase their operations and commercial relationships such as with suppliers, supply chains, consultants, and staff. The compliance department's function is evolving due to oversight needs into an autonomous, dynamic program that can oversee and manage compliance risk from the top down.

Many firms are increasingly considering adopting technology-driven solutions due to the rapid progress of technology. A number of laborious and resource-intensive procedures, such as data collection, documentation, risk assessment, reporting, and monitoring, are usually involved in manual compliance. Among the main obstacles to manual compliance are:

*Human error:* Errors in data entry, incorrect interpretation of rules, and neglecting important compliance requirements are all possible and can have expensive repercussions.

*Time-Consumption:* Compiling information, monitoring regulatory changes, and creating reports can take a lot of time, taking important human resources away from more strategic tasks.

*Limited Scalability:* When an organization grows, manual procedures might not scale up as well, which could result



in higher operating expenses and possible compliance gaps.

*Absence of Real-time Visibility:* Manual procedures frequently lack the capacity for real-time reporting and monitoring, which makes it challenging to identify compliance problems in a timely way.

### Which New Technologies Are Used In Corporate Secretarial Work?

#### Technological Resources:

Company Secretaries can benefit from a variety of technological resources to streamline their workflow, enhance efficiency, and ensure compliance. Here are some essential technological resources for Company Secretaries:

1. **Document Management Systems (DMS):** DMS platforms help Company Secretaries organize, store, and manage corporate documents securely. These systems often include features such as version control, access controls, document encryption, and audit trails to ensure compliance with data security and privacy regulations.
2. **Board Portal Software:** Board portal software facilitates the organization and conduct of Board Meetings, allowing Company Secretaries to distribute meeting materials, collaborate with Board members, and capture meeting minutes electronically. Board portals often offer features like document sharing, voting capabilities, agenda management, and secure messaging.
3. **Compliance Management Software:** Compliance management software helps company secretaries monitor regulatory requirements, track compliance tasks, and generate reports to demonstrate adherence to legal and regulatory standards. These platforms may include features such as compliance calendars, policy management, risk assessments, and compliance analytics.
4. **Electronic Signature Solutions:** Electronic signature solutions enable Company Secretaries to securely sign and manage documents electronically, streamlining approval processes and reducing paperwork. These solutions typically offer features such as digital signatures, audit trails, document tracking, and integration with document management systems.
5. **Corporate Governance Software:** Corporate governance software platforms provide comprehensive solutions for managing corporate governance practices, including Board management, entity management, compliance, and stakeholder engagement. These platforms often integrate various modules to streamline governance processes and enhance transparency and accountability.
6. **Virtual Data Rooms (VDRs):** Virtual data rooms are secure online repositories used for storing and sharing confidential documents during mergers and acquisitions, due diligence processes, and other



corporate transactions. Company Secretaries can use VDRs to manage sensitive documents, control access permissions, and track document activities.

7. **Cybersecurity Solutions:** Cybersecurity solutions help Company Secretaries protect corporate data and systems from cyber threats, including malware, phishing attacks, and data breaches. These solutions may include antivirus software, firewalls, intrusion detection systems, encryption tools, and security awareness training programs.
8. **Training and Educational Resources:** Company Secretaries can benefit from training programs, webinars, online courses, and educational resources focused on governance best practices, regulatory compliance, and emerging technologies. Organizations such as the Chartered Governance Institute (UK) and professional associations often offer training and certification programs tailored to Company Secretaries' needs.

By leveraging these technological resources, Company Secretaries can streamline administrative processes, enhance governance practices, and ensure compliance with regulatory requirements more effectively. It's essential to evaluate each resource's features, compatibility with existing systems, security capabilities, and scalability to meet the organization's specific needs and objectives.

### TECHNOLOGICAL CHALLENGES-

Company Secretaries face several technological challenges in their roles, primarily due to the increasing digitization and automation of business processes. Some of these challenges include:

1. **Data Security and Privacy:** With the digitalization of documents and processes, ensuring the security and privacy of sensitive company information becomes crucial. Company Secretaries must navigate the complexities of data protection laws and implement robust cybersecurity measures to safeguard confidential data.
2. **Adoption of Digital Tools:** Embracing new digital tools and software can be challenging for Company Secretaries, especially if they have limited technological

expertise. Learning to use various software for tasks such as document management, Board Meeting organization, and compliance tracking requires time and training.

3. **Integration of Systems:** Many companies use multiple software systems for different functions, such as accounting, HR, and compliance. Integrating these systems to ensure seamless data flow and consistency can be a significant challenge for company secretaries, requiring technical knowledge or assistance from IT professionals.
4. **Remote Work and Collaboration:** The shift towards remote work necessitates the use of collaboration tools and virtual meeting platforms. Company Secretaries must adapt to conducting Board Meetings and managing corporate governance remotely, which may require overcoming technical challenges related to connectivity, software compatibility, and user training.
5. **Compliance with Regulatory Requirements:** Regulatory compliance is a core responsibility of Company Secretaries. Keeping up with evolving regulatory requirements, especially in the context of technology and data management, can be demanding. Implementing systems and processes to ensure compliance with laws related to data protection, electronic signatures, and digital record-keeping is essential.
6. **Digital Communication and Transparency:** Maintaining transparent communication within the organization, particularly regarding corporate governance matters, is essential. Company Secretaries need to leverage digital communication channels effectively while ensuring compliance with regulatory standards for transparency and disclosure.
7. **Risk Management:** Technology introduces new risks, such as cybersecurity threats, data breaches, and system failures. Company Secretaries need to work closely with IT and cybersecurity teams to identify and mitigate these risks effectively.

Addressing these technological challenges requires a combination of technical expertise, strategic planning, and ongoing learning to stay abreast of advancements in technology and regulatory requirements. Collaboration with IT professionals and investment in training and development programs can help company secretaries navigate these challenges more effectively.

## TECHNOLOGICAL ISSUES-

Company Secretaries encounter various technological issues in their roles, which can pose significant challenges to their effectiveness and efficiency. Some of these issues include:


1. **Complexity of Software Solutions:** Company Secretaries often need to work with multiple software solutions for tasks such as document management, compliance tracking, and Board Meeting organization. Managing and integrating these diverse systems can be complex and time-consuming, especially if they lack adequate training or support.
2. **Legacy Systems and Outdated Technology:** Many companies still rely on legacy systems and outdated technology for their administrative processes. These

systems may lack modern features, compatibility with newer software, and adequate security measures, making it difficult for Company Secretaries to perform their duties efficiently.

3. **Data Security and Privacy Concerns:** The digitalization of corporate records and sensitive information raises concerns about data security and privacy. Company Secretaries must ensure that electronic documents are securely stored, transmitted, and accessed only by authorized personnel to prevent data breaches and compliance violations.
4. **Remote Work Challenges:** The shift towards remote work, accelerated by events such as the COVID-19 pandemic, has introduced new technological challenges for Company Secretaries. They need to adapt to virtual communication tools, remote Board Meetings, and digital collaboration platforms while ensuring data security and maintaining compliance with regulatory requirements.
5. **Compliance with Electronic Signature Laws:** Electronic signatures are increasingly used for signing documents and contracts in the corporate sector. However, ensuring compliance with electronic signature laws and regulations, such as the Electronic Signatures in Global and National Commerce (ESIGN) Act in the United States and the eIDAS Regulation in the European Union, can be challenging for Company Secretaries.
6. **Training and Skills Development:** Keeping up with advancements in technology and acquiring the necessary skills to leverage digital tools effectively can be a significant challenge for Company Secretaries, especially those who may have limited technical expertise or access to training resources.
7. **Integration of Technology into Governance Processes:** Incorporating technology into corporate governance processes, such as Board Meetings, shareholder communications, and regulatory filings, requires careful planning and execution. Company Secretaries must ensure that technology enhances transparency, efficiency, and accountability in governance practices while adhering to legal and regulatory requirements.

Addressing these technological issues requires proactive measures, such as investing in modern software solutions, providing training and support for employees, implementing robust cybersecurity measures, and staying informed about relevant laws and regulations. Collaboration with IT professionals and technology vendors can also help Company Secretaries overcome these challenges more effectively.

## CONCLUSION

Embracing technology presents a number of issues and challenges that need to be addressed. From the rapid pace of technological change to concerns about job displacement and the digital divide, there are many obstacles that must be overcome in order to fully realize the benefits of technology. However, with the right resources and strategies in place, we can navigate these challenges and create a more equitable and sustainable future. By investing in education, regulation, and infrastructure, we can ensure that technology continues to improve our lives and shape a better world for future generations. 

# Embracing AI: Transforming the Company Secretarial Profession for a Better Future

The role of the Company Secretary, pivotal in ensuring compliance and facilitating effective governance, has not remained untouched by this digital revolution. From the traditional pen-and-paper approach to leveraging cutting-edge artificial intelligence, the transformation is profound. This article delves into how technology has reshaped the company secretarial profession over the decades, highlights the key role of AI today, and offers insights into embracing these changes not just as necessities but as opportunities to enhance productivity and decision-making in the corporate realm.



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*“The only constant in life is change.” - Heraclitus*

## INTRODUCTION

In the rapidly evolving corporate landscape, technology stands as both a pillar and a promise—driving changes that redefine the scope and execution of corporate governance. The role of the Company Secretary, pivotal in ensuring compliance and facilitating effective governance, has not remained untouched by this digital revolution. From the traditional pen-and-paper approach to leveraging cutting-edge artificial intelligence, the transformation is profound. This article delves into how technology has reshaped the Company Secretarial profession over the decades, highlights the key role of AI today, and offers insights into embracing these changes not just as necessities but as opportunities to enhance productivity and decision-making in the corporate realm.

## HISTORICAL EVOLUTION OF TECHNOLOGY IN THE COMPANY SECRETARY ROLE

The role of the Company Secretary has undergone a significant transformation over the years, primarily driven by technological advancements. Initially, the profession was heavily reliant on manual processes. Minute books were meticulously handwritten, and record-keeping was a labor-intensive task requiring utmost precision and care.

The introduction of word processors and spreadsheet software marked the first major shift towards digitalization. Tools like Microsoft Word and Excel simplified document creation and data management, significantly reducing the time spent on routine tasks. This transition not only boosted efficiency but also improved the accuracy of records, a critical factor in governance.

As technology advanced, specialized software emerged, tailored specifically to the needs of corporate governance. These tools enabled Company Secretaries to manage compliance more effectively, track regulatory changes, and maintain records with greater ease. Software platforms designed for Board management facilitated streamlined scheduling, minute-taking, and action item tracking, transforming how board meetings were conducted.

The regulatory landscape has also evolved to support such technological adaptations. For instance, the use of digital signatures has been authorized by legislation in many jurisdictions to facilitate electronic transactions and ensure their legal validity. Similarly, the maintenance of e-registers and e-minutes is often mandated or authorized under corporate laws to uphold transparency and accuracy in corporate governance. Specific provisions, such as Section 120 of the Companies Act, 2013 in India, authorize the use of electronic records and signatures for company documentation.

## THE RISE OF ARTIFICIAL INTELLIGENCE IN THE COMPANY SECRETARIAL PROFESSION

Artificial intelligence (AI) is rapidly becoming a transformative force in many professions, including that of Company Secretaries. AI's integration into this field is not just an enhancement but a revolution, offering unprecedented capabilities and efficiencies.

## CURRENT APPLICATIONS OF AI

- Automated Compliance Checks:** AI systems can analyze vast amounts of legislative and regulatory data to ensure compliance with local and international laws. This not only reduces the risk of human error but also frees up time for Company Secretaries to

One of the primary challenges in adopting new technologies in the company secretarial role is overcoming resistance to change. This resistance can stem from a variety of sources, including fear of redundancy, discomfort with new tools, or a lack of understanding of the technology's benefits. To address these concerns, it is essential for leadership to communicate clearly about the purpose and advantages of new technologies.

focus on more strategic tasks. For instance, AI can continuously monitor changes in regulations and automatically update compliance checklists, ensuring that companies remain compliant with the latest legal requirements without manual intervention.

- **Risk Assessments:** AI tools can predict potential risks by analyzing patterns and trends in corporate data. This predictive capability enables proactive management of governance issues, allowing company secretaries to address concerns before they escalate. For example, AI can analyze financial statements, market trends, and other relevant data to identify potential financial risks, enabling company secretaries to take preemptive measures to mitigate these risks.
- **Data Analytics:** AI excels in processing and interpreting large datasets, providing insights that were previously unattainable. These insights can inform board discussions and decisions, making the role of the Company Secretary more influential in strategic planning. By utilizing AI-driven analytics, Company Secretaries can generate detailed reports on company performance, identify areas for improvement, and provide data-driven recommendations to the Board.
- **Automated Document Management:** AI can streamline document management by automatically categorizing, storing, and retrieving documents. This ensures that important records are easily accessible and reduces the risk of misplacement or loss. AI-powered document management systems can also facilitate quicker searches and retrievals, enhancing efficiency in handling corporate documentation.
- **Virtual Meeting Assistance:** AI tools can enhance virtual meetings by providing real-time transcription, summarizing key points, and generating actionable items. This can improve the efficiency of Board Meetings and ensure that all important discussions are accurately recorded. Additionally, AI can assist in scheduling meetings by finding optimal times for all participants, considering their availability and time zones.

- **Enhanced Cybersecurity:** AI can strengthen cybersecurity measures by detecting unusual activities and potential security threats in real-time. This is crucial for protecting sensitive corporate data from cyberattacks. AI-powered security systems can continuously monitor network traffic, identify vulnerabilities, and alert Company Secretaries to potential breaches, allowing for swift action to secure the data.

## CHALLENGES AND OPPORTUNITIES: EMBRACING TECHNOLOGICAL CHANGE

One of the primary challenges in adopting new technologies in the Company Secretarial role is overcoming resistance to change. This resistance can stem from a variety of sources, including fear of redundancy, discomfort with new tools, or a lack of understanding of the technology's benefits. To address these concerns, it is essential for leadership to communicate clearly about the purpose and advantages of new technologies, not just in terms of operational efficiency but also in enhancing job satisfaction and the potential for professional growth.

## STRATEGIES FOR SUCCESSFUL TECHNOLOGY ADOPTION

- **Training and Continuous Learning:** Implementing regular training sessions and providing ongoing learning opportunities are crucial. These initiatives help staff stay updated on the latest technological advancements and understand how these tools can aid their day-to-day tasks.
- **Change Management:** Effective change management practices are vital. This involves planning the technology adoption process, addressing the concerns of all stakeholders, and ensuring there is adequate support during the transition phase.
- **Policy Making:** Developing policies that promote a tech-friendly environment within the organization encourages a culture of innovation. Such policies might include investing in new technologies, rewarding innovation, and encouraging feedback on technology use.

### Benefits of Embracing Technology:

- **Enhanced Accuracy and Efficiency:** Automated tools reduce the risk of human errors and speed up processes, from compliance checks to document management.
- **Improved Decision-Making:** With better data analysis capabilities, Company Secretaries can provide more insightful advice to the Board, influencing strategic decisions.
- **Increased Productivity:** By automating routine tasks, professionals can focus on more complex and strategic aspects of governance, thereby increasing their value and contribution to the organization.



## TECHNOLOGY: BOON OR BANE?

While the infusion of technology in the Company Secretarial profession has undoubtedly brought about significant improvements in efficiency and effectiveness, it raises the question: Is technology a boon or a bane? On one hand, technology facilitates better compliance, enhances accuracy, and streamlines operations, positioning it as an indispensable tool. On the other hand, the rapid pace of technological change can be daunting, requiring continuous learning and adaptation, which may be perceived as a challenge by some professionals.

## CONCERNS POSED BY TECHNOLOGY AND AI

Despite the advantages, the integration of technology, especially AI, into corporate governance comes with its set of concerns. Security and data privacy are paramount, as the use of AI involves processing substantial amounts of sensitive information. There is always a risk of data breaches, unauthorized access, or misuse of the data, which can lead to severe repercussions for the company and its stakeholders.

Moreover, there is the issue of reliance on AI for decision-making. While AI can provide valuable insights, over-reliance on automated systems without adequate human oversight might lead to errors or oversight, particularly if the AI algorithms are not continually updated or if they operate on biased data sets.

To mitigate these risks, it is essential to implement robust cybersecurity measures, ensure regular audits of AI systems, and maintain a balanced approach where AI complements human judgment rather than replacing it.

## ETHICAL CONSIDERATIONS AND GOVERNANCE

With the increased use of technology comes heightened ethical concerns, particularly around data privacy and security. The integration of AI involves processing substantial amounts of sensitive information, raising the risk of data breaches and unauthorized access. Company Secretaries must implement robust cybersecurity measures and ensure compliance with data protection regulations to mitigate these risks.

Additionally, the potential for bias in AI algorithms and the ethical implications of AI decision-making are critical considerations. Ensuring transparency in AI processes and maintaining human oversight are essential to uphold fairness and accountability in governance practices.

## AI AND CHATGPT: THREAT OR OPPORTUNITY FOR COMPANY SECRETARIES?

The rise of AI and tools like ChatGPT has sparked debate on whether these technologies pose a threat or offer opportunities for Company Secretaries. Here, we explore both perspectives:

### CASE FOR AI AND CHATGPT AS A THREAT

1. **Job Displacement:** One of the primary concerns is the potential for AI to displace jobs. As AI systems become more capable of handling complex tasks traditionally performed by humans, there is a fear that the demand for Company Secretaries might diminish.

2. **Loss of Human Touch:** AI lacks the human touch and emotional intelligence required for certain aspects of governance. Tasks that require empathy, ethical judgment, and nuanced decision-making might suffer if overly reliant on AI.
3. **Data Privacy and Security:** The use of AI involves processing vast amounts of sensitive information, raising significant concerns about data privacy and security. Breaches and misuse of data can lead to severe consequences for companies.
4. **Bias and Ethical Concerns:** AI systems can inadvertently perpetuate biases present in their training data. This raises ethical concerns about fairness and equality in governance decisions influenced by AI.

### CASE AGAINST AI AND CHATGPT AS A THREAT

1. **Enhanced Efficiency:** AI and tools like ChatGPT can handle routine and repetitive tasks more efficiently than humans. This allows Company Secretaries to focus on more strategic and complex responsibilities, enhancing overall productivity.
2. **Improved Accuracy:** AI systems can analyze large datasets with high accuracy, reducing the risk of human error in compliance and reporting. This ensures more reliable governance practices.
3. **Predictive Analytics:** AI can provide valuable insights through predictive analytics, enabling proactive management of potential risks and informed decision-making. This can significantly enhance the strategic role of Company Secretaries.
4. **Support for Professional Growth:** Instead of replacing Company Secretaries, AI can serve as a powerful tool that supports their growth. By automating routine tasks, Company Secretaries can invest more time in professional development and strategic contributions to their organizations.
5. **Training and Upskilling Opportunities:** The rise of AI creates new opportunities for training and upskilling. Company Secretaries can learn to leverage these technologies to enhance their roles, making them more indispensable than ever.

### FUTURE TRENDS AND PREDICTIONS

Looking ahead, technologies like blockchain and smart contracts are poised to further transform corporate governance. Blockchain offers a secure and transparent way to maintain records and execute transactions, which could revolutionize how Company Secretaries handle compliance and reporting. Smart contracts, which automatically execute terms of agreements based on predefined conditions, could streamline processes and reduce the need for manual oversight.

AI and machine learning are expected to continue evolving, automating more complex governance tasks such as predictive risk management and decision-making support. These advancements will enhance the strategic role of Company Secretaries, enabling them to provide more insightful and data-driven advice to Boards.

### PROFESSIONAL DEVELOPMENT AND TRAINING

As technology evolves, ongoing education in digital tools and emerging technologies like AI and blockchain becomes crucial for Company Secretaries. Professional development programs and certifications, such as those offered by the Institute of Company Secretaries of India (ICSI), the Institute of Chartered Secretaries and Administrators (ICSA) and similar bodies, can help governance professionals stay updated on the latest trends and best practices.

Continuous learning opportunities, including workshops, webinars, and online courses, are vital for building the necessary competencies to leverage technology effectively in the Company Secretarial role. These programs provide insights into practical applications of technology, ensuring that Company Secretaries can adapt to and benefit from technological advancements.

### IMPACT OF TECHNOLOGY ON STAKEHOLDER ENGAGEMENT

Technology has significantly enhanced stakeholder engagement, making interactions more dynamic and transparent. Digital platforms and social media allow for real-time communication with shareholders, regulatory bodies, and the general public, facilitating more effective and timely dissemination of information.

Tools like live streaming and digital reporting platforms have made corporate information more accessible, aligning with increased demands for transparency and accountability. These technologies enable stakeholders to stay informed and engaged, fostering a culture of trust and collaboration.

### PRACTICAL STEPS TO ADOPT AI: STARTING WITH CHATGPT

For Company Secretaries looking to take their first steps in leveraging AI technology, incorporating tools like ChatGPT can serve as an excellent starting point. ChatGPT can assist in several routine tasks with high efficiency and accuracy:

1. **Client Communications:** ChatGPT can be used to manage and respond to client inquiries quickly, providing initial drafts or responses that can be reviewed and personalized by the Company Secretary. This not only speeds up communication but also ensures that responses are consistent and informed.
2. **Drafting Minutes:** ChatGPT can help in drafting the initial versions of meeting minutes based on the



inputs provided. This AI tool can structure minutes effectively, ensuring that all necessary details are included and formatted correctly, which can then be fine-tuned by the Company Secretary.

3. **Training Tool:** Additionally, ChatGPT can serve as a training tool for junior staff, providing them with instant responses to procedural questions and helping them understand the nuances of corporate governance through interactive learning.
4. **Document Summarization:** ChatGPT can summarize lengthy documents and reports, making it easier for Company Secretaries to review and present key points to the Board. This can save significant time and ensure that essential information is highlighted for decision-making.
5. **Policy Drafting and Review:** ChatGPT can assist in drafting and reviewing corporate policies, ensuring that they are comprehensive and compliant with regulatory standards. This can help maintain consistency and accuracy in policy documentation, which is crucial for governance.
6. **Legal Drafting:** ChatGPT can assist in drafting legal documents by providing templates and suggesting clauses based on the context. This can help Company Secretaries create comprehensive and compliant documents more efficiently. It can also review existing documents to ensure they meet legal standards and identify areas that need improvement.
7. **Spelling and Grammar Checks:** ChatGPT can assist with identifying and rectifying spelling and grammatical errors in documents, ensuring that


communications are clear and professional. This helps maintain the quality and credibility of official documents and correspondence.

8. **Reviewing Reports:** ChatGPT can help in reviewing and summarizing lengthy reports, highlighting key points and actionable items. This saves time and ensures that important information is easily accessible for decision-making. It can also compare reports over time to identify trends and provide insights.

By starting with these applications, Company Secretaries can gradually familiarize themselves with the capabilities of AI and understand its practical benefits. As comfort with these tools increases, more sophisticated AI applications can be explored, further enhancing the strategic role of the company secretary in corporate governance.

## CONCLUSION

*“Change is the end result of all true learning.” - Leo Buscaglia*

The technological landscape within the realm of corporate governance is continually evolving. For Company Secretaries, the shift towards more sophisticated tools and platforms is not just inevitable but beneficial. Embracing these changes will require a concerted effort in training, change management, and cultural adaptation. However, the rewards – increased efficiency, enhanced decision-making capabilities, and greater job satisfaction – are well worth the effort. By embracing technology, Company Secretaries can ensure they remain vital to the governance process, adeptly managing compliance and guiding their organizations through the complexities of the modern corporate environment. 

# An Overview of Green Artificial Intelligence (AI) and its Applications in India

Green AI is a vital and innovative component of artificial intelligence that primarily emphasises the appropriate use of AI techniques to mitigate environmental challenges. It mainly focuses on the proper application of AI methodology to establish an eco-friendly environment, promote effective usage of relevant resources and reduce the impact of human functionality on the environment.



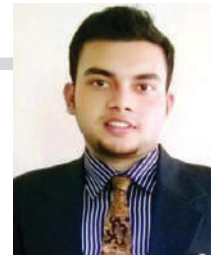
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## INTRODUCTION

Over the last few decades, artificial intelligence has received enormous attention from business analysts and the academic fraternity. Green AI is a vital and innovative component of artificial intelligence that primarily emphasises the appropriate use of AI techniques to mitigate environmental challenges. So, it mainly focuses on the proper application of AI methodology to establish an eco-friendly environment, promote effective usage of relevant resources and reduce the impact of human functionality on the environment. Green AI encloses several essential environmental attributes, including management, water management, carbon emission, and energy efficiency. The main goal of the Green AI technique is to reduce greenhouse gas emissions, improve energy efficiency, and promote sustainable business practices. AI has also spurred leading business practices, encouraging strategic trade and management practices that may generate a competitive business environment and promote sustainable products and services. However, AI is still in its inaugural phases in India. Green AI is a comprehensive technology that highly promotes AI innovation, is more sustainable and broadly establishes an inevitable business environment. The green technology and sustainability market in the world has been evaluated at \$28.6 billion for the period of 2024, and it is supposed to raise \$134.9 billion during the period of 2023, extending at a CAGR of 29.5% within the anticipated period (2024-2030).

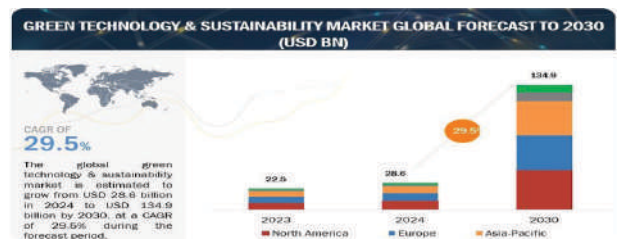


Figure:1 <https://appinventiv.com/blog/green-ai-applications/>

## INITIATIVES BY THE GOVERNMENT OF INDIA IN THE PROMOTION OF AI

The Government of India has recently taken various initiatives to promote the implementation and usage of AI in different sectors. Some crucial initiatives are discussed below:

### 1. Future Skills PRIME

The Ministry of Electronics and IT (MeitY) has launched a program called Future Skills PRIME in partnership with NASSCOM, aimed at re-skilling and up-skilling IT professionals in 10 emerging areas, including Artificial Intelligence. This program is part of the Government of India's flagship Champion Service Sector (CSS) Scheme.

Future Skills PRIME is an innovative platform designed to revolutionize the skill development landscape in the country by modernizing traditional



training methods and embracing new-age learning approaches by offering various courses. Its goal is to empower beneficiaries with the relevant skills needed to thrive in the rapidly evolving tech industry.

## 2. AI FOR ALL

In June 2018, the Indian Government unveiled a strategy nationwide for Artificial Intelligence, named AI FOR ALL. This initiative, driven by the Central Board of Secondary Education (CBSE) in partnership with Intel India, aims to enhance public awareness of AI. AI For All is a 4-hour self-paced online program designed to promote understanding of Artificial Intelligence across various demographics, including students, stay-at-home parents, professionals from all fields, and senior citizens. The program is intended to cultivate a 'Digital First Mindset' among those interested in familiarizing themselves with AI. It is structured into two sections: AI Aware and AI Appreciate, each of which can be completed in approximately four hours. Both sections feature images, interactive activities, and brief, accessible quizzes.

## 3. National AI Portal

The Indian government, under the Ministry of Electronics and Information Technology, recently launched the National AI Portal, which is known as INDIA AI. It is a comprehensive platform that encourages collaboration within India's AI community by serving as a knowledge base, research organization, and ecosystem-building initiative. INDIA AI provides the latest news, detailed information on key ecosystem players, and insights into the global and Indian AI landscape. The platform provides students, entrepreneurs, professionals, and corporate executives with resources, opportunities for upskilling, and career insights.

## 4. Visvesvaraya PhD Scheme

The Visvesvaraya PhD Scheme was established to boost the enrolment of students in the field of Electronics and IT, launched by MeitY in March 2014, the initiative unfolds in two stages. In the initial phase, the scheme encompassed 97 institutions across 25 states and 4 UTs, completing 512 full-time and 100 part-time PhD's and submitting 170 full-time and 100 part-time PhD theses. The second phase, approved for a 9-year duration in September 2021, aims to provide support for 1000 full-time and 150 part-time PhD candidates and offer 225 Post-Doctoral Fellowships and 50 Young Faculty Research Fellowships. Moreover, 250 selected full-time PhD candidates can conduct research in overseas labs for six months.

In addition, the Government of India has taken several other steps to promote capacity building in AI. Some of them are as follows:

- (a) The government has established multiple "Centres of Excellence" focused on Emerging Technologies like Artificial Intelligence to drive innovation through

research. These centres serve as hubs connecting startups, enterprises, venture capitalists, government, and academia to collaborate on addressing problem statements and creating cutting-edge solutions.

- (b) The Indian government has recently become a founding member of the Global Partnership on Artificial Intelligence (GPAI), joining other leading economies such as the USA, UK, EU, Australia, Canada, France, Germany, Italy, Japan, Mexico, New Zealand, Republic of Korea, and Singapore. GPAI is an international, multi-stakeholder initiative focused on guiding the responsible development and use of AI, with a strong emphasis on human rights, inclusion, diversity, innovation, and economic growth.
- (c) In 2020, global conferences such as Responsible AI for Social Empowerment (RAISE) were convened to advance India's strategy and plan for leveraging responsible AI to drive social transformation, inclusivity, and empowerment.

## GREEN AI TECHNOLOGY IN DIFFERENT SECTOR

By simulating environmentally responsible behaviour, Green AI is treated as an innovative mechanism to transform various industries entirely. Here are a few examples of Green AI application in different sectors.

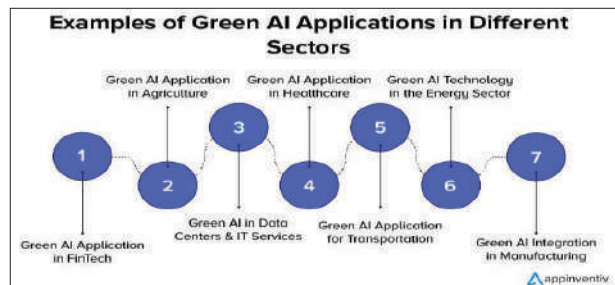


Figure: 2 <https://appinventiv.com/blog/green-ai-applications/>

## USING GREEN AI TECHNIQUE IN FINTECH

- (a) In the case of the FinTech sector, the primary purpose of green AI is to detect fraud and manage potential business risks that should promote sustainability by eliminating financial misconduct or fraud, which may reduce certain economic losses and spur the optimal usage of resources.
- (b) AI algorithms recognize specific trends and patterns of fraudulent activities, help organizations minimize business risk and reduce substantial economic losses.

**Example:** PayPal has recently used AI-based technology to discover fraud or scams and protect its operation from various fraudulent transactions. To protect companies and users from economic losses, the payment app's AI system can be used to identify potentially fraudulent transactions by measuring user behaviour, the transaction's current nature and other vital data.

## I. Using green AI technique in Agriculture

- (a) AI techniques can help in optimize the usage of resources in the agriculture sector, as well as evolving pesticides, water, and fertilizers.
- (b) Through weather forecasts and soil sensor methods, AI algorithms support farmers in optimizing irrigation activities, focusing on fertilizer utilization and reducing environmental impact.

**Example:** Microsoft's Farm Beats project has recently commenced using advanced AI and IoT capabilities to promote sustainable agriculture. By contributing data-driven knowledge to farmers, AI technology helps improve fertilization, irrigation, and pest control procedures, and it also helps to reduce resource usage and energy consumption to align with the environmental footprint.

## II. Using green AI techniques in data centres and IT services

Introducing adjusted cooling systems, appropriate allocation of workload, and resource distribution depending on real-time data analytics; AI technology can improve utilizing energy usage in data centres.

**Example:** Google has recently introduced a Deep mind AI mechanism to employ the cooling system mechanism in its data centres. Deep Mind has used AI mechanisms to assess information from active sensors, decreasing energy-usage capacity to cool systems by up to 40%.

## III. Using green AI technology in healthcare

- (a) AI technology can provide several healthcare benefits and strengthen waste management techniques to eliminate adverse environmental impacts.
- (b) By assessing relevant data on disposal techniques, segregating procedures and waste generation, Green AI technology can recognize several benefits for recycling, suitable disposal, waste reduction, and assuring exact compliance with existing environmental rules and regulations.

**Example:** An AI-driven waste management technique has been introduced by the University of Pittsburgh Medical Centre (UPMC) to enhance productivity and sustainability in business. With the help of crucial data on waste management methods and disposal techniques, medical centres have been using green AI technology to recognize ways to cut waste and enhance recycling rates. It provides several benefits, including cost savings, and also mitigates adverse environmental impact.

## IV. Using Green AI Technology for Transportation

- (a) AI technology can help to identify several possible routes for electric vehicles (EVs) based on various factors, including existing battery range, traffic availability, and charging station conditions.

- (b) Based on these available variables, AI technology can also design effective and appropriate energy-efficient routes, hence reducing the requirement for charging stops and eliminating total energy consumption.

**Example:** Tesla adopts AI-based green technology to determine appropriate routes for its electric vehicles and systematically deals with sustainability issues. For giving suggestions to determine the fastest and quickest routes to reach the destination, AI technology can consider several factors such as actual traffic data, current battery storage of the vehicle, and charging station location. It also helps drivers optimize their EV's capacity.

## V. Usage of Green AI Technology for the Energy Sector

- (a) Green AI can rapidly incorporate advanced technologies to highlight several environmental issues and enhance the sustainability and efficiency of the energy and utility sectors.
- (b) AI can oversee and collect information from behaviour components from drivers and consider several environmental parameters to enhance energy efficiency.

**Example:** With the help of AI-based technology, GE Renewable Energy can estimate turbine inefficiency at the beginning stage. Using green AI algorithms' capacity, GE can upgrade turbine capabilities and optimize energy usage by recognizing potential issues with wind turbines and informing working teams to appeal them.

## VI. Using Green AI technology for manufacturing

- (a) In the case of the manufacturing sector, AI technology can improve processes to decrease energy usage and environmental footprint.
- (b) Green AI can help to assess necessary data from production equipment and several sensors, demonstrating the essential benefits of energy savings. Various techniques exist to improve production processes and save energy, including recognizing major fields for process enhancement, designing production schedules within off-peak hours and improving equipment settings.

**Example:** Siemens implemented an AI mechanism in the manufacturing process to improve energy consumption. By assessing actual data from sensors during production, Siemens can point out fraud or inadequacy and use energy savings measurement, leading to a decline in energy usage and carbon emission.

## VII. Usage of Green technology for the Education sector

AI-driven predictive maintenance can significantly improve the operational efficiency of renewable energy

assets such as solar panels and wind turbines. By analysing historical maintenance records and sensor data, AI algorithms can accurately predict potential component failures, enabling proactive maintenance and minimizing downtime. This advancement has improved learning methods and facilitated better interaction between professors and students. Some of the other uses are as follows:

- (a) AI could potentially advance the creation of improved teaching and learning techniques, resulting in an overall improvement in the quality of education.
- (b) The effective utilization of knowledge and resources through AI technology enables greater accessibility, enjoyment, and efficiency in learning. This, in turn, facilitates the creation of more sustainable development initiatives by optimizing resource usage and integrating AI-driven green technology in the education sector, resulting in a comprehensive approach to sustainable development that is both efficient and economically feasible.

**Example:** Duolingo, a language learning platform, has implemented an AI-based technique to optimize its user's educational experience. Users can quickly gain various knowledge in their ways because the AI-based mechanism can balance the difficulty of study and exercises depending on the user's specific performance.

## BENEFITS OF GREEN AI TECHNOLOGY FOR INCORPORATING IN BUSINESS

Green AI has enormous business advantages, from cost reduction to expanded overall performance. Some of the significant essential advantages have been discussed below.

### Business Benefits of Green AI Implementation

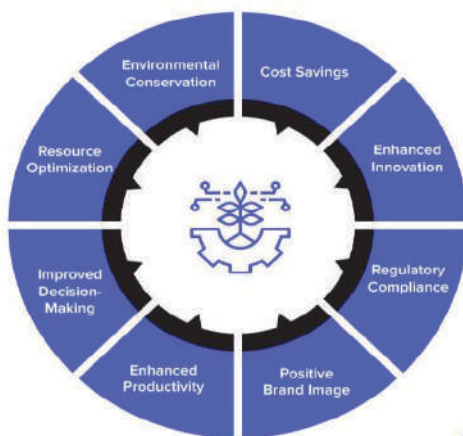


Figure: 3 <https://appinventiv.com/blog/green-ai-applications/>

#### 1. Cost Savings:

Green AI technology has the potential to optimize resource consumption, leading to cost reductions

In June 2018, the Indian Government unveiled a strategy nationwide for Artificial Intelligence, named AIFOR ALL. This initiative, driven by the Central Board of Secondary Education (CBSE) in partnership with Intel India, aims to enhance public awareness of AI. AI For All is a 4-hour self-paced online program designed to promote understanding of Artificial Intelligence across various demographics, including students, stay-at-home parents, professionals from all fields, and senior citizens. The program is intended to cultivate a 'Digital First Mindset' among those interested in familiarizing themselves with AI.

in industrial operations. This can further result in significant cost savings.

AI technology always tries to make operational activities more sustainable and financially stable.

#### 2. Introduced innovation

AI technology can foster innovation by promoting the expansion of advanced technical solutions that maintain business sustainability and identify several environmental challenges.

#### 3. Fulfilling regulatory Compliance

Companies can fulfil their commitment to Compliance with industry-wide regulatory requirements and other legal frameworks by adapting AI technology in their business operation so it can help companies in mitigate their legal penalties.

#### 4. Improved Productivity

With the introduction of AI technology, companies can strengthen their productivity and efficiency by using fewer resources.

#### 5. Optimal resource usage

Green AI technology promotes the proper utilization of resources, including water, raw materials and energy, in a very effective manner so that companies can optimize resource consumption and reduce waste as much as possible.

#### 6. Faster decision making

AI-driven insights and analytics help stakeholders make informed decisions, enabling them to prioritize sustainability initiatives and allocate resources effectively.

## 7. Protect Environment

By reducing extensive utilization of energy usage and other emission, AI technology can conserve the environment and reduce the impact of harmful human activities.

## 8. Sustainability and brand image

- Integrating green AI into business activities can quickly fulfil environmental responsibility and sustainability commitments.
- Promoting environmental sustainability through AI technology can increase the company's reputation and brand image, attracting more socially responsible stakeholders.

## ADOPTION OF GREEN AI INTO BUSINESS: MAJOR CHALLENGES

To fully realize the benefits of integrating Green AI into business, a unique set of obstacles must be overcome to fully realize its promise. Let us examine the main obstacles to implementing Green AI in companies and how to get around them to accomplish sustainability.

### Setbacks and Solutions Associated with Green AI Integration in Business



Figure: 4 <https://appinventiv.com/blog/green-ai-applications/>

### 1. Unavailability and insufficient data

Green AI largely depends on data quality and availability to make timely business decisions. In gathering necessary data for training, AI faces challenges, especially with industries facing poor data infrastructure.

**Solution:** Utilization of a robust data governance mechanism to ensure the availability and quality of data. Additionally, engagement with stakeholders to procure essential data from diverse fields will also prove to be helpful.

### 2. Lack of Awareness

In India, several industries are unaware of the essential benefits of the effective use of AI technology in business operations. So, companies cannot incorporate AI technology in their activities and face difficulties in maintaining sustainability in their business.

**Solution:** The Government of India and other regulatory bodies should undertake an initiative to conduct several programs to improve society's awareness level.

### 3. Shortage of Expert or professional

Trained professionals and experts must implement Green AI technology systematically for sustainable business operations. There is a significant need for more experts to run AI technology in India.

**Solution:** Companies should invest their funds in introducing various skill programmes or conducting training programmes about AI-based mechanisms to upgrade their employees; otherwise, companies can hire specialized experts.

### 4. Lack of Ethical and Regulatory commitment

Data accountability, privacy, and transparency are vital in maintaining business ethics and integrating AI technology into business operations. However, companies need to work on following those ethical issues.

**Solution:** Businesses should adopt responsible AI practices mechanisms for maintaining ethics in their operation. Focus on accountability and transparency by introducing several regulatory guidelines.

## MANY BUSINESSES ARE USING AI TO BE MORE SUSTAINABLE

Here are some examples:

Many companies are rapidly adopting green AI technology to promote sustainable business. Several companies are incorporating AI technology into business operation. Some examples are:

#### I. Nest Labs

This company has recently developed a smart thermostat technology. It has used AI technology (AI) to identify consumers' behaviour and automatically balance home temperature, which can support energy savings.

#### II. Amazon

This company focuses on efficiency and relies mostly on robots for order picking and packing. The technology employed by these robots reduces the need for manual labour and helps prevent accidents, thereby minimizing the negative environmental effects on the business.

#### III. Tesla

This company manufactures a variety of electric vehicles. This vehicle cannot generate harmful greenhouse gas emissions, which may decrease air pollution.

#### IV. Coca-Cola

This company identifies its required distribution routes by incorporating AI tools into its business operation. This activity may decrease harmful greenhouse gas emissions and non-renewable energy consumption.

V. Nike

This company has adopted green AI tools to follow sustainable business practices. With the help of AI technology, the company can produce some materials that are more very environmentally friendly and durable that support commence waste management.

These are some companies that are incorporating Green AI technology in their daily operation in order to follow sustainable business practices. In the future, companies can be more engaged with innovations that may help to reduce the adverse environmental impact on society.

**FUTURE TREND OF AI-BASED BUSINESS MODEL OPTIMIZATION**

Few future projection of AI-based business model is discussed below:

1. Data Privacy Improvement

AI technology has played an essential role in detecting fraud and protecting from unauthorized access in various sectors, including finance services, the financial sector, and banking, where data privacy is essential (Mishra & Tripathi, 2020a; Rong et al., 2013).

2. Enhance consumer understanding and retention

AI-powered chatbots are prominent in elaborating faster responses and practical communication skills that may help companies to improve their relationships with existing consumers and attract more new ones (Johnson, Christensen, & Kagermann, 2008).

3. Improving effectiveness and efficiency

Companies can quickly finish their numerous works by adapting AI techniques and deep learning model in their sustainable business environment. Voice recognition, Alexa, Siri and Google Assistant are more prominent examples of universal and innovative AI technology; they have a vital rendezvous (Mishra & Tripathi, 2020). The majority of Indians, Americans, Europeans, and Chinese companies have recently witnessed the use of voice recognition software, and they have provided very positive responses for its proper implementation in their workplace efficiently (Rong, Lin, Shi, & Yu, 2013).

4. AI-based innovative business model

Nowadays, businesses are paying great attention to the adoption of artificial intelligence (AI) and providing importance to R&D facilities in business operations. Top-notch businesses and several industries worldwide are introducing AI-based power and applied artificial intelligence (AAI). In order to enhance brand image and improve consumer satisfaction, the majority of industries are revealing the pivotal role of machine learning methods in

identifying business fraud (Casadesus-Masanell & Ricart, 2011). To enhance the business of innovative activities, there must be a significant upliftment of application-based tools, machine learning tools, and business platforms. These cutting-edge technologies can reduce the quality of the software industry along with the internet and other verticals, including healthcare systems, automobiles, legal and built. Most top-notch businesses, including Apple, Google, Facebook, and Flipkart, invest their funds in hiring R&D for AI technology and applied intelligence to provide opportunities to customers and companies.

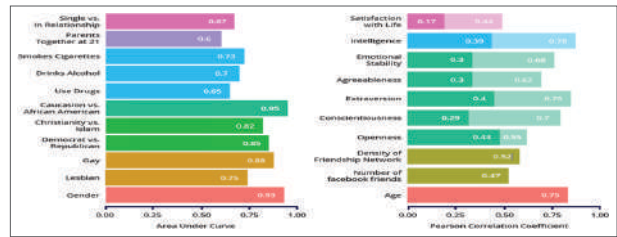


Figure: 5 Private traits and attributes by implementing AI based technology and machine learning process from digital histories of human behaviour (Kosinski, Stillwell, & Graepel, 2013)

5. Coinciding AI-based algorithms with various emerging technologies

A new innovative and advanced business model has been introduced by combining AI with blockchain and IoT with AI (Casadesus-Masanell and Ricart, 2011). Actually, without the close incorporation of IoT with AI, introducing self-driving cars will be very difficult. In upcoming years, companies may be able to launch driverless cars by systematically adopting AI and IoT technology. This technical model is indeed commencing an innovative and paradigm business model that can further strengthen the software industry, along with decision theory and optimization theory in a particular business. AI models can effectively coincide with specific software, which takes appropriate decision-making, and IoT sensors can extract required real-time data using car sensors (Mishra & Tripathi, 2020a). With the help of these essential data, AI-based algorithms and deep learning models can engage with necessary action alongside taking comprehensive and effective business decisions. The ecosystem model is elucidated below (Leon et al., 2012) (fig. 4)

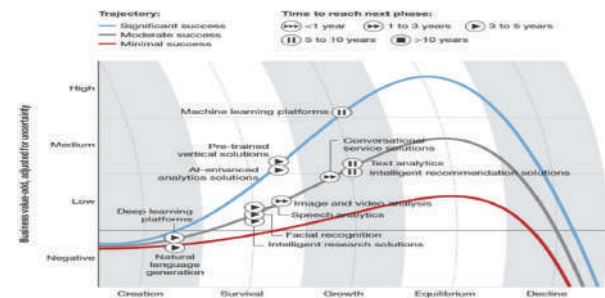


Figure: 6 Ecosystem phase (León et al., 2016)

## 6. Deep learning model can be the emerging AI technique

AI jobs with deep learning expertise have grown increasingly valuable in the past few years. Deep learning is a significant branch of machine learning that introduces algorithms treated as AI networks, which operate by designing the infrastructure and activities of the cognitive process and human brain. (León et al., 2016; Mishra & Triptahi, 2019).

## 7. Pioneering Innovation and Research Activities

Certain systems of governance may contain concealed imperfections in their progressions or operations. When these concealed flaws are brought to light, it can pave the way for innovation. The integration of machine learning and AI has provided organisations with the capability to address these deficiencies (Hedman & Kalling, 2003). In the field of medicine, this could involve assessing a patient's risk or introducing a new diagnostic invention to the market. In manufacturing, it entails the ability to anticipate defects before they occur.

## CONCLUSION

Artificial intelligence (AI) is an innovative technology that is transforming various facets of our lives, including how we communicate and carry out work. In the business world, AI is being utilized to improve efficiency, increase productivity, and drive innovation. It plays a pivotal role in developing sustainable business practices by emphasizing the importance of companies adapting to technological advancements and contributing to sustainability goals. AI can assist companies in reducing their environmental impact, improving energy efficiency, and developing more sustainable products and services. The Government of India is continuously taking several initiatives to boost AI applications in different sectors. Thus, it can be said that the strategic implementation of AI within businesses has the potential to bring about a profound transformation in their new digital business models and practices, ultimately allowing them to reshape the global economic landscape. It becomes vitally important for top-level executives and leaders to spearhead this cultural shift within their organizations, serving as role models for embracing transformation and displaying a commitment to ongoing learning and innovation with state-of-the-art technology.

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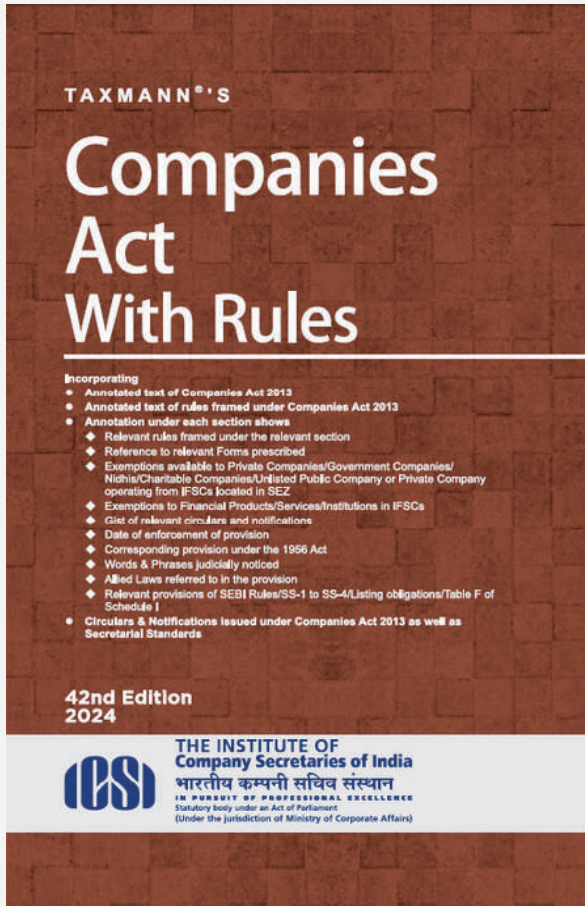
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# RESEARCH PAPER

## Invitation For Research Papers In CS Journal – July 2024 Issue

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

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

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

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

Members and other readers desirous of contributing articles may send the same latest by **Tuesday, June 25, 2024** for the **July 2024** issue of Chartered Secretary Journal at [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu)

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

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

Regards,  
**Team ICSI**



# 2

## RESEARCH CORNER



- QUALITY FOR ENHANCING EFFICACY AND EFFECTIVENESS OF AUDIT: AN EXPLORATORY STUDY ON DETERMINANTS OF AUDIT QUALITY

# Quality for Enhancing Efficacy and Effectiveness of Audit: An Exploratory Study on Determinants of Audit Quality

Audit quality is fundamental to financial integrity, crucial for upholding investor trust and market stability. Despite extensive research on various dimensions of audit quality, certain critical aspects remain insufficiently addressed. This essay scrutinizes the limitations of prior studies in handling key facets of audit quality and suggests avenues for rectification in the present study. Audit, a pivotal element of financial oversight, ensures transparency, reliability, and accountability in financial reporting. It involves a systematic examination of financial records, transactions, and processes to assure stakeholders of the accuracy and fairness of financial statements.



**CS (Dr.) D. Mukhopadhyay, FCS**

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## INTRODUCTION

**A**udit quality is fundamental to financial integrity, crucial for upholding investor trust and market stability. Despite extensive research on various dimensions of audit quality, certain critical aspects remain insufficiently addressed. This essay scrutinizes the limitations of prior studies in handling key facets of audit quality and suggests avenues for rectification in the present study.

Audit, a pivotal element of financial oversight, ensures transparency, reliability, and accountability in financial reporting. It involves a systematic examination of financial records, transactions, and processes to assure stakeholders of the accuracy and fairness of financial statements. The significance of audit quality cannot be overstated, directly impacting the credibility of financial information and investor confidence.

Recent research defines audit as a systematic review of financial records by independent professionals to ensure accuracy, completeness, and fairness of financial statements and disclosures. Aobdia and Lin (2020) demonstrate that audit quality diminishes information asymmetry in the banking sector, enhancing financial information reliability. DeMond and Lennox (2017) note PCAOB inspections improve internal control audit

quality, thereby enhancing audit procedure effectiveness. Glover, Prawit, and Wood (2020) stress the importance of auditing and assurance services in maintaining financial statement reliability.

Seminal studies underline the association between audit quality and the detection of financial misstatements (DeAngelo, 1981), the impact of audit quality on investor confidence (Francis et al., 1999), and its role in corporate governance effectiveness (Simunic, 1984). Krishnan (2005) links audit quality to earnings quality, while Lennox et al. (2012) examine its impact on detecting financial statement fraud.

This exploratory study aims to delve into audit quality determinants and their implications, particularly in statutory audits prevalent globally. By identifying factors contributing to audit quality, this research seeks to enrich understanding for stakeholders, regulators, and practitioners, enhancing auditing practices' quality and integrity.

### Statement of Problem

In the realm of financial governance, audits are crucial for transparency and trust. Yet, understanding how audit quality affects effectiveness remains a challenge. This essay explores this relationship, highlighting obstacles like the ambiguous definition of audit quality and the complexity of auditing processes. Factors like auditor expertise and adherence to standards further complicate assessment. There's a need for research to uncover what defines audit quality, promising improvements in auditing practices and regulations. This understanding is vital for enhancing audit efficacy, reinforcing trust in financial reporting, and addressing stakeholder concerns. The title encapsulates the issue: audits failing to safeguard investor, regulator, financier, and societal interests.

### Research Gap and Rationale

The study addresses a research gap in understanding the factors influencing audit quality and their impact on audit efficacy and effectiveness. While existing literature has explored certain determinants of audit quality, there's a lack of a comprehensive examination of their collective

influence on audit outcomes. This study aims to fill this gap by providing insights into how factors like auditor reputation, independence, and firm size interact to shape audit quality, informing auditing practices, regulatory frameworks, and financial decision-making. Research justifications stem from the critical role of audit quality in ensuring reliable financial reporting and reducing information asymmetry. Previous studies emphasize its significance in maintaining market confidence and its impact on audit efficacy. The present study aims to address research gaps identified in literature, including oversimplified analyses, inadequate consideration of technological integration, and limited exploration of firm characteristics. By adopting a comprehensive approach, this study seeks to unravel the multifaceted determinants and implications of audit quality, offering practical guidance for enhancing it in diverse organizational contexts and regulatory environments. Through rigorous empirical analyses and theoretical frameworks, it aims to advance our understanding of audit quality and inform policy and practice in the auditing profession, thus maintaining trust in financial markets and ensuring the reliability of financial information.

### Objectives of the Study

Objectives of the study concentrate to delve deeper into the determinants of audit quality to provide a comprehensive understanding of how various factors influence the efficacy and effectiveness of audits. By identifying these determinants, we can develop strategies to enhance audit quality, thereby improving financial transparency, investor confidence, and corporate governance practices. Determining the factors that contribute to audit quality is crucial for stakeholders, regulators, and audit practitioners to address existing gaps and challenges in audit processes effectively. Through rigorous empirical analysis and exploration, this study seeks to contribute to the existing body of knowledge on audit quality and its implications for financial oversight. Following are the specific objectives of the study:

1. To investigate the impact of auditor independence on audit quality.
2. To assess the influence of auditor experience on audit quality.
3. To explore the relationship between audit firm size and audit quality.
4. To examine the effect of client firm characteristics on audit quality.
5. To analyse the role of regulatory oversight in ensuring audit quality empirically to achieve the objectives of the study.
6. To examine the influence of ethical behaviour and due diligence on the effectiveness of statutory audits in serving the interests of stakeholders.
7. To assess the effectiveness of internal audit functions in enhancing the quality of statutory audits.

### Hypotheses

The following null hypotheses are tested empirically to achieve the objectives of the study.

- H01: There is no significant relationship between auditor independence and audit quality.
- H02: Auditor experience has no effect on audit quality.
- H03: There is no significant association between audit firm size and audit quality.
- H04: Client firm characteristics do not affect audit quality.
- H05: Regulatory oversight does not contribute to differences in audit quality across firms.
- H06: Ethical behaviour and due diligence do not significantly impact the effectiveness of statutory audits in serving the interests of stakeholders.
- H07: The effectiveness of internal audit functions has no significant effect on the quality of statutory audits.

### Research Questions

The following research questions guide the empirical investigation to address the objectives and test the corresponding null hypotheses, providing insights into the determinants of audit quality and their implications for stakeholder interests:

1. Does auditor independence significantly influence audit quality, as measured by the reliability of financial reporting and reduction in information asymmetry?
2. To what extent does auditor experience impact audit quality, considering factors such as expertise and industry knowledge?
3. Is there a relationship between audit firm size and audit quality, and if so, how does it manifest in terms of audit effectiveness?
4. How do client firm characteristics, such as industry type and financial complexity, affect audit quality and stakeholder interests?
5. What is the role of regulatory oversight in shaping audit quality and ensuring adherence to ethical standards and due diligence?
6. How do ethical behaviour and due diligence practices within audit firms contribute to the effectiveness of statutory audits in serving stakeholder interests?
7. In what ways does the effectiveness of internal audit functions impact the quality of statutory audits, and how does this influence stakeholder perceptions?

### Scope of the Study

This study concentrates to administer an exploration on understanding the role and relevance of quality audit and the role of auditor in general. It has been observed in recent past that series of financial scams, frauds and irregularities have been prevalent not only in India but worldwide and in most of the cases audit has been proved

to be irrelevant. Experts are of the views that auditors compromise with the 'maxim of independence', auditors are not professionally competent and they hardly observe the professional code of conduct and dodge the canvas of ethical behaviours, lack objectivity, prudence, due diligence and so on. Overall, the quality of audit has been impaired and diluted and efficacy and effectiveness of audit is only in paper and far from reality. Under this backdrop, the present study is administered to each over a rationale conclusion along with a tentative model of efficacy and effectiveness of audit as a tool of assurance for the stakeholders. The study is empirical by nature.

### Significance of the Study

The study, "Influence of Quality in Enhancing Efficacy and Effectiveness of Audit: An Exploratory Study on Determinants of Audit Quality," underscores the crucial role of audit quality in audit efficiency and effectiveness. DeAngelo's (1981) research stresses its significance in ensuring financial reporting reliability and reducing information asymmetry, bolstering market confidence. Lennox (1999) highlights auditor reputation and independence as pivotal factors, directly impacting audit efficacy. These findings carry practical implications across the auditing spectrum. Auditing firms can refine practices, maintaining high service standards. Regulators can use insights to bolster auditing guidelines, fostering market transparency. Investors benefit from enhanced reliability in financial information, aiding decision-making. Companies uphold their reputation and investor confidence through robust financial reporting. A strengthened auditing framework promotes market stability and efficiency. This study elucidates the intricate dynamics between audit quality and its multifaceted impacts, providing valuable insights for stakeholders.

### LITERATURE REVIEW

A literature review holds paramount importance in an exploratory study, serving as the foundational bedrock upon which new research endeavours are built. It functions as a comprehensive synthesis of existing knowledge, offering insights into past research findings, methodologies, and theoretical frameworks relevant to the study's objectives. In the context of an exploratory study, the literature review plays a pivotal role in delineating the boundaries of inquiry, guiding the formulation of research questions, and identifying potential avenues for exploration. One of the primary functions of the literature review in an exploratory study is to elucidate the current state of knowledge within the chosen field or subject area. By critically evaluating past studies, theoretical perspectives, and empirical findings, researchers gain a nuanced understanding of the key concepts, trends, and debates shaping the domain of inquiry. This deep dive into existing literature not only enriches the researcher's knowledge base but also provides valuable insights into the gaps, contradictions, and unresolved issues within the field. The review of the following studies is carried out in order to understand what work has already been carried out and what needs to be done hence the gap.

Recent research defines audit as a systematic review of financial records by independent professionals to ensure accuracy, completeness, and fairness of financial statements and disclosures. Aobdia and Lin (2020) demonstrate that audit quality diminishes information asymmetry in the banking sector, enhancing financial information reliability. DeMond and Lennox (2017) note PCAOB inspections improve internal control audit quality, thereby enhancing audit procedure effectiveness. Glover, Prawit, and Wood (2020) stress the importance of auditing and assurance services in maintaining financial statement reliability.

Abbott (2018) conducted a meta-analysis highlighting the pivotal role of auditor independence in bolstering audit quality, consolidating findings from various studies to underscore its significance. This study lacks in defining and measuring auditor independence across diverse contexts may limit the applicability of findings. Lack of Granularity in Defining Auditor Independence: Previous studies, exemplified by Abbott (2018), have emphasized the importance of auditor independence in bolstering audit quality. However, these studies often lack granularity in defining and measuring independence across diverse contexts. Auditor independence is a multifaceted concept influenced by organizational structure, regulatory environment, and individual characteristics. Failing to account for these nuances limits the applicability and robustness of findings.

Baker and Chen (2019) conducted a comparative analysis, elucidating the impact of regulatory interventions on audit quality, revealing nuanced differences across regulatory frameworks and their effectiveness. Baker and This investigation overlook contextual nuances, and the study may lack longitudinal data to assess the sustained impact of regulatory interventions.

Cheng et al. (2020) conducted a systematic review, emphasizing the transformative impact of technology on audit quality, illuminating its potential to enhance efficiency and accuracy in auditing practices. This study has been observed to remain passive in adopting emerging technologies, and ceases to sufficiently address the potential drawbacks or risks associated with technological integration in auditing.

Daniels et al. (2017) empirically explored client-auditor relationship dynamics, revealing their intricate influence on audit quality, emphasizing trust and cooperation as facilitators and conflicts of interest as inhibitors. But this analysis is subject to facing challenges in capturing the full complexity of client-auditor relationships, and findings may be subject to self-reporting biases.

Harris et al. (2016) conducted a comprehensive review, shedding light on behavioural factors in auditing, elucidating how psychological biases and social pressures influence auditor judgment and decision-making. However the researchers have been observed to have struggled in synthesizing diverse behavioural factors, and the study may lack empirical validation of proposed behavioural models in auditing.

Inoue and Johnson (2015) analysed the challenges and opportunities of globalization and cross-border auditing, emphasizing the complexities arising from differences in legal systems, cultural norms, and accounting standards. But the analysis is seen to be oversimplifying the complexities of cross-border auditing challenges and may not adequately address the evolving nature of globalization.

Kim et al. (2019) empirically analysed firm characteristics' influence on audit quality, uncovering associations between firm size, industry specialization, and organizational culture with audit practices and outcomes. However, this empirical analysis does not cover establishing causal relationships between firm characteristics and audit quality, and the study may overlook moderating variables that could influence outcomes.

Nelson et al. (2021) conducted a longitudinal study, exploring the long-term effects of audit quality on organizational performance, highlighting its implications beyond short-term financial reporting accuracy. This study is observed to have faced challenges in controlling for external variables over time, and findings may not capture the full range of organizational performance metrics impacted by audit quality.

Owens et al. (2018) compared ethical considerations in auditing, revealing variations across contexts and jurisdictions, and advocating for ethical best practices to mitigate conflicts of interest and enhance audit quality. Comparative analysis is observed to be less comprehensive to account for cultural and institutional differences across jurisdictions, and ethical considerations may be subject to interpretation and bias.

Roberts and Smith (2017) advocated for interdisciplinary approaches to audit quality, integrating insights from diverse fields such as economics, psychology, and sociology to enrich our understanding and address complex auditing challenges. This study does not address the need for practical guidance for implementation, and the study may not address challenges related to interdisciplinary collaboration and knowledge integration.

The literature review assists in ascertaining the research gap and the same has been captured and presented above under caption 'Research Gap and Rationale' based on the research design and methodology has been developed for carrying out the study.

## THEORETICAL FRAMEWORK AND METHODOLOGY

This section shows the study area, research design, study population, sampling size and sampling techniques, research instruments, reliability and validity measurement methods, the dependent and independent variables to be applied throughout the research, and finally the model specifications used for data analysis which are applicable and use in the study are included. The study used the data from across India. Self-administered Questionnaires based on 5-point Likert's Scale<sup>1</sup> were distributed among the stakeholders and beneficiaries of audit.

### Data

Both the primary and secondary data are used in the study with dominance of primary data collected through a structured questionnaires.

### Sample Techniques

Simple random sampling technique was used to select the respondent beneficiaries of audit including corporate captains, finance, accounting, internal audit and secretarial and governance professionals and regulatory authorities.

### Sample size

According to Mugenda and Mugenda (2008) at least 10% of the target population is enough for a sample size. The study involved a total population of 300 stakeholders and beneficiaries of audit. Respondents were chosen through simple random sampling technique. If the population is small then the sample size can be reduced slightly because a given sample size provides proportionately more information for a small population than for a large population (Anderson, Sweeny & Williams, 2014). From the total population of 300, the total sample size was identified by using Taro Yamane's (1967:886) statistical formula with 95% confidence level and 5% error. Hence, the total sample size (n) was 171 and the same was determined:  $n = N/[1+N(e)^2]$  Where n is sample size, N is population and e are the level of confidence which we have is 95%. Based on this approach, the size of the sample is:  $300/[1+300(0.05)^2] = 171$

### Model Specification

The objective of the study is to ascertain the determinants of quality of audit and we used the Ordinary Least Square Estimation techniques and we used only one dependent variable and are independent or explanatory variables. Audit Quality of Audit (QA) =  $\beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \epsilon$  when AQ is the intercept. The intercept represents the expected value of the dependent variable, AQ when all independent variables are zero. In this case, it indicates the baseline audit quality when all factors influencing it are absent. Independent variables based on the objectives and subsequent

<sup>1</sup> Likert, R. (1932). *A Technique for the Measurement of Attitudes*. New York: Archives of Psychology.

hypotheses are X1 to X7 when X1 stands for Auditors' Independence, X2-Auditors' Experience, X3-Size of the Audit Firms, X4-Clients' Characteristics, X5-Robustness of Regulatory Oversight, X6-Ethical Behaviours and Due Diligence, X7 -Support of and Effectiveness of Internal Audit and  $\epsilon$  is the errors term and the following table shows the statistical values of Intercept, Regression Coefficients (Beta Values)

### MULTIPLE REGRESSION MODEL

Sly No	Variables	Regression Coefficients (Beta)	Standard Errors	P-Values at 95% confidence level
1	Intercept: Quality of Audit (QA)	0.50	0.20	0.03
2	X1: Auditors' Independence	0.30	0.15	0.02
3	X2: Auditors' Experience	0.80	0.25	0.01
4	X3: Firm's Size	0.20	0.18	0.04
5	X4: Clients Characteristics	0.60	0.22	0.005
6	X5: Robustness of Regulatory Oversight	0.10	0.12	0.07
7	X6: Ethical behaviour and Due -diligence	0.40	0.28	0.03
8	X7: Support and Effectiveness of Internal Audit	0.70	0.30	0.01

Model Summary: R-square: 0.75 and Adjusted R-Square: 0.72

Independent Variables: X1 to X7 (Independent Variables): Each coefficient (Beta value) represents the change in the dependent variable (audit quality) for a one-unit change in the corresponding independent variable, holding all other variables constant. For example, a positive coefficient for X2 suggests that an increase in X2 is associated with an increase in audit quality, while a negative coefficient for X4 suggests the opposite.

Standard Error: The standard error measures the variability of the coefficient estimate. A lower standard error indicates more precise estimates.

P-value: The p-value indicates the significance of each coefficient. A p-value less than the chosen significance level (e.g., 0.05) suggests that the coefficient is statistically significant. In other words, it indicates whether the independent variable has a significant effect on the dependent variable.

R-square and Adjusted R-square: R-square represents the proportion of variance in the dependent variable explained by the independent variables. Adjusted R-square adjusts for the number of predictors in the model, providing



a more accurate measure of model fit. Higher values of R-square and Adjusted R-square indicate better model fit.

### AUDIT QUALITY DETERMINANTS MODEL

Based on the regression results, we develop the audit quality determinants model. This model identifies the factors X1 to X7 that significantly influence audit quality. The model can be represented as follows:

$$\text{Audit Quality} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \epsilon$$

- $\beta_0$ : Intercept, the baseline Quality of Audit,
- $\beta_1$  to  $\beta_7$ : Coefficients for each independent variable that effect on quality of audit quality,
- X1 to X7: Independent variables the variables, explanatory variables influencing audit quality) and
- $\epsilon$ : Error term representing the unexplained variability i.e. there may be other factors which are not covered in this analysis and they can have also impact on the quality of audit by and large.

The model allows us to quantify the impact of each independent variable on audit quality and understand the overall relationship between these variables and audit quality.

### ANALYSIS, DISCUSSION AND INTERPRETATIONS

#### Results of Econometric Data Analysis

##### Econometric Tests

Before going to developing the audit quality model, it was to undertake following tests on whether the basic assumptions of the model are met or not. In addition, since the study is a cross-sectional, autocorrelation, which is a common problem in time serious data, is ruled out. Hence, the rest tests including the goodness of fit of the model was tested as follows.

### Multicollinearity Test

Multicollinearity is an inevitable phenomenon in all multivariate analysis, no matter how small or big the problem is. However, when the co-variation is strong it affects the significance of the estimates and remedial test is necessary. Therefore, the existence of multicollinearity is tested by using pair-wise (PW) correlation coefficient test for both dummy independent variables in the model. A rule of thumb is employed in characterizing the multicollinearity of variables. By the rule of thumb, if the PW coefficients are greater than 0.75, an indicator of serious multicollinearity problem. Here in this study the coefficients of all independent variables are less than 0.75, which is an indicator of the absence of serious multicollinearity problem.

### Model Adequacy Tests

In order to administer the model adequacy test, the Likelihood Ratio Test for Model Adequacy and Ramsey Reset Test for omitted variable bias were carried out and the Ramsey test result of the p-value is 0.1867 which is greater than 1% level of significance and in bias of accepting the null hypothesis which supports that there is no omitted variable, except by chance. Further, statistics of the ordered logit specification show that the model adequately fitted the data. Very small amount of p-value shows that the model is adequate, in our case  $\text{Prob} > \text{Chi}^2 = 0.000$  indicating the existence of at least one of the independent variables is significant in predicting efficacy and effectiveness of audit.

### Heteroscedasticity Test

A linear regression model assumes constant variance of the error term and the error term is not supposed to be heteroscedastic by the nature of the model itself which made us administer the heteroscedasticity problem scanning by the White's test for examining heteroskedasticity and it showed that the data have no suffer from heteroskedasticity. Since the Probability -  $\text{Chi}^2 = 0.3880$  being greater than 1% level of significance, the null hypothesis is accepted and it supported the model is free from heteroskedasticity influence.

### Normality test

The given logit model assumes a standard logistic distribution rather than normal distribution. The error term is not assumed to follow a normal distribution. The model itself evidences that it is not possible to have a normal distribution with the dependent variable taking ordered values, 1, 2, 7. It therefore does not warrant necessity to perform the test of normality.

### The Multiple Regression Results

The regression model is developed by regressing the efficacy and effectiveness of the determinants of quality of audit is affected by auditors' independence, experience criterion, size of the audit firm and quality of human resources for carrying out the audits, robustness of regulatory mandates, adherence to professional code of conducts in terms of adaptation of ethical behaviours and

adopting principles of due diligence and strength and efficacy of internal audit. The quality of statutory audit is affected by the quality and efficacy of internal audit system in place in an organization.

Internal audit is a great support and confidence building mechanism for the statutory auditor as it is quite difficult to oversight every aspect in minute details because of time and scope constraints of the statutory audit. Finally, the all seven null hypotheses are rejected and alternative hypotheses are accepted contrarily and it established that quality of statutory audit tentatively is determined by the explanatory variables as presented in the multiple regression model. From 5-point Likert scale, five explanatory variables were found to be relevant in the study and they by large emerge to be the determinants of quality of audit subject to other things remaining constant.

## FINDINGS AND CONCLUSION

### Findings

The audit quality model emerged to be the following:

Audit Quality =  $0.5 + (-0.3) \times X1 + 0.8 \times X2 + (-0.2) \times X3 + 0.6 \times X4 + (-0.1) \times X5 + 0.4 \times X6 + (-0.7) \times X7 + \epsilon$ , where Audit quality is the baseline of the regression and X1, X2, X3, X4, X5, X6, and X7 are the independent or explanatory variables representing the determinants of audit quality or they influence the quality of an audit by and large. As usual,  $\epsilon$  (epsilon) represents the error term. This model allows us to understand how each independent variable contributes to audit quality. For example, X2 representing a factor such as 'experience of auditors,' then a positive coefficient of 0.8 suggests that an increase in the experience of auditors is associated with higher audit quality. Conversely, X7 representing a factor such as 'efficacy and effectiveness of internal audit system' then a negative coefficient of -0.7 indicates that total dependence on internal audit may generate adverse results from the statutory audit as it cannot offload the inherent responsibilities and duties and statutory audit cannot take the plea that it assumed the presence of robustness of internal audit system in place so it become to subject adverse impact of statutory audit.

### Recommendations

The findings of the study call for appropriate supportive interventions to improve the quality of audit, its efficacy and effectiveness. Accordingly, the following recommendations based on the findings of the study emanates are as follows:

1. To improve the quality of audit is to ensure auditors' independence and unbiased approach to audit.
2. Competence, due diligence and professional ethics are the non-negotiable constituents of audit and therefore auditors must adhere to the highest standards of professional ethics and code of conduct while discharging the professional duties and responsibilities.

3. Robustness of internal audit system should not be compromised and the report of the internal audits must be taken with due seriousness as it is the vital arm of management control system.
4. Quantity and quality of work are invariably correlated and therefore number of competent audit personnel need to be increase while the value of the work increases otherwise quality shall get impaired invariably. Therefore, regulatory authority and the clients should strictly vigil over the size of the firm while hiring the professional services including appointing a firm of auditors in order to obtain quality audit and assurance serves.
5. Finally, management of the auditee organization must extend spontaneous support for obtaining quality audit and assurance services.


## CONCLUSION

This model may offer an insight into the relative importance of each explanatory variable in determining audit quality and can be used to predict and optimize statutory audit processes for better serving the stakeholder better as the model allows us to quantify the impact of each independent variable on audit quality and understand the overall relationship between these variables and audit quality. By examining the coefficients, standard errors, and p-values, one can determine which independent variables have significant effects on audit quality and assess the reliability of these effects. This information is crucial for making informed decisions and recommendations in auditing practice.

## Limitations and Future Direction

The model should be implemented after taking into consideration the limitations it is subject to. The magnitude of variance of results depends on the same size, larger the sample size, less is the variance between the population and actuality. Sample size is relatively small so chance of variability of results cannot be ruled out. Additionally, audit's efficacy and effectiveness depend on the regulatory mandates and law of the auditee country and therefore these points also need to be considered while generalizing the findings of the present study. As far as future direction is concerned, further study may administered with larger sample size with regional to national and international perspectives so that its benefits can be useful to the stakeholder globally.

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# 3

## LEGAL WORLD



- M/S SPEEDLINE AGENCIES V. T. STANES & CO.LTD [SC]
- GLOBAL CREDIT CAPITAL LTD & ANR v. SACH MARKETING PVT. LTD. & ANR [SC]
- SHUBHAM CORPORATION PRIVATE LTD v. KOTOJU VASUDEVA RAO RP OF NAVAYUGA INFOTECH PRIVATE LIMITED & ORS [NCLAT]
- SUPERINTENDENT OF STAMPS & INSPECTOR GENERAL OF REGISTRATION v. AVIL MENEZES RP OF AMW AUTO-COMPONENT LTD[NCLAT]
- COMMISSIONER OF TRADE AND TAXES v. FEMC PRATIBHA JOINT VENTURE NTs [SC]
- HARMIT AHUJA v. MARUTI SUZUKI INDIA LTD [CCI]
- RAVI SHANKAR TIWARI v. AUTOMATTIC INC.[CCI]
- GEO MILLER AND CO PVT LTD v. UP JAL NIGAM & ORS [ALL]
- RASHMI GOYAL v. M/S MAHALAXMI FABRICS[DEL]



## Corporate Laws

### Landmark Judgement

**LMJ 06:06:2024**

**M/S SPEEDLINE AGENCIES V. T. STANES & CO.LTD [SC]**

**Civil Appeal No. 4481of 2010**

**P. Sathasivam& J.M. Panchal, JJ [Decided on 14/05/2010]**

**Equivalent citations: 2010 AIR SCW 3880, 2010 (6) SCC 257, (2010) 5 SCALE 670, (2010) 160 Comp Cas 33; (2010) 98 CLA 397**

**Companies Act,1956- section 391and 394- amalgamation of landlord company- landlord company had eviction order against the tenant-whether post -merger the transferee company could seek eviction of the tenant – Held, Yes.**

#### **Brief facts:**

Appellant was the tenant of United Coffee Supply Co. Ltd. [“UCSL”]. UCSL changed its name to Stanes Tea and Coffee Ltd [“STCL”]. STCL filed an eviction petition against the appellant on the ground that nit requires the premises for its own use which was allowed by the Rent Controller. Appeal against this order was dismissed and the revision petition filed in the High Court. During the pendency of the revision petition STCL was transferred, by a Scheme of Amalgamation, T. Stanes & Company Ltd. [“TSCL”] and the case title was amended to replace TSCL as respondent in the revision petition. The High court dismissed the petition. Aggrieved by the said order, the appellant has preferred the above appeal before this Court by way of special leave petition.

Appellant contended that the new entity TSCL cannot evict the appellant as the need of TSCL would be different from that of the original landlord STCL. Respondent contended that as per the scheme of amalgamation the transferee company i.e. TSCL had stepped onto the shoes of STCL and has the right to evict the appellant from the premises.

**Decision: Appeal dismissed.**

#### **Reason:**

We have considered all the relevant materials and rival contentions. In normal circumstances, after passing of the decree by the trial Court, the landlord would

have obtained possession of the premises, but for the tenant continuing in occupation of the premises only on account of stay order from the appellate court. In such circumstances, the well-known principle that “*an act of the court shall prejudice no man*” shall come into operation. Therefore, the heirs of the landlord will be fully entitled to defend the appeal preferred by the tenant. When a company stands dissolved (with or without winding up) due to amalgamation, its rights under the decree for eviction devolves on the amalgamated company.

In the present case, subsequent event of amalgamation of a company took place during the pendency of the revision in the High Court. Though, subsequent events which have occurred during the pendency of a revision petition in the High Court or the matter was pending before this Court, have been taken into consideration by this Court in some cases, the question as to the difference between the exercise of jurisdiction in appeal and revision was not argued or decided in those cases.

Coming to the expression “for its own use/occupation”, it has to be construed widely and given wide and liberal meaning. When a company wants to expand its business and amalgamates with another company, this would also be a case of “for its own use”. If a landlord which is a company cannot advance its interest in the business by amalgamating with another company by putting to use its own property, it would be unjust, unfair and unreasonable. Further, the provisions of Rent Control Act should not be so construed as to frustrate and defeat the legislation. If in a case of landlord requiring the premises for its own use, to amalgamate with another company and expands its business, the rent control legislation may clash with the provisions of the Companies Act. The Companies Act and the Rent Control Act have to be harmoniously interpreted and not to be so interpreted as to result in the one Act destroying a right under the other Act.

The landlord’s entitlement to evict the tenant had merged with the decree. Further, the amalgamation took place long after the decree for eviction and rights had crystallized under the decree for eviction and merged into it. The assets of the erstwhile company had vested in the amalgamated company. A decree constitutes an asset. The said asset of erstwhile company has devolved on the amalgamated company. The eviction was on the ground of its own requirement of the erstwhile company. The said business will be continued to be carried by the amalgamated company. If the amalgamated company is deprived of the said benefit, it will frustrate the very purpose of amalgamation and defeat the order of amalgamation passed by the High Court exercising jurisdiction under the Companies Act.

The present case being one where the order of eviction is eminently just, fair and equitable as ordered by two authorities and confirmed by the High Court, we do not find any valid ground for interference, on the other hand, we are in agreement with the conclusion arrived at by the authorities as well as the High Court. Taking into consideration the appellant-tenant is continuing in

the premises for more than four decades, we grant time for handing over possession till 31.12.2010 on usual condition of filing an undertaking within a period of four weeks. With the above observation, the appeal fails and the same is dismissed.

**LW 39:06:2024**

**GLOBAL CREDIT CAPITAL LTD. & ANR v. SACH MARKETING PVT. LTD. & ANR [SC]**

**Civil Appeal No. 1143 of 2022 with Civil Appeal Nos.6991-6994 of 2022**

**Abhay S. Oka & Pankaj Mithal,JI. [Decided on 25/04/2024]**

**Insolvency and Bankruptcy Code,2016- section 7- CIRP initiated by financial creditor- lending by way of security deposits – whether the lender is a financial creditor- Held, Yes.**

**Brief facts:**

In Civil Appeal no.1143 of 2022, the issue involved is whether the first respondent is a financial creditor within the meaning of sub-section (7) of Section 5 of the Insolvency and Bankruptcy Code, 2016 (for short, 'the IBC'). The corporate debtor, in this case, is M/s. Mount Shivalik Industries Limited. The impugned judgment respondent was a financial creditor. As far as Civil Appeal nos.6991-6994 of 2022 are concerned, the issue was whether the 1<sup>st</sup> to 4<sup>th</sup> respondents therein are financial creditors of the same corporate debtor - M/s. Mount Shivalik Industries Limited. The impugned judgment dated 29<sup>th</sup> October 2021 follows the impugned judgment in Civil Appeal no.1143 of 2022.

**Decision: Dismissed.**

**Reason:**

Now, coming back to the definition of a financial debt under sub-section (8) of Section 5 of the IBC, in the facts of the case, there is no doubt that there is a debt with interest @21% per annum. The provision made for interest payment shows that it represents consideration for the time value of money. Now, we come to clause (f) of sub-section (8) of Section 5 of the IBC. The first condition of applicability of clause (f) is that the amount must be raised under any other transaction. Any other transaction means a transaction which is not covered by clauses (a) to (e). Clause (f) covers all those transactions not covered by any of these sub-clauses of sub-section (8) that satisfy the test in the first part of Section 8. The condition for the applicability of clause (f) is that the transaction must have the commercial effect of borrowing. "Transaction" has been defined in sub-section (33) of Section 3 of the IBC, which includes an agreement or arrangement in writing for the transfer of assets, funds, goods, etc., from or to the corporate debtor. In this case, there is an arrangement in writing for the transfer of funds to the corporate debtor. Therefore, the first condition incorporated in clause (f) is fulfilled.

To decide whether the second condition had been fulfilled, it is necessary to refer to the factual findings recorded in the impugned judgment. The NCLAT has referred to the letter dated 26<sup>th</sup> October 2017 addressed by the corporate debtor to the first respondent. We have perused a copy of the said letter annexed to the counter. By the said letter, the corporate debtor informed the first respondent that for the year 2016-2017, the corporate debtor had provided the interest amounting to Rs.18,06,000/- in the books of the corporate debtor and that the sum will be credited to the account of the first respondent on the date of payment of TDS. In paragraph 21 of the impugned judgment, it is held that the financial statement of the first respondent for the Financial Year 2017-2018 shows revenue from the interest on the security deposit. It is also held that the amounts were treated as long-term loans and advances in the financial statement of the corporate debtor for the Financial Year 2015- 2016. Moreover, in the financial statement of the corporate debtor for the Financial Year 2016-17, the amounts paid by the first respondent were shown as "other long-term liabilities". Therefore, if the letter mentioned above and the financial statements of the corporate debtor are considered, it is evident that the amount raised under the said two agreements has the commercial effect of borrowing as the corporate debtor treated the said amount as borrowed from the first respondent.

Therefore, we have no hesitation in concurring with the NCLAT's view that the amounts covered by security deposits under the agreements constitute financial debt. As it is a financial debt owed by the first respondent, sub-section (7) of Section 5 of the IBC makes the first respondent a financial creditor. The contracts subject matter of the Civil Appeal Nos. 6991 to 6994 of 2022 are in the form of letters, which provide for similar clauses as in the case of agreements subject matter of Civil Appeal No. 1143 of 2022.

Subject to what is held above, we summarize our legal conclusions:

- a. There cannot be a debt within the meaning of sub-section (11) of section 5 of the IB Code unless there is a claim within the meaning of sub-section (6) of section 5 of thereof;
- b. The test to determine whether a debt is a financial debt within the meaning of sub-section (8) of section 5 is the existence of a debt along with interest, if any, which is disbursed against the consideration for the time value of money. The cases covered by categories (a) to (i) of sub-section (8) must satisfy the said test laid down by the earlier part of sub-section (8) of section 5;
- c. While deciding the issue of whether a debt is a financial debt or an operational debt arising out of a transaction covered by an agreement or arrangement in writing, it is necessary to ascertain what is the real nature of the transaction reflected in the writing; and
- d. Where one party owes a debt to another and when the creditor is claiming under a written agreement/

arrangement providing for rendering 'service', the debt is an operational debt only if the claim subject matter of the debt has some connection or co- relation with the 'service' subject matter of the transaction.

For the reasons recorded earlier, we hold that the view taken by the NCLAT under the impugned judgments and orders is correct and will have to be upheld. Therefore, we confirm the impugned judgments and dismiss the appeals with no order as to costs. The Resolution Professional shall continue with the CIRP process in accordance with the impugned judgments.

**LW 40:06:2024**

**SHUBHAM CORPORATION PRIVATE LTD v. KOTOJU VASUDEVA RAO RP OF NAVAYUGA INFOTECH PRIVATE LIMITED & ORS [NCLAT]**

**Company Appeal (AT) (CH) (Insolvency) No.163 of 2023**

**Rakesh Kumar Jain & Ajai Das Mehrotra. [Decided on 22/05/2024]**

**Insolvency and Bankruptcy Code, 2016- CIRP- debt under debenture subscription agreement- whether the debenture holder is a financial creditor-Held, No.**

**Brief facts:**

The IRP received a claim from the Appellant herein. The IRP after verifying the same, approved the claim as Financial Debt, included the Appellant in the List of Financial Creditors and reconstituted the CoC including Appellant as Member and filed IA No. 1384/2022 before the Ld. NCLT, Hyderabad to bring on record the updated summary of claims and the reconstituted CoC. The Operational Creditor/Respondent in the said IA filed counter before the Ld. NCLT seeking directions to the IRP to re-examine the claim of the Appellant and consequential reconstitution of CoC.

The Ld. NCLT considered the objections raised by the Operational Creditor that the Appellant herein cannot be included in the list of Financial Creditors. After examining the Debenture Subscription Agreement (hereinafter referred to as 'DSA'), the Ld. NCLT held that the inclusion of the Appellant herein in the list of Financial Creditors is impermissible under law and consequently the prayer to receive the revised list of members of CoC is unacceptable and is liable to be rejected. The said IA was dismissed thereby the Appellant was not accepted as Financial Creditor and the revised CoC was not taken on record.

**Decision: Dismissed.**

**Reason:**

It is an admitted fact that the Appellant herein was a debtor of sum of Rs. 110,85,44,776/- and that the Corporate Debtor had offered to issue Compulsory Convertible Debentures (CCD) carrying 0% interest to the

Appellant in lieu of the said debt. The said offer was made vide letter dated 03.02.2020 which is available at page 85 of the Appeal Paper Book. The said offer for issuance of Zero Coupon CCDs was accepted by the Appellant vide letter dated 14.02.2020 which is at page 86 of the Appeal Paper Book.

Thereafter, on 02.03.2020, the Corporate Debtor and the Appellant entered into Debenture Subscription Agreement (DSA). The terms and conditions of the CCDs are defined in Annexure A available at page 99 of the Appeal Paper Book, according to which CCDs shall be of face value of Rs. 10/- and shall be freely transferable. The CCDs can be converted into equity shares at any time before the expiry of 10 years from the date of allotment of CCDs and if no such option is exercised, such CCDs will automatically be converted to equity shares as per conversion formula given in clause 2.3 of the Annexure. The equity shares allotted on conversion of the CCDs shall carry the right to receive all dividends and other distributions and shall rank pari passu with the existing equity shares of the Company. On conversion of CCDs into equity shares, the Appellant will be eligible for rights proportional to its shareholding and as mutually agreed with the Company.

The perusal of the relevant clauses of the DSA, Annexure A of the DSA and the Debenture Certificate clearly shows that the only obligation of the Corporate Debtor was to issue shares in exchange of the said debentures. These debentures are not interest bearing and are Zero Coupon CCDs. As per the DSA, the debentures have to be compulsorily converted into shares and do not carry any obligation towards repayment of the original debt. The Appellant, through the DSA dated 02.03.2020 and issue of CCD Certificate dated 31.03.2020, had voluntarily and contractually given up any right whatsoever to receive repayment of principal or interest. It is now entitled only to receive shares at end of tenure, or earlier, if it so opts. The Corporate Debtor was admitted into CIRP on 16.09.2022, much after the extinguishment of right of repayment of the Appellant under DSA dated 02.03.2020 and issue of Debenture Certificate on 31.03.2020.

The issue to be decided in this case, therefore, is whether the Compulsorily Convertible Debentures which do not carry any obligation to repay should be treated as debt or as equity, while admitting the claim under IBC. Similar issue was examined by this Tribunal in the case of *M/s IFCI Limited vs Sutanu Sinha, Company Appeal (AT) (CH) (Ins.) No. 108/2023* vide order dated 05.06.2023. The said judgment has been upheld by the Hon'ble Supreme Court of India in Civil Appeal No. 4929/2023 vide judgment dated 09.11.2023. Since this is the latest judgment under IBC by the Hon'ble Apex Court, we shall be guided by it in our decision. In the said judgment of IFCI cited supra, upheld the decision of NCLT and NCLAT for treatment of CCD as equity.

The salient clauses of the DSA have been reproduced earlier. An examination of the DSA shows that the debentures issued to the Appellant were compulsorily

convertible into equity and the only option to the Appellant was to get it converted to shares even prior to the stipulated period of 10 years, failing which the CCDs were to automatically convert into equity shares at the end of 10 years. There was no liability or obligation to repay the debt.

We have noted the guidance approved by the Hon'ble Supreme Court in stating in para 23 of the IFCI judgment cited supra that it is not advisable for court to supplement or add to commercial contract. The DSA between the Appellant and the Corporate Debtor clearly had no clause regarding repayment and no clause regarding any option other than conversion of the debentures into shares. A convertible debenture can be regarded as "debt" or "equity" based on the test of liability for repayment. If the terms of convertible debentures provide for repayment of borrower's principal amount at any time, it can be treated as a debt instrument but if it does not contemplate repayment of the principal amount at any time, that is, if it compulsorily leads to conversion into equity shares, it is nothing but an equity instrument. Respectfully following the judgment of the Hon'ble Supreme Court in the case of M/s IFCI Limited vs. Sutanu Sinha & Ors., cited supra, we hold that the compulsorily convertible debentures held by the Appellant are equity instrument and accordingly, we do not find any reason or justification to interfere in the impugned order of the Adjudicating Authority. In the result, the Appeal is dismissed. All related IAs pending, if any, are closed. No order as to costs.

**LW 41:06:2024**

**SUPERINTENDENT OF STAMPS & INSPECTOR  
GENERAL OF REGISTRATION v. AVIL MENEZES RP  
OF AMW AUTO-COMPONENT LTD[NCLAT]**

**Comp. App. (AT) (Ins) No. 1591 of 2023 & I.A. No. 5750 of 2023**

**Rakesh Kumar Jain, Naresh Salecha & Indevar Pandey. [Decided on 20/05/2024]**

**Insolvency & Bankruptcy Code, 2016- corporate debtor was the transferee company in a demerger scheme - stamp duty liability on demerger payable by the corporate debtor - Resolution Plan provided for partial liability only- department filed claim belatedly-whether the claim is admissible-Held,No.**

**Brief facts:**

The Stamp Duty accrued as a result of demerger of Asia Motors Works Ltd. being transferor company and AMW Motors Ltd being the transferee No. 1 company and AMW Autocomponent Ltd. being the transferee No. 2 company. It was the claim of the Appellant that the Appellant had filed the claims of Rs. 15,38,79,179/- being in nature of Stamp Duty and Penalty, however only Rs. 2,65,00,000/- has been provided in the Resolution Plan under the caption "Land Payments and Stamps Duty" and did not consider remaining outstanding amount of stamp duty and fees.

The limited issue to be decided in the present appeal was regarding belated claims of the Appellant which has been filed by the Appellant in form 'F' on 23.03.2023 against the public announcement by the Respondent issued on 03.09.2020.

**Decision: Dismissed.**

**Reason:**

We observe that the time is essence for resolution of the Corporate Debtor and if any plan is saddled with huge delays of more than 30 months as in present case, we are afraid that the resolution of the Corporate Debtor will never take off.

We have noted from the pleadings of the Appellant that he was informed for the first time by the Respondent on 17.02.2021 whereas which was much delayed after the public announcement on 03.09.2020. One query was raised by this Appellate Tribunal to the Appellant that even for argument's sake the Appellant came to know only on 17.02.2021 why did the Appellant file the claim only on 23.03.2023 i.e., after more than 2 years and not immediately after 17.02.2021, the Appellant could not respond properly on this pointed query. Thus, we note that there was no plausible reason for the Appellant to explain his conduct of filing such belated claims after 30 months of the public notice.

We note that the claim was filed by the Appellant much beyond the date when the Resolution Plan was approved by the CoC. We also note that the Respondent, however disclosure the contingent liability to the perspective Resolution Applicants through financial statement that the Respondent is seeking a waiver of Stamp Duty Payments through the provisions of its Resolution Plan. The Respondent explained that though he sought exemption time the stamp duty however it was not a condition precedent for the implementation of the Resolution Plan and made clear that the denial of waiver by the Adjudicating Authority would only result in that the Stamp Duty Payments to be made by the SRA in accordance to the Resolution Plan.

We also note that in catena of Judgment of Hon'ble Supreme Court of India has held that SRA cannot be burdened with related undisputed claims after the Resolution Plan submitted by him has been approved by the CoC. It is the fact that the Resolution Plan was approved by the CoC much earlier then the claim submitted by the Appellant. The Resolution Plan is stated to have been implemented by the SRA.

We have already noted that as per ratio decided by the Hon'ble Supreme Court of India in the matter of Committee of Creditors of Essar Steel India Limited (Supra) that claims after the Resolution Plan has been approved by the CoC should not be accepted. Similarly, in RPS Infrastructure (Supra) the Hon'ble Supreme Court of India has again held that mere fact that the plan has not been approved by the Adjudicating Authority does not imply that plan can go back and forth thereby

making the CIRP an endless process. In view of above detailed discussions, we find no merit in the appeal. The appeal deserved to be dismissed and stand dismissed. No Costs. Interlocutory Application(s), if any, are Closed.



## Tax Laws

**LW 42:06:2024**

### **COMMISSIONER OF TRADE AND TAXES v. FEMC PRATIBHA JOINT VENTURE NTs [SC]**

**Civil Appeal No. 3940 of 2024**

**P.S. Narasimha & P.B.Varale, JJ. [Decided on 01/05/2024]**

**Delhi Value Added Tax Act, 2004 - section 38 and 42- refund of tax- adjustment of refund against outstanding tax dues- whether refund of tax is bound by the timelines set in the Act-Held, Yes.**

#### **Brief facts:**

The issue for consideration before the court was whether the timeline for refund under Section 38(3) of the Delhi Value Added Tax Act, 2004 must be mandatorily followed while recovering dues under the Act by adjusting them against the refund amount.

The respondent claimed refund of excess tax credit amounting to Rs. 17,10,15,285/- for the 4<sup>th</sup> quarter of 2015-16 through revised return filed on 31.03.2017 and Rs. 5,44,39,148/- for the 1<sup>st</sup> quarter of 2017-18 through return filed on 29.03.2019, along with applicable interest under Section 42 of the Act. The appellant did not pay the refund even until 2022, pursuant to which the respondent sent a letter dated 09.11.2022 for the consideration of their refund. The Value Added Tax Officer passed an adjustment order dated 18.11.2022 to adjust the respondent's claims for refund against dues under default notices dated 30.03.2020, 23.03.2021, 30.03.2021, and 26.03.2022. The respondent then filed a writ petition before the Delhi High Court for quashing the adjustment order and the default notices.

By judgment impugned herein, the High Court quashed the adjustment order and directed refund of Rs. 17,10,15,285/- for the 4<sup>th</sup> quarter of 2015-16 and Rs. 5,44,39,148/- for the 1<sup>st</sup> quarter of 2017-18, along with interest as per Section 42 till the date of realisation. In respect of the default notices, the High Court gave liberty to the respondent to avail statutory appeal under Section 74 of the Act.

**Decision: Dismissed.**

**Reason:**

The learned ASG has submitted that the timelines specified in section 38(3) are only to ensure that interest is paid if the refund is delayed beyond the statutorily prescribed period. However, he has argued, the timeline cannot be used to denude the power to adjust refund amounts against outstanding dues under Section 38(2). The refund can be adjusted as long as outstanding dues exist at the time when the refund is processed, even if it is beyond the stipulated timeline. The learned counsel for the assessee has supported the reasoning of the High Court and has placed reliance on several judgments of the Delhi High Court that affirm this position of law.

We find no reason to interfere with the impugned judgment, which follows the view that has been consistently adopted by the High Court. The finding of the High Court is based on the plain language of Section 38 of the Act. Sub-section (1) provides that any amount of tax, penalty and interest that is in excess of the amount due from a person shall be refunded to him by the Commissioner. Sub-section (2) permits the Commissioner to first apply such excess to recover any other amount that is due under the Act or the Central Sales Tax Act, 1956. Sub-section (3), which is relevant for our purpose, provides the assessee with the option of getting the refund or carrying it forward to the next tax period as a tax credit. In case of refund, Section 38(3)(a) provides the timeline for refund from the date on which the return is furnished or claim for refund is made as: (i) within one month, if the period for refund is one month; (ii) within two months, if the period for refund is a quarter. Sub-section (4) provides that if notice has been issued under Section 58 or additional information has been sought under Section 59, then the amount shall be carried forward to the next tax period as tax credit. Sub-sections (5) and (6) pertain to security. Sub-section (7) provides certain exclusions while calculating the period under sub-section (3). Sub-sections (8)-(10) pertain to refund in cases of sale to registered and unregistered dealers. Lastly, sub-section (11) provides that the refund shall not be allowed to a dealer who has not filed any return that is due under the Act. The language of Section 38(3) is mandatory and the department must adhere to the timeline stipulated therein to fulfil the object of the provision, which is to ensure that refunds are processed and issued in a timely manner.

In the present case, Section 38(3)(a)(ii) is relevant as both the refunds in the present case pertain to quarter tax periods. Therefore, as per Section 38(3)(a)(ii), the refund should have been processed within two months from when the returns were filed (31.03.2017 and 29.03.2019), which comes up to 31.05.2017 and 29.05.2019. The default notices are dated 30.03.2020, 23.03.2021, 30.03.2021, and 26.03.2022. It is therefore evident that the default notices were issued after the period within which the refund should have been processed. Sub-section (2)

only permits adjusting amounts towards recovery that are “due under the Act”. By the time when the refund should have been processed as per the provisions of the Act, the dues under the default notices had not crystallised and the respondent was not liable to pay the same at the time. The appellant-department is therefore not justified in retaining the refund amount beyond the stipulated period and then adjusting the refund amount against the amounts due under default notices that were issued subsequent to the refund period.

Further, the learned ASG’s contention that the purpose of the timeline provided under sub-section (3) is only for calculation of interest under Section 428 would defeat the object of the provision. Such an interpretation would effectively enable the department to retain refundable amounts for long durations for the purpose of adjusting them on a future date. This would go against the object and purpose of the provision. This contention is hence rejected.

In view of the above, we dismiss the present appeal and affirm the impugned judgment directing the refund of amounts along with interest as provided under Section 42 of the Act.



**LW 43:06:2024**

**HARMIT AHUJA v. MARUTI SUZUKI INDIA LTD [CCI]**

**Case No. 43 of 2023**

**Ravneet Kaur, Anil Agrawal & Sweta Kakkad.  
[Decided on 06/05/ 2024]**

**Competition Act, 2002-section 4-abuse of dominance- car dealer- limited edition of car model with freebies and extended period of warranty-denial of refund of excess amount paid by the manufacturer- whether abuse of dominance-Held,No.**

### **Brief facts:**

The basic grievance of the Informant is the alleged introduction of limited edition ‘Thunder’ Model of Maruti Jimny by the OP in India in June 2023, costing ₹10.74 lacs, laced with several freebie accessories and extended warranty free of cost, which not only led to the initial customers of Jimny, who had bought the car from the OP at higher prices, feeling cheated, but also led to a downfall in the resale prices of the cars purchased by

them as this new model was available at a discount of around ₹2.30 lacs. Further, the Informant was aggrieved by the fact that when he asked the OP for a refund of the excess amount paid by him for purchasing the Jimny cars, the OP refused to provide him such refund. Therefore, the Informant had filed the present Information alleging contravention of the provisions of Section 4 of the Act.

**Decision: Dismissed.**

### **Reason:**

The Commission has perused the Information filed by the Informant and the documents annexed therewith.

As the allegations made in the present Information pertain to the car ‘Jimny’, an SUV, it is noted from the information available in the public domain and evidently, in 2022 and 2023, the SUV sales made by the OP were 2,49,100 and 2,06,200 respectively, while the sales made by Mahindra & Mahindra were 2,39,800 and 2,04,500, respectively. Assuming that the above-stated data comprises the entire SUV segment of the passenger cars market in India, the market share of the OP in the same in 2022 and 2023 comes to approx. 22% and 21.5% respectively.

In light of the data extracted above, in the opinion of the Commission, the OP does not hold a market share large enough to enable it to operate independently of competitive forces prevailing in the market or to affect its competitors or consumers or the market in its favour, especially in the SUV segment of passenger vehicles. As such, the OP does not appear to be a dominant player in the market. Therefore, in the opinion of the Commission, a case of violation of the provisions of Section 4 of the Act cannot be made out against the OP.

Further, the Commission also notes that the grievance raised by the Informant is an inter-se dispute between the Informant and the OP regarding price of the product sold by the OP to the Informant. In the opinion of the Commission, on the basis of the grievances alleged by the Informant, no competition issue or concern seems to arise from the facts and allegations stated by the Informant. Once a buyer purchases a product from a seller at a given price, it cannot insist to avail benefit of any future discount which may be offered on such product by the seller. The discounted price alleged also does not seem to be predatory in nature.

In view of the above, the Commission is of the considered opinion that no prima facie case of contravention of the provisions of Section 4 of the Act is made out against the OP in the present matter. Hence, the matter is directed to be closed in terms of the provisions contained in Section 26(2) of the Act.

LW 44:06:2024

RAVI SHANKAR TIWARI v. AUTOMATTIC INC.[CCJ]

Case No. 01 of 2023

Ravneet Kaur, Anil Agrawal, Sweta Kakkad &amp; Deepak Aaurag. [Decided on 29/04/ 2024]

**Competition Act, 2002 -section 4- abuse of dominance- delisting of complainant's plugins from the plugin's directory maintained by WordPress-whether abuse of dominance- Held,No.**

### Brief facts:

The Informant is a software developer from Kolkata. It has been submitted that the Opposite Party is involved in the development of open-source software, applications, blogging websites, plugins, etc. The Informant has further averred that the Opposite Party is the parent company of Wordpress.org [a content management system (CMS)], wherein the user can create a simple blog as well as a fully operational website and mobile applications.

The Informant was primarily aggrieved by delisting of its plugins from the plugin's directory maintained by WordPress and the same is alleged to be an abuse of its dominant position in the relevant market by WordPress in violation of provisions of Section 4 of the Act.

**Decision: Dismissed.**

### Reason:

At the outset, it is noted that the alleged conduct of the OP or wordpress.org does not appear to be an abuse of dominant position, if any, for reasons elaborated in this order. However, for completeness, the Commission has delineated the applicable relevant market and assessed dominance of the OP or wordpress.org in the same.

In relation to dominance in this market, it is noted that in addition to wordpress.org, there are multiple players in this market like Wix, Squarespace, Shopify, Joomla, and Drupal which offer similar website building and management services. Based on the available data, it is noted that wordpress.org has the largest market share i.e., 62.5% in the relevant market and thus, can be inferred to be dominant on that basis.

Now, coming to the examination of alleged conduct of WordPress, it is noted that the primary grievance of the Informant is delisting of its plugins by WordPress. The OP has submitted that all plugin developers are subject to a set of guidelines i.e., 'Detailed Plugin Guidelines', 'Forum Guidelines' and the 'Community Code of Conduct', in order to ensure a simple and transparent process for developers to submit their plugins to the

Plugin Directory. The Detailed Plugin Guidelines contain a list of do's and don'ts applicable to developers who submit plugins for being listed in the Plugin Directory. Some of the acts prohibited under the Guidelines include spamming of public facing pages of WordPress.org and engaging in dishonest, immoral, or illegal activities. Violation of Detailed Plugin Guidelines may result in all the developers' plugins being removed from the Plugin Directory and the developer being banned from hosting any plugins on WordPress.org.

In relation to the Informant's allegations, the OP has submitted detailed chronology of events leading to banning of Plugins of the Informant. Based on the information provided by the OP, which has not been contested by the Informant, it is noted that the Informant has repeatedly violated multiple guidelines of the wordpress.org despite being warned multiple times. Thus, the plugins of the Informant seems to be banned from the WordPress Plugin Directory due to his persistent misconduct contrary to the guidelines. These guidelines also do not appear to be unfair or unreasonable and are meant for maintaining quality of service and protecting interest of both developers and users. Accordingly, the Commission is of the view that WordPress.org is justified in taking appropriate action against any developer found non-compliant with the prescribed standards and regulations. It is also noted that guidelines have not been applied in a discriminatory manner and around 35 developers including the Informant have been permanently banned from WordPress.org for repeated violation of the Guidelines. Therefore, the conduct of the Opposite Party does not appear to be either unfair or discriminatory.

The Informant has also alleged that Jetpack (the plugin of the OP) could be the reason for deleting 5-star reviews of the Informant to bring the overall rating down. The OP has denied that Informant's Way2enjoy Image Optimizer Plugin was banned to support its own Jetpack Plugin. It is stated that OP's Jetpack plugin offers a wide range of features, whereas the Informant's Way2enjoy Image Optimizer Plugin is a one-point solution that has a sole function i.e., image optimization. Therefore, there is substantial distinction in the scope and depth of features of the two plugins and no legitimate basis is established to perceive the Informant's plugin to be in direct competition with Jetpack. Thus, the allegations of self-preferencing are also unfounded.

Given the facts and circumstances of the present case, the Commission finds that no prima facie case of contravention of the provisions of Section 4 of the Act is made out against the Opposite Party in the instant matter. Accordingly, the Information is ordered to be closed forthwith in terms of the provisions contained in Section 26(2) of the Act. Consequently, no case for grant for relief(s) as sought under Section 33 of the Act arises and the said request is also rejected.





## General Law

**LW 45:06:2024**

**GEO MILLER AND CO PVT LTD v. UP JAL NIGAM & ORS [ALL]**

**Civil Misc. Arbitration Application No.4 of 2024 with Civil Misc. Arbitration Application No.5 of 2024**

**Shekhar B. Saraf, J. [Decided on 17/05/2024]**

**Arbitration and Conciliation Act,1996- section 29A- extension of time to make award- conflicting judgements of coordinate benches- reference to larger bench- decision pending- in interregnum which one of the conflicting judgement to be followed- Held, the earlier judgement should be followed.**

### **Brief facts:**

These applications have been filed under Section 29(A)(4) and Section 29(A)(5) of the Arbitration & Conciliation Act, 1996 (hereinafter referred to as the 'Act') praying for extension of the mandate of the arbitral tribunal.

There were conflicting judgements of coordinate benches and the issue of which bench's judgement would prevail was referred to a larger bench. Till the decision of the larger bench on the issue, which coordinate bench's judgement would rule the field is the question involved in this case.

**Decision: Allowed.**

### **Reason:**

Hence, for the better adjudication of the matter, I have divided the instant judgment into two issues:

*Issue No. 1: When there are conflicting judgments of different benches of coequal strength of a court on a similar question of law, which one assumes the status of binding precedent when the said question of law has been referred to a larger bench for adjudication ?*

What emerges from the wisdom of the Hon'ble Supreme Court is that the doctrine of precedent, is not without its nuances and complexities. As elucidated by the Hon'ble Supreme Court, an earlier decision, even if considered incorrect by a later Bench, retains its binding effect on subsequent Benches of coordinate jurisdiction. The principle which emerges is that the earlier decision must be followed until the decision of the larger bench is

returned. This principle is rooted in tradition, certainty, and the integrity of precedent itself. As articulated by the Apex Court, the law would be bereft of utility if thrown into a state of uncertainty by conflicting decisions. Throughout history, the stability and continuity of law have been upheld through adherence to established precedent. By following the earlier decision, even in the face of conflicting precedents, courts preserve the integrity of the legal system and uphold the principle of stare decisis - the notion that like cases should be decided like. From a practical standpoint, following the earlier decision until the decision of the larger bench is returned serves to promote certainty and predictability in the administration of justice. When conflicting precedents arise, uncertainty abounds, and litigants may be left in a state of limbo, unsure of their rights and obligations under the law. By adhering to the earlier decision, courts provide a measure of stability and clarity, allowing parties to proceed with confidence while awaiting resolution from the larger bench.

In light of the aforesaid, Issue No. 1 is answered as follows:

“When a bench of coequal strength is faced with conflicting judgments of other coequal benches, the judgment delivered earlier will continue to govern the field of law, till such time, the same is overturned or in case the question(s) of law, if referred to the larger bench is answered. This will also hold true when a lower court is faced with conflicting judgments of a higher court, or a coordinate bench is faced with conflicting judgments of a division bench.”

*Issue No. 2: Which judgment will govern the field of law on Section 29A of the Act as far as this Court is concerned ?*

In my view, the judgment of this Court in Indian Farmers Fertilizers (supra) ought to have been followed in A'Xykno Capital Services (supra). The doctrine of per incuriam is based on the latin phrase meaning “thorough lack of care”. It allows the courts to depart from established precedent when a previous decision was made without proper consideration of relevant statutes, regulations, or binding authorities. However, the doctrine of per incuriam must be exercised with caution to ensure that it is not used as a pretext for disregarding inconvenient precedent. The principle should only be invoked in exceptional cases where the error is clear and unequivocal, and where adherence to the precedent would result in a grave injustice. Per incuriam should be used sparingly and only in exceptional cases.

In light of the above, the Issue No. 2 is answered as follows:

“The judgments in Lucknow Agencies (supra) and Indian Farmers Fertilizers (supra) having been delivered under different factual scenarios will continue to govern the field of law as far as Section 29A of the Act is concerned before this Court. All applications filed under Section 29A of the Act till such time as the Larger Bench, reference to which was made vide this Court's order dated February 26, 2024, returns its decision on the questions of law,

will have to be decided in accordance with the law laid down in Lucknow Agencies (supra) and Indian Farmers Fertilizers (supra). The judgment in A'Xy'no Capital Services (supra) having been delivered after the aforesaid judgments, will not hold any precedential value. Needless to say, this position will be subject to the decision of the Larger Bench."

In light of the aforesaid, since the appointment of the arbitrator in ARBT NOS. 4 and 5 of 2024 was made by this Court in exercise of its powers under Section 11 of the Act, the instant applications filed under Section 29A(4) and Section 29(A(5) of the Act are maintainable before this Court.

**LW 46:06:2024**

**RASHMI GOYAL v. M/S MAHALAXMI FABRICS[DEL]**

**CRL.M.C. No(s) 2126-2132 of 2023.**

**Manoj Kumar Ohri, J. [Decided on 30/04/2024]**

**Section 141 of the NI Act read with Section 482 of the CrPC- Company secretary arrayed as director and made vicariously liable- whether tenable-Held,No.**

**Brief facts:**

As per the material placed on record, the petitioner was sought to be made vicariously liable for the offence under Section 138 NI Act, by describing her as a Director of the accused company and that it was upon her assurance that the goods were provided. Further, she had also assured that the subject cheques would be duly encashed. Thus, upon their dishonour, the petitioner becomes vicariously liable in terms of Section 141 NI Act.

**Decision: Allowed.**

**Reason:**

The petitioner has contended that she was a Company Secretary in the accused company, it is also essential to deal with the position of Company Secretary in a company. Section 2(24) of the Companies Act, 2013 provides that 'Company Secretary' means any individuals defined as such in Section 2(1)(c) of the Companies Secretaries Act, 1980, which itself defined him/her as "a person who is a member of the Institute". While no specific definition of Company Secretary has been provided, however Section 2(51) of the Companies Act, which deals with 'Key Managerial Personnel' mentions company secretary as one such personnel. Section 204 of the Companies Act provides for the functions of 'Company Secretary'.

From the discussion above, it can be culled out that the Company Secretary is a 'key managerial personnel' who performs secretarial functions on behalf of the Company to ensure that the secretarial compliances are made by the Company. The statutory role that a Company Secretary performs does not include "conducting the business

of the Company" of the kind envisaged in Section 141, for such an individual to be made vicariously liable.

Thus, indisputably, it can be observed that the petitioner was employed in the company as a Company Secretary. Once the same is established, the question that arises for consideration is whether the petitioner can be made vicariously liable in terms of Section 141 NI Act. A perusal of the subject complaints would show that nowhere in the said complaints has the respondent averred that the petitioner was in-charge of, and responsible for the conduct of the business of the company. The word 'in-charge of a business' has been interpreted to mean a person having overall control of the day-to-day business of the company. In the ordinary course of business, it cannot be said that the petitioner, who was acting as a Company Secretary, would be in-charge of the day-to-day affairs of the company, as required in terms of Section 141(1). Thus, the petitioner cannot be vicariously liable in terms of Section 141(1).

Insofar as Section 141(2) is concerned, for the petitioner to be made liable in terms of the said provision, it needs to be shown that there was consent, connivance or neglect on her part, in the issuance as well as the dishonour of the subject cheques. A reading of the above-mentioned extract would show that the petitioner (arrayed as accused No.6 in the subject complaints) has been impleaded based upon sweeping allegations and bald averments, stating therein that based upon the assurances provided by the accused persons, respondent supplied the goods as well as accepted the subject cheques in discharge of the liability. Even if the said averments are taken at their face value, they do not appear to be adequate inasmuch as these averments do not particularly address/show the Girdhari Lal Gupta v. B.H. Mehta, (1971) 3 SCC 189 consent/connivance/neglect on the part of the petitioner in issuance or dishonour of the cheque.

In view of the facts of the present case including the fact that the petitioner was employed as a Company Secretary in the accused company as well as the position of law w.r.t Section 141 NI Act and the application of the same to the subject complaints as extracted above, it can be observed that the subject complaints are bereft of the adequate averments against the petitioner alleging the Petitioner's involvement in the conduct of the business of the Company beyond her statutory role as a Company Secretary, more particularly, in relation to the transaction pursuant to which cheque in question was issued. Neither is there any averment that the offence has been committed with the consent or connivance of is attributable to any neglect on the part of the Petitioner, so as to potentially make her liable under Sub-section (2) of Section 141.

Consequently, the present petitions are allowed and the criminal complaints filed under Section 138 read with Section 141 NI Act are quashed qua the petitioner.

# 4

## FROM THE GOVERNMENT



- NOTICE IN THE MATTER OF SECTION 75 OF THE LIMITED LIABILITY PARTNERSHIP ACT, 2008 READ WITH RULE 37 (2) OF LIMITED LIABILITY PARTNERSHIP RULES, 2009
- RELAXATION OF ADDITIONAL FEES AND EXTENSION OF LAST DATE OF FILING OF FORM NO. LLP BEN-2 AND LLP FORM NO. 4D UNDER THE LIMITED LIABILITY PARTNERSHIP ACT, 2008-REGARDING
- COMPREHENSIVE GUIDELINES FOR INVESTOR PROTECTION FUND (IPF) AND INVESTOR SERVICES FUND (ISF) FOR STOCK EXCHANGES HAVING COMMODITY DERIVATIVES SEGMENT
- REVISION OF ELIGIBILITY CRITERIA FOR LAUNCHING COMMODITY FUTURES CONTRACTS
- EASE OF DOING BUSINESS – INTERNET BASED TRADING FOR STOCK BROKERS
- INVESTOR CHARTER FOR STOCK EXCHANGES
- MODIFICATION IN REQUIREMENT OF INSPECTION OF ACCREDITED WAREHOUSES BY CLEARING CORPORATIONS
- NORMS FOR ACCEPTABLE COLLATERALS AND EXPOSURE OF CLEARING CORPORATIONS
- INVESTOR CHARTER FOR DEPOSITORIES AND DEPOSITORY PARTICIPANTS
- STANDARD OPERATING PROCEDURE FOR HANDLING OF STOCK EXCHANGE OUTAGE AND EXTENSION OF TRADING HOURS THEREOF IN COMMODITY DERIVATIVES SEGMENT
- ELIGIBILITY CRITERIA FOR LAUNCHING OPTIONS WITH COMMODITY FUTURES AS UNDERLYING BY STOCK EXCHANGES HAVING COMMODITY DERIVATIVE SEGMENTS
- SELF REGULATORY ORGANIZATIONS FOR SOCIAL IMPACT ASSESSORS IN THE CONTEXT OF SOCIAL STOCK EXCHANGE (“SSE”)
- TIMELINES FOR DISCLOSURES BY SOCIAL ENTERPRISES ON SOCIAL STOCK EXCHANGE (“SSE”) FOR FY 2023-24
- ENHANCEMENT OF DYNAMIC PRICE BANDS FOR SCRIPS IN THE DERIVATIVES SEGMENT
- NORMS FOR SHARING OF REAL TIME PRICE DATA TO THIRD PARTIES

- MODIFICATION IN STAGGERED DELIVERY PERIOD IN COMMODITY FUTURES CONTRACTS
- AUDIOVISUAL (AV) PRESENTATION OF DISCLOSURES MADE IN PUBLIC ISSUE OFFER DOCUMENTS
- INDUSTRY STANDARDS ON VERIFICATION OF MARKET RUMOURS
- FRAMEWORK FOR CONSIDERING UNAFFECTED PRICE FOR TRANSACTIONS UPON CONFIRMATION OF MARKET RUMOUR
- REVIEW OF VALIDATION OF KYC RECORDS BY KRAs UNDER RISK MANAGEMENT FRAMEWORK
- CERTIFICATION REQUIREMENT FOR KEY INVESTMENT TEAM OF MANAGER OF AIF
- PERIODIC REPORTING FORMAT FOR INVESTMENT ADVISERS
- ENTITIES ALLOWED TO USE E-KYC AADHAAR AUTHENTICATION SERVICES OF UIDAI IN SECURITIES MARKET AS SUB-KUA
- PORTFOLIO MANAGERS - FACILITATING EASE IN DIGITAL ON-BOARDING PROCESS FOR CLIENTS AND ENHANCING TRANSPARENCY THROUGH DISCLOSURES
- FACILITATING COLLECTIVE OVERSIGHT OF DISTRIBUTORS FOR PORTFOLIO MANAGEMENT SERVICES (PMS) THROUGH APMI
- FRAMEWORK FOR ADMINISTRATION AND SUPERVISION OF RESEARCH ANALYSTS AND INVESTMENT ADVISERS
- INSTRUCTIONS ON MONEY CHANGING ACTIVITIES
- EXCLUSION OF “FINCARE SMALL FINANCE BANK LIMITED” FROM THE SECOND SCHEDULE TO THE RESERVE BANK OF INDIA ACT, 1934 AND CESSATION AS A BANKING COMPANY
- INTERNAL REVIEW – INTERIM RECOMMENDATIONS – WITHDRAWAL OF CIRCULARS
- ISSUANCE OF PARTLY PAID UNITS TO PERSONS RESIDENT OUTSIDE INDIA BY INVESTMENT VEHICLES UNDER FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019
- FORMATION OF NEW DISTRICT IN THE STATE OF ASSAM – ASSIGNMENT OF LEAD BANK RESPONSIBILITY
- FOREIGN EXCHANGE MANAGEMENT (DEPOSIT) (FOURTH AMENDMENT) REGULATIONS, 2024
- MARGIN FOR DERIVATIVE CONTRACTS
- MASTER DIRECTION – RESERVE BANK OF INDIA (MARGINING FOR NON-CENTRALLY CLEARED OTC DERIVATIVES) DIRECTIONS, 2024
- BANKS' EXPOSURE TO CAPITAL MARKET - ISSUE OF IRREVOCABLE PAYMENT COMMITMENTS (IPCs)
- MASTER DIRECTION – RISK MANAGEMENT AND INTER-BANK DEALINGS: AMENDMENTS



## Corporate Laws

### 01 Notice In the matter of Section 75 of the Limited Liability Partnership Act, 2008 read with Rule 37 (2) of Limited Liability Partnership Rules, 2009

[Issued by the Ministry of Corporate Affairs No. ROC/LLP-24/Web Publication/2023-24/615 dated 10.05.2024.]

List of the LLPs which have made an application in Form 24 for striking off their respective names from the Register in pursuance to Rule 37(1)(b) of the Limited Liability Partnership Rules, 2009.

	Identification number	Name of entity/Individual	SRN
1.	AAR-9732	SHUBHAM FOODSTUFF LLP	M28549567
2.	AAJ-6683	MOXOOM TECHNOLOGIES LLP	M28550247
3.	AAT-2381	KINDUFE TECHNOLOGIES LLP	M28560556
4.	AAV-5243	AHASKARA SOLAR PROJECTS LLP	M28560592
5.	AAV-5252	BRAHMAN SOLAR PROJECTS LLP	M28562044
6.	AAV-4692	DIPTAMURTI SOLAR PROJE LLP	M28566626
7.	AAV-4609	GUNATMAN SOLAR PROJECTS LLP	M28566652
8.	AAV-4611	HRISHIK ESHA SOLAR PROJECTS LLP	M28569311
9.	AAV-4595	NITYANANDA SOLAR PROJECTS LLP	M28571105
10.	AA V-5249	SUSHILA SOLAR PROJECTS LLP	M28573343
11.	AAV-4695	SHARVA SOLAR PROJECTS LLP	M28573356
12.	AAV-4702	VANDANIYA SOLAR PROJECTS LLP	M28574817
13.	ABC-6445	AAYUSH BEE PRODUCT LLP	M28592945
14.	AAV-9440	MANTRA DIAMONDS LLP	M28597937
15.	AAZ-2577	ABG PAYMENTS SERVICES LLP	M28599796
16.	AAP-5801	VERONICA-INN HOTEL & RESORT LLP	M28618684
17.	AAS-4429	DIGIMUNI MARKETING SERVICES LLP	M28628208

18.	AAF-5742	DR SPORTS MANAGEMENT LLP	M28629696
19.	AAM-3268	RAPTOR TECH SERVICE LLP	M28635785
20.	AAW-7919	SCHNELLEIDEE LLP	M28636345

**ANU VIVEK**

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### 02 Relaxation of additional fees and extension of last date of filing of Form No. LLP BEN-2 and LLP Form No. 4D under the Limited Liability Partnership Act, 2008-regarding

[Issued by the Ministry of Corporate Affairs F.No. 17/30/2018CLV dated 07.05.2024.]

The Ministry of corporate Affairs has notified Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023 vide G.S.R. No. 832(E) dated 09.11.2023 and has prescribed E-form LLP BEN-2 to file Return to the Registrar in respect of declaration under section 90 of the Companies Act, 2013. Similarly, the Ministry of Corporate Affairs has notified Limited Liability Partnership (Third Amendment) Rules, 2023 vide G.S.R. No. 803(E) dated 27.10.2023 and prescribed E-form LLP Form no. 4D to file Return to the Registrar in respect of declaration of beneficial interest in contribution received by the LLP.

- Keeping in view of transition of MCA-21 from version-2 to version-3 and to promote compliance on part of reporting Limited Liability Partnerships, and in continuation of General Circulars No.01/2024 dated 07.02.2024, it has been decided by the competent authority that LLPs may file Form LLP BEN-2 and LLP Form No. 4D, without payment of any further additional fees, up to 01.07.2024.
- This issues with approval of the competent authority.

**DR. AMIT KUMAR**  
Deputy Director

### 03 Comprehensive guidelines for Investor Protection Fund (IPF) and Investor Services Fund (ISF) for Stock Exchanges having commodity derivatives segment

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/71 dated 30.05. 2024]

- SEBI vide circulars dated September 26, 2016, June 13, 2017, March 14, 2018 and October 22, 2021 has issued provisions for Investor Protection Fund and Investor Service Fund for commodity derivatives segment. Further, circular on Price Dissemination through SMS/Electronic Communication Facility was issued on August 30, 2016. These aforementioned Circulars have been rescinded with issuance of Master Circular for Commodity Derivatives Segment dated August 04, 2023. SEBI vide Circular dated May 30, 2023 has issued Comprehensive guidelines for Investor

Protection Fund and Investor Services Fund at Stock Exchanges and Depositories (excluding Commodity Derivatives Exchanges) with inclusion of new provisions. Further, representations were received from market participants with respect to propositions on Ease of Doing Business in commodity derivatives segment. Considering these developments, the IPF and ISF guidelines for commodity derivatives segment are being revised.

2. After due consultation with the stock exchanges, the new requirements have been framed as placed in Annexure 1 to the Circular.
3. The Circular shall come into force from June 01, 2024.
4. The Exchanges are advised to:
  - 4.1. Take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same,
  - 4.2. Bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website,
  - 4.3. Communicate to SEBI, the status of the implementation of the provisions of this Circular.
5. This Circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. This Circular is issued with the approval of the competent authority.
7. This Circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Circulars" and "Info for Commodity Derivatives"..

**NAVEEN SHARMA**  
General Manager

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## 04 Revision of eligibility criteria for launching commodity futures contracts

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/69 dated 30.05. 2024]**

1. Paragraph 2.2 of Chapter 2 and Paragraph 10.1 of Chapter 10 of SEBI Master Circular dated August 4, 2023 for Commodity Derivatives segment prescribe Criteria for Eligibility, Retention and Re-introduction of Derivative Contracts on Commodities and Permission for Trading in Futures Contracts, respectively.
2. Some of these norms as mentioned at paragraph 1 above were prescribed by erstwhile Forward Market Commission (FMC) and were continued after the merger of FMC with SEBI. The commodity derivatives

markets have evolved since then, with the introduction of new products, participants, entry of new stock exchanges and thus, a need is felt to review the norms in the aforesaid provisions.

3. Based on representations received from market participants and deliberations by Commodity Derivatives Advisory Committee (CDAC) of SEBI, it has been decided to modify the norms under Paragraph 2.2 and Paragraph 10.1 of the Master Circular dated August 4, 2023 as under:
  - A. Paragraph 2.2. heading may be read as under:  
Criteria for eligibility of derivative contracts on commodities
  - B. Paragraph 2.2.2.: "The following criteria for eligibility, retention and re-introduction of derivative contracts on commodities shall be followed by all the stock exchanges." stands deleted.
  - C. Paragraph 2.2.3 (vi) is modified as under.  
"The stock exchanges shall also analyze all the proposed commodities on the afore-said parameters comprised in the template and submit the same to SEBI along with necessary supporting documentary evidence for referring the commodity for notification under section 2(bc) of Securities Contracts (Regulation) Act, 1956."
  - D. Paragraph 2.2.4. "Applicability of the template on the commodities presently being traded" stands deleted.
  - E. Paragraph 2.2.5: "Criteria for retention and reintroduction of derivative contracts on commodities" stands deleted.
  - F. Paragraph 10.1.1. is modified as under.

**NAVEEN SHARMA**  
General Manager

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## 05 Ease of Doing Business – Internet Based Trading for Stock Brokers

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/TPD-1/P/CIR/2024/68 dated 30.05. 2024]**

1. To improve ease of doing business and remove obsolete compliance requirements related to activities of Market Infrastructure Institutions (MIIs), inputs or suggestions were sought from various stakeholders. In this regard, there were requests pertaining to Internet Based Trading (IBT) from Industry Standard Forum (ISF) of stock brokers.
2. Upon examination of the aforesaid request by Working Group of MIIs and Secondary Market

Advisory Committee (SMAC) of SEBI, the following has been decided:

- a. In line with Clause 1.1 of Chapter 2 of SEBI Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023, the broker is required to apply to the respective stock exchange for a formal permission to provide IBT Service. The stock exchange is required to communicate its decision to the member within 30 calendar days of the date of completed application submitted to the exchange. The timeline, is hereby reduced to 7 calendar days from 30 calendar days.
  - b. In line with Clause 1.1.2.4.3.3 of Chapter 2 of SEBI Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023, brokers providing IBT service are required to make periodic reporting to the Exchange as specified by the Exchange. As part of the aforesaid requirement, exchanges compute IBT trade statistics for each stock broker on the basis of IBT terminal details provided by the stock broker. It has been decided to do away with the existing requirement of periodic confirmation of IBT statistics by the stock brokers before they are published by the stock exchanges. Instead, exchanges would publish IBT statistics on the basis of details of IBT terminals provided by the stock brokers. Exchanges, in this regard, may obtain information/declaration about IBT terminals from stock brokers as deemed fit by them.
3. The circular would be applicable from immediate effect. The circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
  2. In view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it is felt necessary to modify the Investor Charter for Stock Exchanges inter-alia detailing the services provided to Investors, Rights of Investors, various activities of stock exchanges with timelines, Dos and DON'T's for Investors, Responsibilities of Investors, Code of Conduct for Stock Exchanges and Grievance Redressal Mechanism which is placed at Annexure A.
  3. In this regard, Stock Exchanges are advised to disclose the Investor Charter on their respective websites.
  4. The circular shall be effective from the date of issuance.
  5. All Recognised Stock Exchanges are advised to:
    - 5.1. Take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of this circular; and
    - 5.2. Communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.
  6. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
  7. The Circular is issued with the approval of the competent authority.
  8. This circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal → Circulars".

**VISHAL SHUKLA**  
General Manager

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**ANSUMAN DEV PRADHAN**  
Deputy General Manager

## 06 Investor Charter for Stock Exchanges

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/63 dated 29.05. 2024]

1. In order to facilitate investor awareness about various activities such as business transacted and services provided to investors on stock exchanges, grievance redressal mechanism, rights and obligations of investors, guidance pertaining to special circumstances related to market activities due to default of brokers, advisory for investors etc., SEBI in November 2021 has formulated the Investor Charter for Stock exchanges containing the information for investors on aforesaid issues and advised Stock Exchanges to disclose the same on their respective websites.

## 07 Modification in requirement of inspection of accredited warehouses by Clearing Corporations

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/64 dated 29.05. 2024]

1. SEBI vide 'Master Circular for Commodity Derivatives Segment' dated August 04, 2023 has issued various requirements for stock exchanges and clearing corporations for compliance in commodity derivatives segment. Para 12.16 of aforementioned Master Circular deals with requirements pertaining to inspection / audit of accredited warehouses by Clearing Corporations.
2. As per Para 12.16 of aforementioned Master Circular, there is requirement for clearing corporations to conduct independent audit of the goods and other facilities in the storage facilities by engaging expert agencies, at regular intervals. Further, the requirement

- states that such inspection shall be carried out in each storage facility, at least twice in a calendar year, with a gap of not more than six months between two inspections/audits of same storage facility. However, in case there are NIL stocks in an accredited storage facility during preceding six months, the Clearing Corporations would be exempted from requirement of inspection by independent agency.
3. The clearing corporations have stated that if stocks are received, especially during end of the calendar year, the requirement of inspecting at least twice in a year leads to inspection being carried out at relatively shorter intervals. Therefore, such requirement becomes unproductive and hence inspection by an independent agency may be made in line with stocks deposited at warehouse. Clearing Corporations have therefore suggested rationalising the periodicity of inspection of accredited warehouses.
  4. Based on the request from clearing corporations and with an aim to further advance the cause of ease of doing business, it has been decided that the requirement of two inspections in a calendar year may be done away for accredited storage facility with 'Nil' stock, continuously during preceding six months. In these cases, the number of inspections by an independent agency may be limited to 'once in a calendar year'.
  5. Additionally, it has been decided that the requirement of inspection by an independent agency may also be done away with, in case there is 'Nil' stock in an accredited storage facility continuously during the calendar year". However, to ensure readiness of accredited warehouse/s to accept new deposits, it is emphasized that requirement of periodic (in-house) inspection by clearing corporation, as stated in Para 12.16.1 of Master Circular, shall continue to apply.
  6. Accordingly, the requirement stated in Para 12.16.2 (ii) of Master Circular for Commodity Derivatives Segment dated August 04, 2023 is modified as follows:
 

*"12.16.2 (ii) Such inspections shall be carried out in each accredited storage facility, with a gap of not more than six months between two inspections/audits of same storage facility. However, in case there are NIL stocks in an accredited storage facility during preceding six months, the number of such inspections may be limited to once in a calendar year. Only in the event, there are NIL stocks in an accredited storage facility continuously during the calendar year, the Clearing Corporations would be exempted from requirement of inspection by independent agency. In case of NIL inspection by independent agency in previous calendar year, the clearing corporation shall ensure the compliance of Para 12.16.1 (Chapter 12 of the Master Circular) before allowing accredited warehouse to accept new deposits."*
  7. The circular shall be effective from calendar year 2024.
  8. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
  9. The Circular is issued with the approval of the competent authority.
  10. This circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Circulars" and "Info for Commodity Derivatives"

**NAVEEN SHARMA**  
General Manager

## 08 Norms for acceptable collaterals and exposure of Clearing Corporations

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/65 dated 29.05. 2024]**

- I. SEBI through various circulars issued from time to time has prescribed norms for risk management of Clearing Corporations (CCs), including acceptable liquid assets by CCs with applicable haircuts to meet the requirements for initial margins, mark to market losses, value at risk margins, extreme loss margins, base minimum capital, etc.
- II. In order to further strengthen the risk management framework of CCs, it has been felt to review the existing collaterals accepted by CCs and also to have prudential norms for exposure of CCs. The details are given as under:
  - A. Collaterals accepted by CCs
    1. Paragraphs 1.1.1 and 1.1.2 of Chapter 4, of SEBI Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated October 16, 2023 for Stock Exchanges and Clearing Corporation, states that the core of the risk management system is the liquid assets deposited by members with the CCs as collateral with applicable haircuts therein. Similar provisions have also been prescribed under paragraphs 9.1.1 and 9.1.2 of Chapter 9 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 dated August 04, 2023 for Commodity Derivatives Segment.
    2. The acceptable liquid assets for Cash Market includes -
      - a. Cash Equivalents such as cash, bank fixed deposits, bank guarantees, securities of the Central Government, units of liquid mutual funds (including units of overnight mutual funds) or government securities mutual funds;
      - b. Other Liquid Assets such as Group I equity shares, units of other mutual fund schemes and corporate bonds. In addition, for Commodity Derivatives Segment, the Other



- Liquid Assets includes Bullion, units of Gold ETF, Agricultural Commodities, Base Metals & Alloys, and Diamond.
3. Currently, units of overnight mutual funds are considered as part of liquid mutual funds under Cash Equivalent with a haircut of 10%. Overnight mutual funds invest only in overnight securities having maturity of 1 day, making it less risky and more liquid than liquid mutual fund schemes. Further, amongst Other Liquid Assets, Liquid (Group I) Equity Securities are also accepted as collaterals by CCs. It was noted that the number of equity securities featuring in Group I have become quite large.
  4. Accordingly, the issues highlighted at paragraph 3 above were reviewed by the Working Group (WG), consisting of CCs and Depositories and the recommendation of the WG were further deliberated by Risk Management Review Committee of SEBI (RMRC). Based on the recommendations of RMRC and subsequent deliberations, the following have been decided:
    - a) Units of growth plan of overnight mutual fund schemes shall be accepted as Cash Equivalent by CCs with a haircut of 5% and for other plans of overnight mutual fund schemes the hair cut of 10% shall continue to be applicable.
    - b) Equity shares with impact cost of up to 0.1% for an order value of INR 1 lakh and traded for 99% of days over the period of previous 6 months shall be accepted as part of other liquid assets.

**HRUDA RANJAN SAHOO**  
Deputy General Manager

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## 09 Investor Charter for Depositories and Depository Participants

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/66 dated 29.05. 2024]**

1. In order to facilitate investor awareness about various activities such as dematerialization/rematerialization of securities, transmission of securities, settlement instruction, consolidated account statement, grievance redressal mechanism etc., SEBI in November 2021 has formulated the Investor Charter for Depositories and Depository Participants (DPs) containing the information for investors on aforesaid issues and advised Depositories to disclose the same on their respective websites.
2. In view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it is

felt necessary to modify the Investor Charter for Depositories and DPs, inter-alia, detailing the services provided to Investors, Rights of Investors, various activities of Depository through DPs with timelines, Dos and DON'Ts for Investors, Responsibilities of Investors, Code of Conduct for Depositories and DPs and Grievance Redressal Mechanism which is placed at Annexure.

3. In this regard, Depositories are advised to publish Investor Charter on their websites. Further, Depositories should ask DPs to bring to the notice of their clients (existing as well as new clients) through disclosing the Investor Charter on their respective websites, provide a copy of Investor Charter as a part of account opening kit to the clients, through emails/ letters etc.
4. The circular shall be effective from the date of issuance.
5. All Recognised Depositories are advised to:
  - 5.1. Take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of this circular; and
  - 5.2. Communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.
6. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
7. The Circular is issued with the approval of the competent authority.
8. This circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal → Circulars".

**NAVEEN SHARMA**  
General Manager

*Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)*

## 10 Standard Operating Procedure for handling of Stock Exchange outage and extension of trading hours thereof in Commodity Derivatives segment

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/62 dated 27.05. 2024]**

1. SEBI vide circular dated January 09, 2023 has prescribed standard operating procedure for handling stock exchange outage and extension of trading hours thereof in Cash Market and Equity Derivatives segment. 2. In continuation of the same, standard operating procedure for handling stock exchange outage and extension of trading hours thereof in Commodity Derivatives segment was deliberated by Commodity Derivatives Advisory Committee (CDAC)

of SEBI. Accordingly, the framework for Commodity Derivatives segment has been prepared and placed as Annexure to the Circular.

3. The stock exchanges should ensure necessary changes in the systems to extending market hours as specified in this circular. Accordingly, the circular shall be effective from July 01, 2024.
4. The Stock Exchanges are advised to bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.
5. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. The Circular is issued with the approval of the competent authority.
7. This circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Circulars" and "Info for Commodity Derivatives".

**NAVEEN SHARMA**  
General Manager

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## 11 Eligibility criteria for launching Options with Commodity Futures as underlying by Stock Exchanges having commodity derivative segments

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/61 dated 27.05.2024]

1. Chapter 6 of SEBI Master Circular dated August 4, 2023 for Commodity Derivatives Segment prescribes Product Design and Risk Management Framework for Options on Commodity Futures.
2. Based on representations received from market participants and deliberations by Commodity Derivatives Advisory Committee (CDAC) of SEBI, it is decided that for launching Options contracts on agricultural and agri-processed commodities, the average daily turnover of underlying futures contracts of the corresponding commodity during the previous twelve months shall be INR 100 crore instead of existing INR 200 crore. Accordingly, paragraph 6.1.2. of the aforesaid Master Circular on Eligibility criteria for launching Options on Commodity Futures stands revised as follows:

**6.1.2. Eligibility criteria for launching Options with Commodity Futures as underlying:** *Options would be permitted for trading on a stock exchange only on those commodity futures as underlying, which are traded on its platform and satisfy the criteria specified below on the respective exchange:*

i. *The average daily turnover of underlying futures contracts of the corresponding commodity during the previous twelve months, shall be at least:*

- a) *INR 100 crore for agricultural and agri-processed commodities*
  - b) *INR 1000 crore for other commodities*
3. *The Circular shall be applicable for all Options on Futures contracts (agricultural and agri-processed commodities) introduced on or after June 1, 2024 wherein average daily turnover of underlying futures contracts during the previous twelve months is Rs.100 crore.*

4. The Stock Exchanges are advised to take steps to make necessary amendments to relevant bye-laws, rules and regulations for the implementation of this circular and bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.
5. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, to protect the interest of investors in securities and to promote the development of, and regulate the securities market.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Circulars" and "Info for – Commodity Derivatives."
7. The Circular is issued with the approval of competent authority.

**NAVEEN SHARMA**  
General Manager

## 12 Self Regulatory Organizations for Social Impact Assessors in the context of Social Stock Exchange ("SSE")

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2024/0060 dated 27.05.2024]

1. In terms of Regulation 292A(f) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, ("ICDR Regulations") a Social Impact Assessor means an individual registered with self regulatory organization under the Institute of Chartered Accountants of India or such other agency, as may be specified by the Board, who has qualified a certification program conducted by National Institute of Securities Market.
2. In addition to the Self-Regulatory Organization under the Institute of Chartered Accountants of India the following agencies are specified as Self Regulatory Organizations for Social Impact Assessors in the context of Social Stock Exchange:

- 2.1. ICAI Social Auditors Organization (ICMAI SAO) under the Institute of Cost Accountants of India
- 2.2. ICSI Institute of Social Auditors (ICSI ISA) under the Institute of Company Secretaries of India.
3. A copy of this circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework → Circulars".

**YOGITA JADHAV**  
General Manager

## 13 Timelines for disclosures by Social Enterprises on Social Stock Exchange ("SSE") for FY 2023-24

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2024/0059 dated 27.05.2024]

1. In terms of Regulation 91C (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") Not for Profit Organizations (NPOs) registered on SSE including NPOs whose designated securities are listed on SSE, shall be required to make annual disclosures to the SSE on matters specified under the SEBI Circular dated September 19, 2022 by 31<sup>st</sup> October, 2024 for the Financial Year 2023-24.
2. In terms of Regulation 91E (1) of SEBI LODR Regulations, 2015, Social Enterprises which has registered or raised funds through SSE shall be required to submit Annual Impact Report to SSE by 31<sup>st</sup> October, 2024 for the Financial Year 2023-24.
3. A copy of this circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework → Circulars".

**YOGITA JADHAV**  
General Manager

## 14 Enhancement of Dynamic Price Bands for scrips in the Derivatives segment

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/TPD-1/P/CIR/2024/58 dated 24.05.2024]

1. For scrips excluded from the requirement of price bands, a mechanism of dynamic price bands (or operating range) has been implemented by Stock Exchanges. The present formulation for dynamic price band for underlying in cash market and derivatives contracts on them as per Clause 2.5 of Chapter 1 and Clause 1.10.3 of Chapter 4 of SEBI Master circular dated October 16, 2023 for Stock Exchanges and Clearing Corporations and existing practice, is summarized below:
  - a. Underlying in cash market and futures contracts have start of the day price band as 10% of yesterday's closing price of that scrip/contract as a dynamic price band.

- b. These price bands can be flexed by 5% of yesterday's closing price during the day as many times as required subject to the following conditions followed by the cooling off period.
- c. In the event market trends in either direction, the conditions precedent for flexing is minimum of 25 trades to be executed with minimum 5 different UCCs on each side of the trade at or above 9.90% and so on.

That is to say if 25 trades from 5 different UCCs on each side occurred at or above 9.90%, the dynamic price band is flexed to 15%, if 25 trades from 5 different UCCs on each side occurred at or above 14.90%, the dynamic price band is again flexed to 20% etc.

- d. Cooling Off: After the aforesaid conditions are satisfied, a cooling off period of 15 minutes is provided before the price band is flexed. It may be noted that during the cooling off period, trading continues in the underlying scrip / futures contracts albeit with the prevalent price floor/ceiling as applicable.
- e. The options contracts continue to trade in their applicable price bands when underlying cools off after hitting the price band.
- f. If price band in cash market is flexed for a scrip, then the price band for the futures contracts is also flexed.
- g. Whenever price band of a scrip or futures contracts is flexed in one direction (i.e. in the direction of price trend), the price band on the other side remains unchanged.
2. Principles behind construct of dynamic price band, existing formulation and the need for enhancement were summarized by SEBI in its consultation paper dated May 20, 2023 titled Price Band formulation for scrips in Equity Derivatives segment to strengthen volatility management and minimise information asymmetry. On the basis of feedback received from various stakeholders, discussions held with Secondary Market Advisory Committee of SEBI and Stock Exchanges, the modified framework for price band formulation for scrips in the derivatives segment is provided below.

**ANSUMAN DEV PRADHAN**  
Deputy General Manager

*Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)*

# 15 Norms for sharing of real time price data to third parties

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/56 date 24.05.2024]**

1. It has been observed that certain online gaming platforms, apps, websites, etc. (hereafter referred to as “platforms”) are providing virtual trading services or fantasy games which are based on movement of real time share prices (price data) of listed companies. Some platforms are even offering monetary incentives based on the performance of the virtual stock portfolio.
2. The issue of sharing of real time price data with third parties including various platforms was deliberated in Secondary Market Advisory Committee of SEBI (SMAC). Based on the recommendations of SMAC and to curb misuse or unauthorized use of such data, it has been decided that sharing of real time price data with third parties shall be subject to the following:
  - i. Stock exchanges, clearing corporations and depositories (collectively referred as Market Infrastructure Institutions (MIIs)) and registered market intermediaries shall ensure that no real time price data is shared with any third party including various platforms, except where sharing of such information is required for orderly functioning of the securities market or for fulfilling regulatory requirements.
  - ii. MIIs or market intermediaries shall enter into appropriate agreement with entities with whom they intend to share real time price data. The said agreement shall provide for activities for which the real time price data would be used by the entity including the justification that it is required for orderly functioning of the securities market. The list of entities and activities for which the real-time data is being shared with shall be reviewed by the Board of the MIIs or market intermediaries at least once in a financial year.
  - iii. Market price data may be shared for investor education and awareness activities without offering any kind of monetary incentive to the participants, with a lag of 1 day.
  - iv. MIIs and market intermediaries shall ensure due diligence while sharing such data. The legal agreement for sharing the data shall have provisions to prevent any kind of misuse of the same by the entities.
  - v. The MIIs and the market intermediaries shall on best effort basis take necessary steps to avoid misuse of price data by entities with whom the data is being shared.
3. The provisions of the circular shall be applicable from the 30<sup>th</sup> day of issuance of the circular.

4. All MIIs are advised to:
  - i. take necessary steps and put in place necessary systems for implementation of the above.
  - ii. make necessary amendments to the relevant by-laws, rules and regulations, wherever required, for the implementation of the above; and.
  - iii. bring the provisions of this circular to the notice of the market participants (including investors) and disseminate the same on their website.
5. This circular is issued in exercise of the powers conferred under section 11(1) of the Securities and Exchange Board of India Act 1992 read with regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, section 26(3) of the Depositories Act, 1996 and regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) at “Legal Framework - Circulars.”

**HRUDA RANJAN SAHOO**  
Deputy General Manager

# 16 Modification in Staggered Delivery Period in Commodity Futures Contracts

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/57 dated 24.05.2024]**

1. SEBI vide ‘Master Circular for Commodity Derivatives Segment’ dated August 04, 2023 has issued various requirements for stock exchanges and clearing corporations for compliance in commodity derivatives segment. Chapter 11 of aforementioned Master Circular deals with Delivery and Settlement.
2. Based on representations received from market participants and deliberations by Commodity Derivatives Advisory Committee (CDAC) of SEBI, paragraph 11.1.3 of the aforementioned Master Circular on Minimum duration of staggered delivery stands revised as follows and other conditions remain the same:
 

“11.1.3. The minimum duration of staggered delivery period shall be at least three working days.”
3. The circular shall be effective from July 01, 2024 i.e., for contracts where staggered delivery is scheduled after this date.
4. The Stock Exchanges and Clearing Corporations are advised to bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.

5. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. The Circular is issued with the approval of the competent authority.
7. This circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the category “Circulars” and “Info for Commodity Derivatives”

**NAVEEN SHARMA**  
General Manager

## 17 Audiovisual (AV) presentation of disclosures made in Public Issue Offer Documents

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-TPD-1/P/CIR/2024/55 dated 24.05.2024]**

1. In order to create awareness among investors to not rely on unauthorized/unsolicited information about public issues, a draft of this circular on the captioned subject was placed on SEBI website for public comments on March 19, 2024.
2. Based on comments received from various stakeholders, it has been decided that salient disclosures made in the Draft Red Herring Prospectus (DRHP), Red Herring Prospects (RHP) and Price Band Advertisement for public issues shall also be made available in Audio Visual format (AV) for ease in understanding the features of public issues. Such AV shall be prepared and placed in the public domain for all main board public issues. The same shall initially be in bilingual format i.e. English and Hindi. The Hindi version shall contain text in Devanagari script.
3. The contents of the AV shall be as per the following guidelines –
  - 3.1. AV to be in compliance with the provisions regarding “Public communications and publicity materials” prescribed under Schedule IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
  - 3.2. It shall contain the following disclosure to investors –
 

“Investors are advised not to rely on any other document, content or information provided in respect to the public issue on the internet/online websites/social media platforms/micro-blogging platforms by influencers.

Investors are advised to rely only on the information contained in the Offer document
- 3.3. The duration of each bilingual version of the AV shall be approximately 10 minutes.
- 3.4. The total duration of the AV shall be equitably distributed to cover material disclosures made under various sections of the DRHP and RHP viz. about the company, risk factors, capital structure, objects of the offer, business of the issuer, promoters, management, summary of financial information, litigations, material developments and terms of the offer etc.
- 3.5. The content of the AV must be factual, non-repetitive, non-promotional and shall not be misleading in any manner.
4. The AV shall be uploaded on the website of the Issuer and Association of Investment Bankers of India (AIBI) within 5 working days of the filing of DRHP with SEBI. In case of pre-filing of draft offer document under CHAPTER IIA of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the AV shall be made available within 5 working days of filing Updated Draft Red Herring Prospectus -I, as defined under Clause 59A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
5. The AV shall also be made available on digital/social media platforms of the Issuer and AIBI. The web link of the said AV shall be made available on the websites of the Stock Exchanges and the Lead Managers to the issue. The AV shall be made accessible through QR code (as made available in offer related documents) pertaining to the public issue.
6. The AV shall be updated with information disclosed in RHP/ Prospectus and price band advertisement including details of the issue opening/closing date, price/ price-band etc., and uploaded on the date of publication of the price band advertisement or the date of filing of prospectus (in case of fixed price issues).
7. The Issuer and all Lead Managers to the public issue shall be responsible for the content and information made available in the AV.

### Applicability of this circular

8. The provisions of this circular shall be made applicable to all DRHP filed with SEBI-
  - i. On or after July 01, 2024 on Voluntary basis;
  - ii. October 01, 2024 onwards on Mandatory basis;

- This Circular is being issued in exercise of the powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category: 'Legal → Circulars'.

**E BALASUBRAMANIAN**  
General Manager

## 18 Industry Standards on verification of market rumours

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/52 dated 21.05.2024]**

- In order to facilitate ease of doing business, the Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, on a pilot basis, has formulated industry standards, in consultation with SEBI, for effective implementation of the requirement to verify market rumours under Regulation 30(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"). The industry associations which are part of ISF (ASSOCHAM, FICCI, and CII) and the stock exchanges shall publish the industry standards note on their websites.
- The listed entities shall follow the aforesaid industry standards to ensure compliance with Regulation 30(11) of LODR Regulations.
- The requirement to verify market rumours under Regulation 30(11) of LODR Regulations shall be applicable to top 100 listed entities with effect from June 01, 2024 and to top 250 listed entities (i.e., next top 150) with effect from December 01, 2024 as specified by SEBI circular dated January 25, 2024 (link).
- The Stock Exchanges are advised to bring the contents of this circular to the notice of their listed entities and ensure its compliance.
- This circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
- This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category: 'Legal → Circulars'.

**RAJ KUMAR DAS**  
Deputy General Manager

## 19 Framework for considering unaffected price for transactions upon confirmation of market rumour

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/51 dated 21.05.2024]**

- In terms of Regulation 30(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024 (link), listed entity is required to verify market rumours, upon material price movement. The stock exchanges shall issue the framework for material price movement on their websites.
- As per second proviso to Regulation 30(11) of LODR Regulations, unaffected price shall be considered for transactions on which pricing norms specified by SEBI or the stock exchanges are applicable, provided that the rumour pertaining to such transaction has been confirmed within 24 hours from the trigger of material price movement.

Further, it has been specified that the unaffected price shall be considered by excluding the effect on the price of the equity shares of the listed entity due to the material price movement and confirmation of the rumour. Accordingly, the framework for considering unaffected price is placed as ANNEXURE to this circular and the same shall be applicable to top 100 listed entities with effect from June 01, 2024 and to top 250 listed entities (i.e., next top 150) with effect from December 01, 2024.

- The Stock Exchanges are advised to bring the contents of this circular to the notice of their listed entities and ensure its compliance.
- This circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
- This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category: 'Legal → Circulars'.

**RAJ KUMAR DAS**  
Deputy General Manager

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## 20 Review of validation of KYC records by KRAs under Risk Management Framework

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41 dated 14.05.2024]**

- SEBI vide circular SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated Oct 12, 2023 has specified

the Risk Management Framework at KRAs wherein the attributes for verification by KRAs have been mentioned. Based on the feedback received from the stakeholders in securities market and for ease of transacting by clients, the provisions of the Master Circular dated October 12, 2023 have been reviewed and it has been decided to simplify the risk management framework.

2. Based on the above, following clauses of the master circular stand modified:

2.1. Para 96 shall read as follows:

As a part of risk management framework, the KRAs shall verify the following attributes of records of all clients within 2 days of receipt of KYC records:

- a. Permanent Account Number (PAN)
- b. Name
- c. Address

2.2. Para 100 shall be read as under:

The records of those clients in respect of which all attributes mentioned in para 96 / 97 above are verified by KRAs with official databases (such as Income Tax Department database on PAN, Aadhaar XML / Digilocker / M- Aadhaar) and PAN-Aadhaar linkage has also been verified as referred to in Rule 114 AAA of the Income Tax Rules, 1962 shall be considered as Validated Records.

3. The Exchanges / Depositories / concerned intermediaries shall complete the necessary technical change in their systems by May 31, 2024.
4. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 17 of the SEBI{KYC (Know Your Client) Registration Agency}Regulations, 2011 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
5. This circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal → Circulars".

**SAPNA SINHA**

Deputy General Manager

21

## Certification requirement for key investment team of manager of AIF

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/42 dated 13.05.2024]

1. In terms of Regulation 4(g)(i) of SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"), the key investment team of the Manager of an Alternative Investment Fund (AIF) shall have at least one key personnel with relevant

certification as may be specified by SEBI from time to time, as an eligibility criterion for obtaining certification of registration as an AIF. The said Regulation has come into force with effect from May 10, 2024.

2. Further, SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 have also been amended and notified on May 10, 2024 stipulating the following –

'At least one key personnel, amongst the associated persons functioning in the key investment team of the Manager of an Alternative Investment Fund, shall obtain certification from the National Institute of Securities Market by passing the NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination as mentioned in the communiqué No. NISM/ Certification/ Series-XIX-C: Alternative Investment Fund Managers/2024/01 dated January 10, 2024 issued by the National Institute of Securities Market.'

3. In this regard, the following is specified:

3.1. The requirement for at least one key personnel of the key investment team of manager of AIF to obtain the aforesaid certification, shall be applicable as an eligibility criterion to all the applications for registration of AIFs and launch of schemes by AIFs filed after May 10, 2024.

3.2. Further, the aforesaid requirement of obtaining the certification shall be complied with on or before May 09, 2025, for the following –

- (i) Existing schemes of AIFs; and,
- (ii) Schemes of AIFs whose application for launch of scheme pending with SEBI as on May 10, 2024.

4. The trustee/sponsor of AIF, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager in terms of para 15.2 of SEBI Master Circular No. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024, includes compliance with the provisions of this circular.
5. The provisions of this circular shall come into force with immediate effect.
6. This circular is issued with the approval of the competent authority.
7. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

- The circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

**SANJAY SINGH BHATI**

Deputy General Manager

## 22 Periodic reporting format for Investment Advisers

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD-2/P/CIR/2024/38 dated 07.05.2024]**

- In terms of Regulation 15(12) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 ("IA Regulations"), investment advisers are required to furnish to SEBI, information and reports as may be specified by SEBI from time to time.
- SEBI has recognized Investment Advisers Administration and Supervisory Body ("IAASB") for the purpose of administration and supervision of Investment Advisers ("IAs") under regulation 14 of the IA Regulations. At present, the IAASB has been seeking reports from IAs on an ad-hoc basis. It is decided to specify a standardized format for periodic reporting for IAs.

### Consultative process for development of periodic reporting format

- Pursuant to formation of Industry Standards Forum ("ISF") for IAs, ISF has discussed the development of a standardized format for periodic reporting for IAs and has provided its recommendations to SEBI in this regard. Based on the recommendations received from ISF, a standardized periodic reporting format for submission of information by IAs pertaining to their activities on periodic basis has been prepared. The periodic reporting format is enclosed as Annexure I.

### Periodicity of reporting

- IAs shall submit periodic report for half-yearly periods ending on September 30 and March 31 of every financial year.

### Timelines for submission of periodic reports

- IAASB is directed to make necessary arrangements for obtaining periodic reports from IAs in the format specified in Annexure I and shall issue a circular to IAs in this regard, within thirty days from the date of issuance of this circular.
- IAs shall submit periodic report in the format specified in Annexure I from the half-yearly period ending on March 31, 2024. The timelines for submission of periodic reports by IAs shall be as under:

- IAs shall submit the periodic report for the half-yearly period ending on March 31, 2024 to IAASB within a period of fifteen days from the date of issuance of circular by IAASB.

- For the subsequent half-yearly periods, IAs shall submit periodic reports within seven working days from the end of the half-yearly period for which details are to be furnished.

### Applicability of circular

- This circular shall become applicable with immediate effect.
- This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 14 and Regulation 15(12) of IA Regulations to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.
- This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal → Circulars", "Info For > Investment Advisers".

**ARADHANA VERMA**

General Manager

*Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)*

## 23 Entities allowed to use e-KYC Aadhaar Authentication services of UIDAI in Securities Market as sub-KUA

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/SECFATF/P/CIR/2024/36 dated 06.05.2024]**

- The Master Circular on Know Your Client (KYC) norms for the securities market SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023 inter alia has detailed the provision for the adaptation of Aadhaar based e-KYC process and e-KYC Authentication facility for Resident Investors under section 11A of the Prevention of Money Laundering Act, 2002 in securities market as sub-KUA and on-boarding process of sub-KUA by UIDAI.
- Department of Revenue, Ministry of Finance (DoR-MoF) has from time to time issued gazette notifications notifying entities, to undertake Aadhaar authentication service of UIDAI under Section 11A of the Prevention of Money Laundering Act, 2002.
- DoR-MoF has vide Gazette Notification S.O. 1863(E) dated April 30, 2024, notified one entity which is permitted to use Aadhaar authentication services of UIDAI under section 11A of the Prevention of Money-



laundrying Act, 2002. A copy of the notification is attached at Annexure A

4. The above mentioned entity shall follow the process as detailed in SEBI circular dated October 12, 2023 and as may be prescribed by UIDAI from time to time. The KUAs shall facilitate the on-boarding of the entity as sub-KUA to provide the services of Aadhaar authentication with respect to KYC.
5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

**SAPNA SINHA**

Deputy General Manager

## 24 Portfolio Managers - Facilitating ease in digital on-boarding process for clients and enhancing transparency through disclosures

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/35 dated 02.05.2024]**

1. SEBI constituted various working groups to recommend measures to simplify and ease compliances under various SEBI Regulations. Accordingly, a working group was constituted to review the present regulatory framework under SEBI (Portfolio Managers) Regulations, 2020 and recommend measures to promote ease of doing business for Portfolio Managers. Based on the recommendations of the working group, a public consultation was carried out.
2. Pursuant to the above, the following has been decided:
  - 2.1. Ease in digital on-boarding process for clients of Portfolio Managers
    - 2.1.1. Regulation 22(1) of SEBI (Portfolio Managers) Regulations, 2020, inter-alia states that a portfolio manager shall, before taking up an assignment of management of funds and portfolio on behalf of a client, enter into an agreement in writing with such client that clearly defines the inter-se relationship and set out their mutual rights, liabilities and obligations relating to management of portfolio containing the details as specified in Schedule IV of SEBI (Portfolio Managers) Regulations, 2020.
    - 2.1.2. Clause 4.3.3 of the Master Circular dated March 20, 2023 for Portfolio Managers ('Master Circular'), which requires the new clients to separately sign the annexure (on fees and charges) to the agreement between Portfolio Manager and the client ("PMS-client agreement"), and add in

their own handwriting that they have understood the fees/charges structure, stands modified as under:

4.3.3. While on-boarding a client, Portfolio Manager shall ensure that:

- a) the client has understood the structure for fees and charges.
- b) the new client has separately signed the annexure on fees and charges and added a note, that they have understood the structure for fees and charges, in the following manner:
  - i) handwritten, in case the client is on-boarded through physical mode.
  - ii) typed using keyboard or written electronically using fingers/a stylus pen, in case the client is on-boarded through digital mode.

2.1.3. The above provision shall be applicable from October 01, 2024.

2.1.4. The standard procedure for on-boarding of client through digital mode shall be specified by APMI, in consultation with SEBI.

**PETER MARDI**

Deputy General Manager

*Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)*

## 25 Facilitating collective oversight of distributors for Portfolio Management Services (PMS) through APMI

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/32 dated 02.05.2024]**

1. Regulation 23 (11) of SEBI (Portfolio Managers) Regulations, 2020, inter-alia states that the portfolio manager shall ensure that any person or entity involved in the distribution of its services is carrying out the distribution activities in compliance with the SEBI (Portfolio Managers) Regulations, 2020 and circulars issued thereunder from time to time.
2. Additionally, Portfolio Managers are required to ensure that distributors abide by the Code of Conduct as specified in Annexure 2B to the Master Circular dated March 20, 2023 for Portfolio Managers.
3. In order to simplify and ease compliances, a working group was constituted to review the present regulatory framework under SEBI (Portfolio Managers) Regulations, 2020 and recommend measures to promote ease of doing business. Based on the recommendations of

the working group, a public consultation was carried out.

4. Pursuant to the above, in order to facilitate collective oversight of PMS distributors at the industry level, it has been decided that any person or entity involved in the distribution of portfolio management services shall obtain registration with APMI. Portfolio Managers shall ensure that any person or entity engaged in the distribution of its services has obtained registration with APMI, in accordance with the criteria laid down by APMI.
5. This circular shall come into effect from January 01, 2025. APMI shall issue the criteria for registration of distributors by July 01, 2024.
6. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 43 of SEBI (Portfolio Managers) Regulations, 2020, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
7. This circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal ->Circulars".

**PETER MARDI**

Deputy General Manager

## 26 Framework for administration and supervision of Research Analysts and Investment Advisers

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-SEC-3/P/CIR/2024/34 dated 02.05.2024]

### Background

1. In terms of Regulation 38A of the 'SECC Regulations'<sup>1</sup> notified on April 26, 2024, a recognised Stock Exchange may undertake the activities of administration and supervision over specified intermediaries on such terms and conditions and to such an extent as may be specified. Accordingly, Stock Exchange shall now be recognised as RAASB<sup>2</sup> and IAASB<sup>3</sup> under Regulation 14 of the 'RA Regulations'<sup>4</sup> and 'IA Regulations'<sup>5</sup> for administration and supervision of Research Analysts ('RAs') and Investment Advisers ('IAs') respectively. The detailed framework for RAASB and IAASB is specified in Annexure I.
2. As per clause (xi) of Regulation 6 of RA Regulations and clause (n) of Regulation 6 of IA Regulations, an applicant seeking registration as RA and IA is required to be enlisted with RAASB and IAASB respectively. The provisions governing enlistment including enlistment of existing RAs/IAs and of applicants whose registration applications are under process as on the effective

date of this circular are specified in the enclosed framework.

### Repeal and Savings with respect to the erstwhile IAASB framework

3. From the effective date of this circular, the existing framework for administration and supervision of IAs as specified through SEBI circular number SEBI/HO/IMD/IMD-1/DOF1/P/CIR/2021/579 dated June 18, 2021 and subsequently incorporated under the head "Administration and Supervision of Investment Advisers" of Master Circular for Investment Advisers numbered SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 stands rescinded.
4. In terms of regulation 30A of IA Regulations, notwithstanding the aforesaid rescission, any action taken or purported to have been taken or any action that may be taken against any person in relation to the membership of IAASB recognised under regulation 14 of IA Regulations, as applicable in the rescinded framework of IAASB, shall be deemed to have been done or taken or may be taken under the corresponding provisions of the amended IA Regulations.

### Operationalization of RAASB and IAASB framework

5. Based on fulfillment of the criteria specified in Annexure I to this circular, a stock exchange shall be granted recognition as RAASB and IAASB. To begin with, in order to ensure efficiency in the system and economies of scale, RAASB and IAASB shall be one and the same stock exchange.

### Timeline for implementation

6. This circular shall become effective on July 25, 2024 (ninetieth day from the date of publication in the Official Gazette of the amendments to RA Regulations made vide the SEBI (Research Analysts) (Amendment) Regulations, 2024 and the amendments to IA Regulations made vide the SEBI (Investment Advisers) (Amendment) Regulations, 2024).
7. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with regulation 14 of RA Regulations and IA Regulations to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.
8. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal > Circulars", "Info For > Investment Advisers" and "Info For > Research Analysts".

**AMRITA SHUKLA**

Deputy General Manager

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## 27 Instructions on Money Changing Activities

[Issued by the Reserve Bank of India vide RBI/2024-25/39 A.P. (DIR Series) Circular No. 08 dated 27.05.2024]

Attention is invited to FED Master Direction No.3 /2015-16 dated January 01, 2016 (updated from time to time) on Money Changing Activities.

- In terms of extant instructions, Full Fledged Money Changers (FFMCs)/non-bank Authorised Dealers (ADs) Category-II may obtain their normal business requirements of foreign currency notes from other FFMCs and Authorised Dealers (ADs) in India. Further, they are also required to keep balances in foreign currencies at reasonable levels to avoid build-up of idle balances.
- In this regard, it has been decided that from July 1, 2024, value of foreign currency notes sold by FFMCs / non-bank ADs Category -II to the public for permitted purposes should not be less than 75% of the value of foreign currency notes purchased from other FFMCs/ ADs, on a quarterly basis. Data of such sale and purchase should be maintained and made available for audit / inspection. FFMCs/ADs selling foreign currency may also ascertain the 'sale to public' requirement of the buying FFMCs/non-bank ADs Category II, by seeking relevant data from such entities.
- Further, it has also been decided that FFMCs/non-bank ADs Category-II shall submit their annual audited balance sheet to the concerned Regional Office of the Reserve Bank along with a certificate from their statutory auditors regarding the NOF as on the date of the balance sheet, latest by October 31 of the year concerned.
- The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.
- The aforesaid FED Master Direction No.3 is being updated to reflect these changes.

**N SENTHIL KUMAR**  
General Manager

## 28 Exclusion of "Fincare Small Finance Bank Limited" from the Second Schedule to the Reserve Bank of India Act, 1934 and cessation as a banking company

[Issued by the Reserve Bank of India vide RBI/2024-25/38 DOR.RET. REC.23/12.07.160/2024-25 dated 24.05.2024]

It is informed that "Fincare Small Finance Bank Limited" has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from April 01, 2024, as the bank has ceased to carry on banking business with effect from April 01, 2024 vide Notification DOR.HOL.No.S173/16-02-003/2024-25 dated April 08, 2024, which is published in the Gazette of India (Part III - Section 4) dated May 14, 2024.

**LATHA VISHWANATH**  
Chief General Manager

## 29 Internal Review – Interim Recommendations – Withdrawal of Circulars

[Issued by the Reserve Bank of India vide RBI/2024-25/37 DoS.CO.PPG. SEC.2/11.01.005/2024-25 May 21, 2024 dated 21.05.2024]

An internal review of regulations was carried out to remove obsolete/ outdated/ superfluous instructions, and to rationalize and simplify existing instructions.

- In view of above, the circulars listed in the Annex are withdrawn with effect from close of business today.

**TARUN SINGH**  
Chief General Manager

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## 30 Issuance of partly paid units to persons resident outside India by investment vehicles under Foreign Exchange Management (Non-debt Instruments) Rules, 2019

[Issued by the Reserve Bank of India vide RBI/2024-25/36 A.P. (DIR Series) Circular No. 7 dated 21.05.2024]

Attention of Authorised Dealer (AD) Category - I banks is invited to the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, notified by the Central Government on October 17, 2019, which have been amended through the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2024 vide S.O. 1361(E), dated March 14, 2024, enabling issuance of partly paid units to persons resident outside India by investment vehicles.

- In this regard, it has been decided to regularise the issuances of partly paid units by Alternative Investment Funds to persons resident outside India prior to the said amendment through compounding under Foreign Exchange Management Act, 1999. However, before approaching the Reserve Bank for compounding, AD Category-I banks may ensure that the necessary administrative action, including the reporting of such issuances by Alternative Investment Funds to the Reserve Bank, through Foreign Investment Reporting and Management System (FIRMS) Portal and issuing of conditional acknowledgements for such reporting, is completed.
- AD Category-I banks may bring the contents of this circular to the notice of their customers / constituents concerned.
- The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

**DR. ADITYA GAIHA**  
Chief General Manager

## 31 Formation of new district in the State of Assam – Assignment of Lead Bank Responsibility

[Issued by the Reserve Bank of India vide RBI/2024-25/35 FIDD.CO.LBS. BC.No.06/02.08.001/2024-25 dated 15.05.2024]

The Government of Assam has notified formation of a new district, viz., Biswanath in the state of Assam vide Gazette Notification ECF.No.367433/29 dated September 07, 2023. Accordingly, it has been decided to designate the Lead Bank of the new district as below:

Sr No	Newly Created District	Lead Bank Responsibility assigned to	District Working Code allotted to new district
1.	Biswanath	Indian Bank	407 (to be read as 'numeral four, numeral zero and numeral seven')

- There is no change in the Lead Banks of the other districts in the state of Assam.

**NISHA NAMBIAR**  
Chief General Manager

## 32 Foreign Exchange Management (Deposit) (Fourth Amendment) Regulations, 2024

[Issued by the Reserve Bank of India vide Notification No. FEMA 5(R)/(4)/2024-RB dated 06.05.2024]

In exercise of the powers conferred by sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Deposit) Regulations, 2016 (Notification No. FEMA 5 (R)/2016-RB dated April 01, 2016) (hereinafter referred to as 'the Principal Regulations'), namely:-

### 1. Short title and commencement:

- These regulations shall be called the Foreign Exchange Management (Deposit) (Fourth Amendment) Regulations, 2024.
- They shall come into force with effect from the date of their publication in the Official Gazette.

### 2. Amendment to Regulation 7 of the Principal Regulations:

In the Principal Regulations, in Regulation 7, after sub-regulation 5, the following new sub-regulation shall be inserted, namely:-

“6) An authorised dealer in India may allow a person resident outside India to open, hold and maintain an interest-bearing account in Indian Rupees and / or foreign currency for the purpose of posting and collecting margin in India, for a permitted derivative contract entered into by such person in terms of Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020, dated October 23, 2020, as amended from time to time, subject to directions issued by the Reserve Bank in this regard.”

**LATHA RADHAKRISHNAN**  
General Manager

## 33 Margin for Derivative Contracts

[Issued by the Reserve Bank of India vide RBI/2024-25/34 A. P. (DIR Series) Circular No.05 dated 08.05.2024]

Attention of Authorised Dealers is invited to the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 notified in the Gazette of India vide notification no. FEMA.399/RB-2020 dated October 23, 2020, the amendment to the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 notified in the Gazette of India vide notification no. FEMA.399(1)/2024-RB dated April 30, 2024 and the A. P. (DIR Series) Circular No. 10 dated February 15, 2021 on Margin for Derivative Contracts.

- The A. P. (DIR Series) Circular No.10 dated February 15, 2021 on Margin for Derivative Contracts were issued to allow posting and collection of margin for permitted derivative contracts between a person resident in India and a person resident outside India. The instructions have been reviewed based on market feedback and the Reserve Bank of India (Margin for Derivative Contracts) Directions, 2024 are being issued herewith.
- These Directions shall come into force with immediate effect and shall supersede the A. P. (DIR Series) Circular No. 10 dated February 15, 2021.
- For the purpose of these Directions, Authorised Dealers shall mean Authorised Dealer Category-I (AD Cat-I) banks and Authorised Dealer Category – III Standalone Primary Dealers (AD Cat-III SPDs).
- The Directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

**DIMPLE BHANDIA**  
Chief General Manager

## 34 Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024

[Issued by the Reserve Bank of India vide RBI/FMRD/2024-25/117 FMRD. DIRD.01/14.01.023/2024-25 dated 08.05.2024]

Please refer to Paragraph 10 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2019-20 dated February 06, 2020, on issuance of the Directions regarding exchange of variation margin (VM) and initial margin (IM) for non-centrally cleared derivatives (NCCDs).

- The Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022 was issued on June 01, 2022 and the draft Directions prescribing guidelines for exchange of initial margin for NCCDs were issued on June 16, 2022. Based on the feedback received from the market participants, the draft Directions have since been finalised. The Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024 is enclosed herewith.

3. These Directions have been issued in exercise of the powers conferred under Section 45W of the Reserve Bank of India Act, 1934 and Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and of all the powers enabling it in this behalf.

**DIMPLE BHANDIA**

Chief General Manager

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## 35 Banks' Exposure to Capital Market - Issue of Irrevocable Payment Commitments (IPCs)

**[Issued by the Reserve Bank of India vide RBI/2024-25/33 DOR.CRE. REC.22/21.03.054/2024-25 dated 03.05.2024]**

Please refer to circular DBOD.Dir.BC.68/13.03.00/2011-12 dated December 27, 2011 on "Banks' Exposure to Capital Market - Issue of Irrevocable Payment Commitments (IPCs)" and mailbox clarification dated September 11, 2012 on "Applicability of Irrevocable Payment Commitments".

2. The risk mitigation measures prescribed in the aforesaid circular were based on T+2 rolling settlement for equities (T being the Trade day). The Stock Exchanges have since introduced T+1 rolling settlement, and accordingly the extant guidelines on issuance of IPCs by banks have been reviewed. Henceforth, all IPCs issued by custodian banks under the T+1 settlement cycle shall comply with the following instructions:
- Only those custodian banks will be permitted to issue IPCs, who have a clause in the Agreement with clients giving the banks an inalienable right over the securities to be received as pay out in any settlement. However, this clause will not be insisted upon if the transactions are pre-funded i.e., either clear INR funds are available in the customer's account or, in case of FX deals, the bank's nostro account has been credited before the issuance of the IPC. ii) The maximum intraday risk to the custodian banks issuing IPCs would be reckoned as Capital Market Exposure (CME) at 30 percent of the settlement amount. This is based on the assumption of 20 percent downward price movement of the equities on T+1, with an additional margin of 10 percent for further downward movement of price.
  - In case margin is paid in cash, the exposure will stand reduced by the amount of margin paid. In case margin is paid by way of permitted securities to Mutual Funds / Foreign Portfolio Investors, the exposure will stand reduced by the amount of margin after adjusting for haircut as prescribed by the Exchange on the permitted securities accepted as margin.
  - Under T+1 settlement cycle, the exposure shall normally be for intraday. However, in case any exposure remains outstanding at the end of T+1 Indian Standard Time, capital will have to be maintained on the outstanding capital market exposure in terms of the Master Circular – Basel III Capital Regulations dated April 1, 2024, as amended from time to time.
  - The underlying exposures of banks to their counterparties, emanating from the intraday

CME, will be subject to limits prescribed under Large Exposure Framework dated June 3, 2019, as amended from time to time.

- The instructions contained in circular DBOD.Dir.BC.68/13.03.00/2011-12 dated December 27, 2011 on 'Banks' Exposure to Capital Market - Issue of Irrevocable Payment Commitments (IPCs)' shall continue to remain valid for T+2 settlement cycle.
- These instructions shall come into force with immediate effect.

**VAIBHAV CHATURVEDI**

Chief General Manager

## 36 Master Direction – Risk Management and Inter-Bank Dealings: Amendments

**[Issued by the Reserve Bank of India vide RBI/2024-25/32 A. P. (DIR Series) Circular No. 04 dated 03.05.2024]**

Attention of Authorised Persons is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 03, 2000 [Notification no. FEMA.25/RB-2000 dated May 03, 2000], as amended from time to time and Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016, as amended from time to time (hereinafter referred as 'Master Direction').

- Standalone Primary Dealers (SPDs) have been granted authorisation under Section 10(1) of the Foreign Exchange Management Act (FEMA), 1999 pursuant to notification no. DNBR (PD) CC.No.094/03.10.001/2018-19 July 27, 2018. Accordingly, amendments are being made in the Master Direction to reflect the applicability of the provisions to SPDs. These amendments are placed at Annex I herewith. SPDs shall continue to comply with all applicable Directions issued by the Reserve Bank of India.
- Additionally, directions on reporting of OTC foreign exchange derivative contracts and foreign currency interest rate derivative contracts to the Trade Repository of Clearing Corporation of India Ltd. have been updated and incorporated in Part E of the Master Direction. Certain directions on reporting relating to format, mode, timelines, etc., have also been updated and the amendments being made to the Master Direction are placed at Annex II herewith.
- These Directions will come into force with immediate effect and in supersession of the circulars listed at Appendix III of the Master Direction.
- For the purpose of this circular, Authorised Persons shall mean Authorised Dealer Category-I banks and Standalone Primary Dealers authorised as Authorised Dealer Category-III under Section 10 (1) of the FEMA, 1999.
- The directions contained in this circular have been issued under Section 45W of the Reserve Bank of India Act, 1934 and Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

**DIMPLE BHANDIA**

Chief General Manager

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# 5

## NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF APRIL 2024
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF APRIL 2024
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- NEW ADMISSIONS
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- CHANGE / UPDATION OF ADDRESS
- OBITUARIES



## Institute News

### MEMBERS RESTORED DURING THE MONTH OF APRIL 2024

SL. NO.	NAME	MEMB NO.	REGION
1	CS ARUN KUMAR KEDIA	ACS - 12251	SIRC
2	CS SUNIL SOBTI	ACS - 13576	NIRC
3	CS SURESH KUMAR SARAWAGI	ACS - 13640	WIRC
4	CS C DEEPA	ACS - 15623	WIRC
5	CS SUNIL KUMAR CHOUDHURY	ACS - 19427	SIRC
6	CS RUPESH KUMAR	ACS - 19465	NIRC
7	CS SHANTANU MAKARAND GHARPURE	ACS - 19777	WIRC
8	CS GURPREET SINGH	ACS - 22725	NIRC
9	CS HABIB JAN	ACS - 22801	WIRC
10	CS POOJA MAJITHIA	ACS - 24387	WIRC
11	CS VIDYA RAMCHANDRA TAMBE	ACS - 27540	WIRC
12	CS MANSEE AGARWAL	ACS - 30153	NIRC
13	CS SUJANA NANDULA	ACS - 31300	SIRC
14	CS ADITI AGI WAL	ACS - 31357	NIRC
15	CS POOJA DEVDATTA TAPKIR	ACS - 31961	NIRC
16	CS KANIKA SIKKA	ACS - 32299	NIRC
17	CS ANIL AGARWAL	ACS - 32667	NIRC
18	CS NEERAJ RATHEE	ACS - 34286	NIRC
19	CS PUNEET ABROL	ACS - 37631	SIRC
20	CS ALTAMISH	ACS - 38430	NIRC
21	CS R SHADANANAN	ACS - 39143	SIRC
22	CS SWATI SITARAM AGRAWAL	ACS - 39560	WIRC
23	CS MADHURI JEEVAN ANKALKHOPE	ACS - 39906	WIRC
24	CS NISHA BRAHMBHATT	ACS - 39927	WIRC
25	CS POOJA GUPTA	ACS - 40561	NIRC
26	CS RAZIA TABASSUM	ACS - 40592	NIRC

27	CS GAURAV AGARWAL	ACS - 41269	NIRC
28	CS ANUPREET KAUR JUNEJA	ACS - 41273	NIRC
29	CS SUMIT KUMAR	ACS - 46110	NIRC
30	CS SANSKRITI GAUR	ACS - 46300	NIRC
31	CS ANU SAXENA	ACS - 46969	NIRC
32	CS RADHIKA SHIVAM TRIVEDI	ACS - 48219	WIRC
33	CS PRITI HARISH MANYAL	ACS - 48770	WIRC
34	CS RITIKA AGRAWAL	ACS - 51710	WIRC
35	CS TEENA GOEL	ACS - 52336	NIRC
36	CS AKSHAY JOSHI	ACS - 56683	WIRC
37	CS PRACHI SHARMA	ACS - 58134	NIRC
38	CS SONAM JAIN	ACS - 58537	SIRC
39	CS SMRITI ANUP NAGAR	ACS - 59074	WIRC
40	CS NISHA THARD	ACS - 59798	EIRC
41	CS BHUMI VIVEK BHANGRE	ACS - 60114	WIRC
42	CS RENU RAWAT	ACS - 60224	NIRC
43	CS PYATA MANASA REDDY	ACS - 63067	SIRC
44	CS DIMPY BIPINCHANDRA VITHLANI	ACS - 64316	WIRC
45	CS VAISHALI AGARWAL	ACS - 64781	WIRC
46	CS AKANKSHA SHUKLA	ACS - 66711	SIRC
47	CS SHRAY KANDOI	ACS - 66745	EIRC
48	CS SANDEEP MAHESHWARI	FCS - 7294	WIRC
49	CS MUTHUKRISHNAN GANESAN	FCS - 9454	SIRC

### CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF APRIL 2024

SL. NO.	NAME	MEMB NO	COP NO.	REGION
1	CS BALASUBRAMANIAN MUTHUSUBRAMANIAN	FCS - 1987	13131	SIRC
2	CS JEEWAN BOSE	ACS - 42457	16111	NIRC
3	CS NEETU JOGANI	ACS - 46467	22544	WIRC
4	CS NIKITA GOEL	FCS - 10360	13078	NIRC
5	CS PRAVEEN SINHA	ACS - 38383	26063	NIRC
6	CS SURUCHI TULSIANI	ACS - 61328	26065	NIRC
7	CS UPASNA THAKRAL	ACS - 35559	26204	NIRC
8	CS DEEPIKA YOGESH KESKAR	ACS - 56867	24959	WIRC
9	CS SAISAGAR GANESH PATHAK	ACS - 73055	27105	WIRC



10	CS SURABHI PANKAJ GANDHI	ACS - 56346	23379	WIRC
11	CS NARAYAN GAJANAN VIDVANS	ACS - 10744	17125	WIRC
12	CS CHANDNI ARORA	ACS - 47215	24469	NIRC
13	CS RUTUJA SAMBHAJI UKIRDE	ACS - 72433	27100	WIRC
14	CS ARCHITA JITENDRAKUMAR SHAH	ACS - 54472	25325	WIRC
15	CS ATULA PRANAV MEHENDALE	ACS - 26630	10589	WIRC
16	CS SWATI VASHISTH	ACS - 64068	26684	NIRC
17	CS ROOPESH VIJAY	ACS - 52429	25854	SIRC
18	CS ANJALI MISHRA	ACS - 52144	19195	SIRC
19	CS ANKITA AGRAWAL	ACS - 58910	25154	WIRC
20	CS JANAK SACHDEVA	FCS - 2905	24458	NIRC
21	CS KHUSHBOO	ACS - 43610	24362	NIRC
22	CS MINI GOYAL	ACS - 24046	13896	NIRC
23	CS RAJANI NANGALIA	FCS - 7903	26471	EIRC
24	CS KANTA RAO VAKACHARLA	FCS - 9330	10036	SIRC
25	CS SAHIL JAIN	ACS - 67176	25059	NIRC
26	CS SOHAN SINGH DHAKAD	ACS - 63562	27047	NIRC
27	CS ZORAWAR SINGH	ACS - 37855	15253	NIRC
28	CS MEGHA GOENKA	FCS - 12740	20138	EIRC
29	CS MILIND VIJAY JOSHI	ACS - 18679	26567	SIRC
30	CS NIYATI CHANDWAR	ACS - 43528	21986	NIRC
31	CS RIZWAN KHAN	ACS - 37664	26208	NIRC

32	CS DEEP GUPTA	ACS - 49470	23213	NIRC
33	CS NEHA SHAW	ACS - 56553	24229	WIRC
34	CS ANKITA BOHANIA	ACS - 38551	15194	EIRC
35	CS MONIKA ASHISH POWAR	ACS - 69175	25740	WIRC
36	CS VASUNDHRA GUPTA	ACS - 66980	24980	NIRC
37	CS CHANDRA SHEKHAR BHANDIYA	ACS - 68087	25479	NIRC
38	CS SAMLAP	ACS - 60956	24307	EIRC
39	CS ANITA CHETAN MALASHETTI	ACS - 38637	26506	WIRC
40	CS JIMMY KISHOR JOSHI	ACS - 37216	26234	WIRC
41	CS MRINALINI MEHRA	ACS - 71073	26908	NIRC
42	CS BHARTI MUNDHRA	ACS - 33363	19045	EIRC
43	CS GAURAV JOSHI	ACS - 53499	25961	NIRC
44	CS SUNDAR LAL PATIDAR	ACS - 59408	25343	WIRC
45	CS PRIYA LADIA	ACS - 45979	19811	SIRC
46	CS DEVIKA SATHYANARAYANA	FCS - 11323	17024	SIRC
47	CS PUJA KUMARI	ACS - 32295	18687	NIRC
48	CS RAMASWAMY SUBRAMANIAN	ACS - 5004	26509	WIRC
49	CS TANYA VAIDYA	FCS - 11213	19678	NIRC
50	CS PUJA ANAND	FCS - 12217	24599	EIRC
51	CS SONIKA BHARATI	FCS - 7335	8011	NIRC
52	CS DEEPENDRA SINGH MAJAWAT	ACS - 53958	19849	NIRC

### LIST OF PEER REVIEWED UNITS

The List of Peer Reviewed Units is updated on ICSI Website from time to time and can be accessed at <https://tinyurl.com/PRList2023>

We request members to visit the list for their reference and records.

Peer Review Secretariat

**ICSI**

### NEW ADMISSIONS

For latest admission of Associate and Fellow Members, Life Members of Company Secretaries Benevolent Fund (CSBF), Licentiatees and issuance of Certificate of Practice, kindly refer to the link <https://www.icsi.edu/member>



### PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2024-2025

The annual Licentiate subscription for the year 2024-2025 has become due for payment w.e.f. 1<sup>st</sup> April, 2024. The last date of making payment is 30<sup>th</sup> June, 2024. The Licentiate subscription payable is Rs.1180/- inclusive of applicable GST@18%. The subscription will be paid ONLINE only using the link - <http://stimulate.icsi.edu/> with your student login credentials.

Log in to the link - <http://stimulate.icsi.edu/> with your student credentials.

Username – Will be your registration number.

You may reset the new password at <https://smash.icsi.in/Scripts/GetPassword.aspx> and login at <https://smash.icsi.in/Scripts/login.aspx> and <https://stimulate.icsi.edu/>.

Click Renew option and make the payment.

For any further queries, please write to [member@icsi.edu](mailto:member@icsi.edu) or raise query at <http://support.icsi.edu>

## UPLOADING OF PHOTOGRAPH AND SIGNATURE

Members are requested to ensure that their latest scanned passport size front-facing colour photograph (in formal wear) and signature in .jpg format (each on light-colored background of not more than 200 kb file size) are uploaded on the online portal of the Institute.

Online Steps for Uploading of photo and signature.

- Use ONLINE SERVICES tab on [www.icsi.edu](http://www.icsi.edu)
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Under My Profile --- Click on View and Update
- Upload/update the photo and signature as required
- Press Save button

## PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2024-2025

The annual membership fee and certificate of practice fee for FY 2024-25 has become due for payment w.e.f. 1<sup>st</sup> April, 2024. The last date for the payment of annual membership fee and certificate of practice fee is 30<sup>th</sup> June, 2024.

The annual membership and certificate of practice fee payable are given below:

Fee* Particulars	ACS	FCS
Annual Membership fee	Rs. 2950/-	Rs. 3540/-
Annual Membership fee. (Opting out to receive physical copy of Chartered Secretary Journal)	Rs. 2360/-	Rs. 2950/-
Annual Fee for Certificate of Practice	Rs. 2360/-	Rs. 2360/-

\* All Fee inclusive of 18% GST.

A member who is of the age of seventy years gets 75% concession in annual membership fee.

A member, who is Divyangjan, can avail 50% concession in annual membership fee subject to submission of medical certificate issued by competent authority.

### Mode of Remittance of Fee:

Fee can be remitted through **ONLINE** mode only using the payment gateway of the Institute's website [www.icsi.edu](http://www.icsi.edu) → Online Services through Members Portal login

1. Use ONLINE SERVICES tab on [www.icsi.edu](http://www.icsi.edu)
2. Select Member Portal from dropdown
3. Login using membership number e.g. A1234/F1234
4. Enter password
5. Click on renew link under "Announcements"
6. Fill the KYM Form and proceed to pay the fee

***The online KYM (Know Your Member) Form is required to be filled before making online payment of annual membership fee.***

For more information, kindly refer **FAQs** available on home page of [www.icsi.edu](http://www.icsi.edu) or write at <http://support.icsi.edu>

**Team ICSI**

## CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to [www.icsi.edu](http://www.icsi.edu)
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to [www.icsi.edu](http://www.icsi.edu)
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and email id click the side option “**Click Here to update Mobile Number and E-mail Id**”
6. Check the residential address and link the Country-State-District-City and check your address in the fields Add. Line1/Add. Line2 & Add. Line3 (Click Here to change residential address)
  - a) Select the Country#
  - b) Select the State
  - c) Select the City
  - d) Submit the Pincode which should be 6 digits without space.
  - e) Then click on “Save” button.
7. Select the appropriate radio button for Employment Status and check your address in the fields Add. Line1/ Add. Line2 & Add. Line3 click the link on the right (**Click Here to change Professional address**)
  - a) Select the Country#
  - b) Select the State
  - c) Select the City
  - d) Submit the Pincode which should be 6 digits without space.
  - e) Then click on “Save” button.
8. Go back to the Dashboard and check if the new address is being displayed.

#in case of Foreign Country and State is not available in options then Select “**Overseas**” – A pop-up will open and you can add the “City, District, State” of that Country alongwith Zipcode

***Members are required to verify and update their address and contact details as required under Regulation 3 of the CS Regulations, 1982 amended till date***

For any further assistance, we are available to help you at <http://support.icsi.edu>

## OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS Nithya Kamaraj (26.08.1982 - 25.02.2024), an Associate Member of the Institute from Chennai.

CS G Someswara Rao (13.05.1953 - 11.02.2024), an Associate Member of the Institute from Hyderabad.

CS Mohan Ramaswami (28.03.1953 - 24.02.2024), a Fellow Member of the Institute from Hyderabad.

CS M P Haran (12.12.1938 - 28.03.2024), an Associate Member of the Institute from Mumbai.

CS Kalyanasundaram (24.07.1936 - 19.01.2024), an Associate Member of the Institute from Tiruchirappalli.

CS Raghunath Sharad Apte (19.04.1970 - 08.04.2024), an Associate Member of the Institute from Pune.

CS S D Israni (17.09.1949 - 26.04.2024), a Fellow Member of the Institute from Mumbai.

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.



### THE ANDHRA SUGARS LIMITED

(With Divisions located at Tanuku, Kovvur, Saggonda, Taduvai & Perecherla)

#### Requires

**For their Registered Office, Venkatarayapuram, Tanuku**

#### ASST. COMPANY SECRETARY

Person should be a **fresh** Candidate having Membership of Institute of Company Secretaries of India. Person having post qualification experience upto 3 years can also apply. Additional qualification of Chartered Accountancy will be an added advantage.

Salary will be attractive and commensurate with experience and qualifications. Benefits include H.R.A./Rent free unfurnished accommodation, Provident Fund, Leave Travel Concession, Group Insurance, Gratuity and liberal Leave facilities etc.

Candidates possessing the above requirements may apply to the undersigned within 10 days along with a recent Passport size Photograph giving complete Bio-Data including Salary drawn and Salary expected, Contact Telephone Number and e-mail:

**Joint Managing Director  
The Andhra Sugars Limited  
Venkatarayapuram, TANUKU – 534 215  
West Godavari Dist., (A.P.).**

**email: [info.tnk@theandhrasugars.com](mailto:info.tnk@theandhrasugars.com), website: [www.theandhrasugars.com](http://www.theandhrasugars.com)**

**CIN: L15420AP1947PLC000326**



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

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

**Motto**  
सत्यं वद। धर्मं चर। *इष्टं कुरु त्वांते। अहिंसेनैव कुरु*

**Mission**  
"To develop high calibre professionals  
facilitating good corporate governance"



## **COMPANY SECRETARIES BENEVOLENT FUND**

### **Be a proud member of CSBF**

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

#### **CSBF**

- Registered under the Societies Registration Act, 1860 Recognised under Section 12A of the Income Tax Act, 1961
- Subscription/Contribution to the Fund qualifies for deduction under section 80G of the Income Tax Act, 1961
- Has a membership base of over 15000

**ELIGIBILITY :** A member of the Institute of Company Secretaries of India (ICSI) is eligible for the membership of the CSBF.

**HOW TO JOIN :** By making an online application using the link <https://stimulate.icsi.edu/> alongwith one time subscription of ₹10,000/-.

#### **BENEFITS**

- ₹10,00,000 in the event of death of a member under the age of 60 years
- Upto ₹3,00,000 in the event of death of a member above the age of 60 years
- Upto ₹50,000 per child on time (upto two children) for education of minor children of a deceased member upto the age of 60 years.
- Upto ₹75,000 for medical expenses in deserving cases
- Limited benefits for Company Secretaries who are not members of the CSBF

**DONATION :** The donation to CSBF can be made online at link [www.icsi.in/ICSIDonation](http://www.icsi.in/ICSIDonation)

**CONTACT :** For further information / clarification, please write at email id [csbf@icsi.edu](mailto:csbf@icsi.edu) or contact on telephone no. 0120-4522000

**For more details please visit <https://www.icsi.edu/csbf/home/>**

Connect with ICSI [www.icsi.edu](http://www.icsi.edu) | | Online Helpdesk : <http://support.icsi.edu>



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सत्यं वद। धर्मं चर। इच्छते ते त्रयतेः किंचित् स्युः किंचिद्व्ययः।

*Mission*

"To develop high calibre professionals facilitating good corporate governance"

## ICSI BLOOD Bank Portal



**Dedicated to  
the Service  
of the Nation**

The ICSI Blood Bank Portal has a huge database of blood donors with information on Blood Groups with their location

To find a donor near you or  
to register as a donor visit  
<https://www.icsi.in/bloodbank/>

Connect with ICSI

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



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



### Documents downloadable from the DigiLocker Platform

The National Digital Locker System, launched by Govt. of India, is a secure cloud based platform for storage, sharing and verification of documents and certificates. In the wake of digitization and in an attempt to issue documents to all the members in a standard format and make them electronically available on real-time basis, the Institute of Company Secretaries of India had connected itself with the DigiLocker platform of the Government of India. The initiative was launched on 5<sup>th</sup> October, 2019 in the presence of the Hon'ble President of India.

In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the DigiLocker anytime, anywhere.



#### How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up
- You may download the DigiLocker mobile app from mobile store (Android/iOS)

#### How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

#### How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website
2. Go to Central Government and select Institute of Company Secretaries of India
3. Select the option of ID card / Membership Certificate / Practice Certificate
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
5. For membership certificate, Enter your membership and select ACS / FCS from drop down.
6. For COP certificate enter your COP number e.g. 12345 and select COP.
7. Click download / generate.
8. The ID Card / Membership certificate / Practice Certificate can be downloaded every year after making payment of Annual Membership fees.



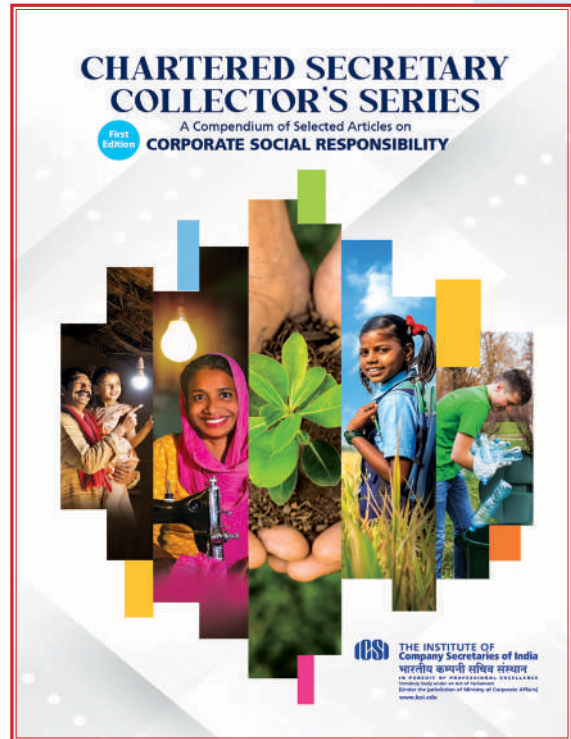
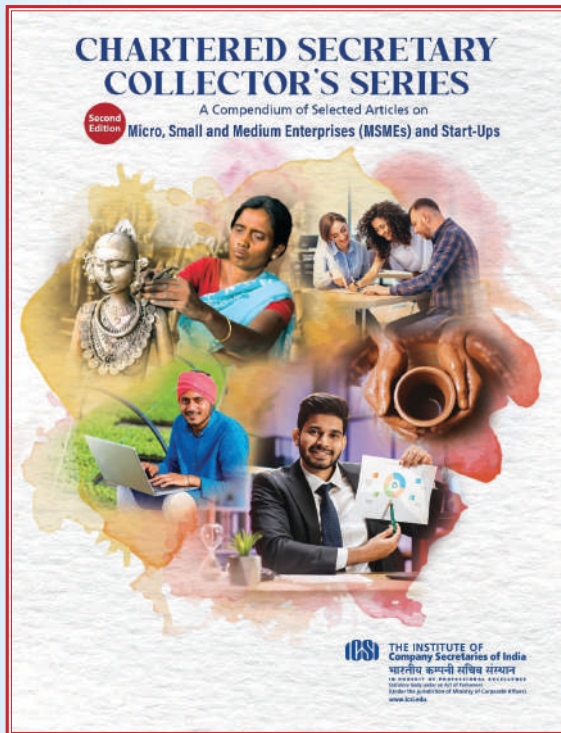
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भारतीय कम्पनी सचिव संस्थान  
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# 6

## MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER
- ESG CORNER
- GIST OF ROC ADJUDICATION ORDERS



## CENTRAL TAX NOTIFICATIONS

### NOTIFICATION NO. 10/2024 - CENTRAL TAX DATED 29<sup>TH</sup> MAY, 2024

This notification seeks to amend the Notification no. 02/2017-CT dated 19.06.2017 with effect from 5<sup>th</sup> August, 2023.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010076/ENG/Notifications>

### NOTIFICATION NO. 11/2024 - CENTRAL TAX DATED 30<sup>TH</sup> MAY, 2024

This notification seeks to amend Notification No. 02/2017-CT dated 19<sup>th</sup> June, 2017 to assign district of Kotputli-Behror to CGST Alwar Commissionerate.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010077/ENG/Notifications>

## NEWS AND UPDATES

### INFORMATION FROM MANUFACTURERS OF PAN MASALA AND TOBACCO TAXPAYERS - DATED MAY 16<sup>TH</sup>, 2024

Government had issued a notification to seek information from taxpayers dealing in the goods mentioned therein vide Notification No. 04/2024 – Central Tax dated 05-01-2024. Two forms have been notified vide this notification namely GST SRM-I and GST SRM-II. The former pertains to registration and disposal of machines while the later asks information on inputs and outputs during a month.

To begin with, facility to register the machines have been made available on the GST Portal to file the information in Form GST SRM-I. All taxpayers dealing in the items mentioned in the said notification may use the facility to file the information about machines. Form GST SRM-II will also be made available on the portal shortly.

Source: <https://www.gst.gov.in/newsandupdates/read/497>

### ADVISORY: ON LAUNCH OF E-WAY BILL 2 PORTAL - DATED 28<sup>TH</sup> MAY, 2024

NIC is releasing the **E-Way Bill 2 Portal** (<https://ewaybill2.gst.gov.in>) on 1<sup>st</sup> June 2024. This portal ensures high availability and runs in parallel to the e-way Bill main portal (<https://ewaybillgst.gov.in>). The e-way bill 2 portal synchronises the e-way bill details with main portal within a few seconds. The highlights of the portal are as follows:

- Presently, E-Way Bill 2 Portal provides the critical services of E-Way Bill system, and gradually it will be extended with other services of e-way bill system.
- E-Way Bills can be generated and updated on the E-Way Bill 2 Portal independently.
- E-Way Bill 2 portal provides the web and API modes of operations for e-way bill services.
- The taxpayers and logistic operators can use the E-Way Bill 2 portal with the login credentials of the main portal.
- The taxpayers and logistic operators can use the E-Way Bill 2 portal during technical glitches in e-way bill main portal or any other exigencies.
- The Criss-Cross operations of printing and updating of Part-B of E-Way Bills can be carried out on these portals. That is, updating of Part-B of the E-Way bills of portal 1 can be done at portal 2 and vice versa.
- In case E-Way Bill main portal is non-operational because of technical reasons, the Part-B can be updated to the E-Way Bills, generated at Portal 1, at portal 2 and carry both the E-way Bill slips.
- For further details, please visit the e-way bill portals.

Source: <https://www.gst.gov.in/newsandupdates/read/499>

## Professional Misconduct- for not exercising due diligence by the Company Secretaries in Practice

**“Professional and Other Misconduct”:** The expression “professional and other misconduct” as defined in Section 22 of the Company Secretaries Act, 1980 shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances. There are two Schedules to the Company Secretaries Act, 1980 viz. First Schedule and Second Schedule.

Acts or omissions of Professional Misconduct which are specifically applicable to Company Secretaries in Practice:

- (i) Part I of the Second Schedule to the Company Secretaries Act, 1980 contains 10 clauses on acts or omissions of professional misconduct which are applicable to Company Secretaries in Practice.

### CASE STUDY:

1. A complaint of professional and other misconduct has been filed wherein the Complainant has *inter-alia* stated that he purchased 2400000 shares at face value of Rs. 10 per share of a company in the year 2016 and has duly paid the consideration for the same. The auditor of the company for the financial year 2016-17 has signed the audit report of the said year which shows that the Complainant holds 2400000 shares of the company, which is equivalent to 10% of the total paid up capital. The name of the Complainant was mentioned at serial number 7 and also in the notes annexed to and forming part of the financial statement for the year ended 31<sup>st</sup> March 2017 reflects details of shareholders holding more than 5% of the aggregate share capital of the company. In the form AOC-4, for the financial year 2016-17 filed with MCA portal in November, 2017. In the said form, the name of the Complainant was shown as a shareholder of 2400000 shares of the company. Further, in one disclosure of Key Managerial Personnel and Directors and remuneration to Key Managerial Personnel and Directors, it is very clearly mentioned that the Complainant holds 2400000 shares of the company.
2. The Complainant has *inter-alia* alleged that the Respondent has certified and filed form MGT-7 of the company for the financial year 2016-17 on January, 2018, wherein, the Respondent has deliberately removed the name of the Complainant from the shareholding of the company. The Complainant further stated that later, a forged form AOC-4 was filed, wherein the name of the Complainant was deleted from the list of shareholders without the knowledge and his consent and without obtaining prior permission from the Hon’ble NCLT, which is mandatory under Section 131 of the Companies Act, 2013.
3. The Complainant has further alleged that how the Respondent was aware that a revised form AOC-4 will be filed in future and based on future form AOC-4, the Respondent prepared form MGT-7 which contains information similar to the information mentioned in forged AOC-4 signed on January, 2018 (wrongly mentioned as January, 2017) and uploaded in January, 2018 (wrongly mentioned as January, 2017). The Complainant further alleged that the Respondent in form MGT-8 has mentioned at point No. 18 that the company does not require to obtain any approval or permission from Tribunal; despite knowing the fact that for any revisions in the financial statements and Boards’ Report of the company, prior approval of the Hon’ble NCLT is mandatory.
4. The Respondent has denied the allegations and submitted that the Complainant has filed the complaint with unclean hands and with *Malafide* intentions. The company informed that the Complainant has initiated various proceedings before the various forums in relation to the purported right of ownership of 2400000 shares of the company. Ownership of the Complainant was in dispute and the issue is *sub-judice* before the Hon’ble Court wherein, the Complainant has filed one commercial suit. The Complainant has also filed an appeal under the provisions of Section 59 of the Companies Act, 2013 in relation to purported 2400000 shares of the company before the NCLT, which is still pending.
5. The Respondent has submitted that the form AOC-4 filed on November, 2017 with ROC, contained typographical error in relation to shareholding of the said company. The said clerical error was acknowledged by the Board and further an affidavit issued by two Directors of the company is in the knowledge of the Complainant. The Respondent has prepared form MGT-7 and certified the same by relying upon the Board Resolution and affidavit filed by two Directors. The Respondent has perused the reply of the affidavit filed by the company before the NCLT and stated that based on said reply, question of showing shareholding of the Complainant does not arise. Since there was no revision in the financial statement of the company, the question of following the procedure set out in Section 131 of the Companies Act, 2013 does not arise. The details in form MGT-8 were correctly stated accordingly.
6. The Complainant has initiated multiple legal proceedings against the company under the provisions of applicable laws seeking different remedies. The legal remedy

prayed in the complaint is different from the other legal proceedings which are pending before different courts. The Complainant upon getting the delivery of the share certificates in physical form, had submitted the original documents with form SH-4 and corresponding documents to the company in July, 2016 with request to transfer the same. The company took the delivery from the Complainant and acknowledged the transfer of aforesaid shares. The Complainant has become holder of 2400000 shares of the company, and this got reflected in the fourth audit report of the company for the FY 2016-17, wherein the extract of Annual Return for the year ended 31<sup>st</sup> March, 2017 at point (ii) – shareholders promoters, in list, at point No. 7, the name of the Complainant is shown as holding of 2400000 shares i.e. 10% of the total shares of the company. Also, the reason shown is ‘transfer’ and the date of said transfer is mentioned as October, 2016. It is clearly established that as per official records of the company, the Complainant is a shareholder of the company holding 2400000 shares. The Notes to and forming part of financial statements as on 31<sup>st</sup> March, 2017 shows the details of the shareholders holding more than five percent of aggregate share capital of the company, wherein the name of the Complainant appeared as shareholder of 2400000 shares i.e. 10% of the total paid up share capital of the company. The Complainant is shown as Director of the company at serial No. 4 in the Directors’ report dated May, 2017 duly signed by two Directors of the company. The financial statement of the company for FY 2016-17 was duly audited and executed by Statutory Auditors of the company. In form AOC-4 (XBRL) for the FY 2016-17 at serial number No. 7 of the details of shareholders, the name of the Complainant is also mentioned. There is no provision in the Companies Act, 2013, wherein the company is allowed to make changes to file financial statements where prior approval of the Hon’ble NCLT is not required. The Complainant was never informed by the company and its directors about removal of his name from the register of members of the company. The Complainant submitted that due to illegal, unprofessional and unethical activities of the opposite party, the Complainant is in a very miserable condition where he is neither even getting his money returned nor able to sell his shares in the secondary market. There was no typographical error. It was a criminal conspiracy and the Respondent had complete knowledge of the same. The Complainant has stated that the commercial civil suit and the appeal are pending before Hon’ble NCLT for adjudication

7. The Respondent has contended of having relied upon list of shareholders certified by the management, form MGT-9 attached with the report of the Board of Directors and Register of Members before certifying the form MGT-7 of the company. The Respondent has submitted that there are some mistakes while issuing form MGT-8 for the year 2016-17 of the company and while certifying form MGT-7 for the financial year 2016-17 of the company though the mistake was not intentional. The Disciplinary Committee has observed that the Respondent has certified form MGT-7 and

issued form MGT-8 of the company for the FY 2016-17. The Respondent has requested to take lenient view for the errors which are more clerical/typographical in nature, while certifying the said forms MGT-7 and MGT-8 of the company.

8. The Disciplinary Committee after all the facts and circumstances of the case, held the Respondent ‘Guilty’ of Professional Misconduct under Clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980 for not exercising due diligence before certifying forms MGT-7 and MGT-8 of the company for the FY 2016-17. The Disciplinary Committee passed an order of Reprimand and imposed a Fine of Rs. 5000/- against the Respondent.

*As per Clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980, a member of the Institute in practice shall be deemed to be guilty of Professional Misconduct, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.*



### YOUR OPINION MATTERS

‘Chartered Secretary’ has been constantly striving to achieve Excellence in terms of Coverage, Contents, Articles, Legal Cases, Govt. Notification etc. for the purpose of knowledge sharing and constant updation of its readers. However, there is always a scope for new additions, improvement, etc.

The Institute seeks cooperation of all its readers in accomplishing this task for the benefit of all its stakeholders. We solicit your views, opinions and comments which may help us in further improving the varied segments of this journal. Suggestions on areas which may need greater emphasis, new sections or areas that may be added are also welcome.

You may send in your suggestions to the Editor, Chartered Secretary, The ICSI at [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu)

## Data Dominance and its Dynamics

In today's digital landscape, data has emerged as a critical driver of success, setting the most prosperous companies apart. With an unprecedented volume of data generated daily, the significance of leveraging data efficiently cannot be overstated. Over the past few years, the creation, consumption, and storage of data have skyrocketed, with estimates predicting it to reach a staggering 180 zettabytes by 2025. Leading technology giants have been early adopters, harnessing the power of data to make informed decisions and mitigate risks.

Data analysis has also brought about transformative changes across various industries, from healthcare, where patient data informs personalized treatment plans, to finance, where predictive analytics aids in assessing credit risks and customizing investment strategies.

The aforesaid developments in data have resulted into data dominance. Data dominance involves not only who is hoovering up the most data but also encompasses who dominates the supply of hardware, talent and systems that process the world's infinite supply of raw information.

Now having mentioned about data governance, it is important to comprehend the meaning of dominant firms. The firms that benefit in the digital economy are those that can both amass large volumes of data and analyse them to create a competitive advantage. They have substantial data that can be deployed behind the most profitable business models. The platforms like social engines and networking sites provide several services to users for free. These platforms sell the data to advertising agencies, who then use this data to

analyse consumer behaviour and buying patterns and lure consumers with personalised and relevant advertisements.

Thus, the menace of data dominance can be associated to the mushrooming of social media platforms which took birth as a communication tool in catalysing social interactions between individuals through the medium of internet, gradually evolved into a complex ecosystems of digital interactions between a diverse range of stakeholders, including advertisers, digital entertainment service providers, and anyone seeking to connect with individual social media account holders.

While social media platforms may have achieved their positions of economic success through their investments in innovative technologies and their pursuit of shrewd business strategies, there has been a growing discomfort amongst competition authorities and policymakers over in the ways in which they have reinforced their economic positions in online markets, as well as how they have wielded their outsized degree of market power they have acquired within a relatively short span of time.

In light of the fact that majority of jurisdictions are showing proclivity towards ex-ante approach instead of ex-post approach in studying the behaviour of large digital enterprises, It engenders curiosity to reconnoitre the emerging international practice pertaining to ex-ante legislative instruments and policy reforms pertaining to digital markets in select international jurisdictions. In this regard, the following jurisdictions have been discussed in the ensuing table – EU, UK, Germany and Japan.

S. No.	Jurisdiction	Relevant ex-ante legislative instruments and policy reforms	Status
1.	EU	The DMA ( <b>Digital Markets Act, 2022</b> ) was introduced through the Digital Services Act Package in December 2020. It is the most significant ex-ante instrument introduced in the EU to address anticompetitive conduct by large digital undertakings designated as 'Gatekeepers' providing 'core platform services'. Both prohibitory and mandatory ex-ante obligations are imposed on Gatekeepers.	The DMA came into force on 1 <sup>st</sup> November 2022.
2.	UK	Post the report of the Digital Competition Expert Panel constituted by the Government of the UK headed by Professor Jason Furman, and the report of the Competition and Markets Authority ("CMA") on its market study on Online Platforms and Digital Advertising, a need was felt to institute a robust ex-ante regime to regulate digital markets in the UK and establish a Digital Markets Unit within the CMA, respectively. The Draft DMCC ( <b>Digital Markets, Competition and Consumers Bill, 2023</b> ), which was introduced before the UK Parliament on 25 <sup>th</sup> April 2023, focuses on large undertakings engaged in digital activities having a UK nexus. Undertakings fulfilling certain criteria may receive a 'Strategic Market Status' ("SMS") in respect of a digital activity from the CMA. The Draft DMCC imposes obligatory and preventive conduct requirements on SMS entities which are ex-ante in nature.	The Draft DMCC is currently at the draft stage and is awaiting passage in the UK Parliament.
3.	Germany	The ARC ( <b>Act Against Restraint of Competition, 1958</b> ), which follows an ex-post approach in regulating anticompetitive conduct of dominant entities in Germany, has been amended considerably to allow for ex-ante intervention. The 10 <sup>th</sup> Amendment to the ARC ("10 <sup>th</sup> Amendment") imposes obligations on undertakings which are active to a significant extent on multi-sided markets and networks and which may be regarded as being of 'paramount significance for competition across markets' ("PSCAM").	The 10 <sup>th</sup> Amendment came into force in 2021. The 11 <sup>th</sup> Amendment came into force in November 2023.

		PSCAM entities are prohibited from engaging in certain kinds of anti-competitive conduct. The 11 <sup>th</sup> Amendment to the ARC (“11 <sup>th</sup> Amendment”), effective from 7 <sup>th</sup> November 2023, introduces significant changes: it grants the Bundeskartellamt or the Federal Cartel Office (“FCO”) authority to enforce remedies upon companies post sector inquiries regardless of the company infringing competition laws; allows the FCO to skim off profits made from competition law infringements; and facilitates the implantation of the DMA in Germany.	
4	Japan	The TFDP Act is an ex-ante instrument which was introduced to ensure transparency and fairness in the conduct of Specified Digital Platforms in Japan.  The Ministry of Economy, Trade, and Industry (“METI”) published the SDP Guidelines and the Ordinance No. 1 in 2021 (“Japan Ministerial Ordinance / JMO”) which lay down certain measures to be complied with by Specified Digital Platform providers. METI’s cabinet orders have specified four separate business classifications, along with thresholds for designation as Specified Digital Platforms.	The TFDP Act came into force on 1 <sup>st</sup> February 2021. The SDP Guidelines are also currently in force.

**Source:** *Report of the Committee on Digital Competition Law*

With reference to India, the Committee on Digital Competition Law was constituted by the Ministry of Corporate Affairs to review the existing regime under the Competition Act, 2002 and to evaluate the need for an ex-ante competition framework for digital markets in India. The Committee came out with a report and Draft Digital Competition Bill, 2024.

The Committee held consultations with key stakeholders and examined both the domestic legal framework and the international regulatory practices for regulation of digital services. The Committee also observed that the current ex-post framework under the Competition Act, 2002 needs to be supplemented to better address concerns related to alleged anticompetitive practices of large digital enterprises.

The Committee recommended that *ex-ante* measures be introduced to complement the current ex-post framework by identifying large digital enterprises with a ‘significant presence’ in India in selected ‘core digital services’ and setting pre-determined rules for their conduct. Since digital markets are dynamic in nature, timely intervention is necessary to prevent anticompetitive conduct.

To key recommendations of the Committee in a nutshell are as under:

1. Recommendation for introduction of *ex-ante* legislation specifically applicable to large digital enterprises, to supplement the Competition Act.
2. With reference to the scope and applicability, the Committee proposes that the Draft Digital Competition Bill should apply to a pre-identified list of Core Digital Services that are susceptible to concentration.
3. The Committee recommended that the Draft Digital Competition Bill should only regulate enterprises which have a ‘significant presence’ in the provision of a Core Digital Service in India and the ability to influence the Indian digital market. The Committee further recommended designating such enterprises as “Systemically Significant Digital Enterprises” (SSDEs).
4. The Draft Digital Competition Bill has prescribed the thresholds and criteria for designating an enterprise as SSDE.
5. In light of the fact that in some cases, compliance may be required from multiple digital enterprises in a group

that are engaged in providing a core digital service, the Committee recommended that notifying enterprises should identify all other enterprises within its group involved in the provision of a core digital service. These enterprises should be designated as ADEs (Associate Digital Enterprises) under the proposed framework.

6. The Committee has recommended an agile and principle-based framework of ex-ante obligations under the Draft Digital Competition Bill. The specificities of the obligations as applicable to each Core Digital Service would be specified through regulations drafted by the CCI through a consultative process.
7. The Committee has recommended that the grounds for exemption from complying with the ex-ante obligations should be provided for in the statute itself.
8. The Committee has recommended for borrowing of the procedural framework from the Competition Act for the purposes of the Draft Digital Competition Bill. The Committee also strongly advises that the CCI must strengthen the capacity of its Digital Markets and Data Unit with experts from the field of technology to keep pace with the rapid evolution of digital markets.
9. The Committee has proposed for a monetary penalty for noncompliance with ex-ante obligations is restricted to a maximum of 10% of the global turnover of the SSDE in line with the penalty regime under the Competition Act.

## REFERENCES:

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### HONG KONG LAUNCHES TAXONOMY FOR SUSTAINABLE FINANCE

Historical data show that since 1980s, each decade has been warmer than the previous one. Extreme weather is clear evidence of accelerating climate change and reminds us of the urgent need for decarbonisation. The Hong Kong Monetary Authority (HKMA) on 3<sup>rd</sup> May, 2024 published the Hong Kong Taxonomy for Sustainable Finance (Hong Kong Taxonomy) to enable informed decision making on green and sustainable finance and facilitate relevant finance flows. The Hong Kong Taxonomy currently encompasses 12 economic activities under four sectors namely power generation, transportation, construction, and water and waste management. The Hong Kong Taxonomy is a living document. For the next step, the HKMA will seek to expand the coverage of the taxonomy to include more sectors and activities, including transition activities.

*Source : <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2024/05/20240503-3/>*

### GRI AND IFRS FOUNDATION COLLABORATE TO DELIVER FULL INTEROPERABILITY THAT ENABLES SEAMLESS SUSTAINABILITY REPORTING

According to website release dated 24<sup>th</sup> May 2024, the International Financial Reporting Standards (IFRS) Foundation and Global Reporting Initiative (GRI) are deepening their working relationship based upon the Memorandum of Understanding (MoU) which was signed in March, 2022. Their respective standard-setting Boards, the International Sustainability Standards Board (ISSB) and the Global Sustainability Standards Board (GSSB), will seek to coordinate their work programmes and standard-setting activities, jointly identify and align common disclosures that address information needs under the distinct scopes and purposes of their respective standards, for both thematic and sector based standard setting.

An initial outcome of the collaboration will involve a methodology pilot building on the GRI 101 Biodiversity



Standard and the ISSB's upcoming project on Biodiversity, Ecosystems and Ecosystem Services. The increased collaboration will optimise how GRI and ISSB Standards can be used together to facilitate reporting on an organisation's impacts, risks and opportunities, including risks that arise from the organisation's impacts.

The ISSB and the GSSB will continue to make decisions separately in accordance with their established standard setting due processes, including public consultation in respect of any proposed amendments to their respective standards regarding the alignment of common disclosures.

*Source: <https://www.ifrs.org/news-and-events/news/2024/05/gri-and-ifrs-foundation-collaboration-to-deliver-full-interoperability/>*

### SEBI ISSUED CONSULTATION PAPER ON RECOMMENDATIONS OF THE EXPERT COMMITTEE FOR FACILITATING EASE OF DOING BUSINESS WITH RESPECT TO BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

On 22<sup>nd</sup> May, 2024 SEBI issued a consultation paper to seek views/suggestions/comments from the public and other stakeholders on recommendations of the Expert Committee for facilitating ease of doing business ("Expert Committee") with respect to the Business Responsibility and Sustainability Report (BRSR).

The proposals on which the suggestions have been invited are:

- a. Redefining value chain partners as "Value Chain shall encompass the upstream and downstream partners of a listed entity, individually comprising 2% or more of the listed entity's purchases / sales (by value) respectively."
- b. For the first-year reporting of ESG disclosures for value chain, i.e., FY 2024-25, reporting previous year figures shall be voluntary;

- c. “Voluntary” disclosures approach in place of “comply or explain” approach for ESG disclosures for value chain and assurance thereof;
- d. Following disclosure may be added as a leadership indicator under Principle 6 of BRSR:
- “How many Green Credits have been generated:
- By the company
  - By the value chain partners”
- e. With regards to BRSR, the term “assurance” shall be substituted with “assessment” in LODR Regulations and SEBI circulars on BRSR resulting in assessment of BRSR Core and ESG disclosures for value chain, as per the standards as may be specified by the Industry Standards Forum (ISF) in consultation with SEBI.

The comments/suggestions along with rationale should be submitted latest by 12<sup>th</sup> June, 2024.

**For details refer:**

<https://www.sebi.gov.in/reports-and-statistics/reports/may-2024/consultation-paper-on-the-recommendations-of-the-expert-committee-for-facilitating-ease-of-doing-business-with-respect-to-business-responsibility-and-sustainability-report-brsr-83551.html>

**WORLD ENVIRONMENT DAY, 5 JUNE, 2024**

World Environment Day is the biggest international day for the environment. Led by the United Nations Environment Programme (UNEP), and held annually since 1973, it has grown to be the largest global platform for environmental outreach. The first World Environment Day was celebrated on 5<sup>th</sup> June, 1973 with the theme “Only One Earth”. Every year, there is a theme for the programme.

The theme for the year 2024 is “**Land restoration, desertification and drought resilience**” which is being hosted by the Kingdom of Saudi Arabia. According to the UN Convention to Combat Desertification, up to 40 per cent of the planet’s land is degraded, directly affecting half of the world’s population and threatening roughly half of global GDP. The number and duration of droughts has increased by 29 per cent since 2000 – without urgent action, droughts may affect over three-quarters of the world’s population by 2050.

Land restoration can reverse the creeping tide of land degradation, drought and desertification. Restoration boosts livelihoods, lowers poverty and builds resilience to extreme weather. Restoration increases carbon storage and slows climate change.



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## GIST OF ROC ADJUDICATION ORDERS

### Adjudication order for violation of section 12(1) of the Companies Act, 2013 in the matter of FLAG SYNTHETICS LIMITED

ROC Gwalior issued an adjudication order dated 27<sup>th</sup> April 2024 in the matter of M/s Flag Synthetics Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudication authority has imposed the penalty of ₹37,000 each on the company and on one of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/nt?oK0QGOiFk0JVubW0H88ulg%253D%253D&type=open>

### Adjudication order for violation of section 12(1) of the Companies Act, 2013 read with Companies (Adjudication of Penalties), Rules, 2014 in the matter of DGR FARMS & LEISURE LTD

ROC Gwalior issued an adjudication order dated 27<sup>th</sup> April 2024 in the matter of M/s DGR Farms & Leisure Ltd. for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudication authority has imposed the penalty of ₹73,000 each on the company and three of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=TI3iGjWdYEx4iN67CtbS7Q%253D%253D&type=open>

### Adjudication order for violation of section 12(1) of the Companies Act, 2013 in the matter of FAMOUS VANIJYA PRIVATE LIMITED

ROC Gwalior issued an adjudication order dated 27<sup>th</sup> April 2024 in the matter of M/s Famous Vanijya Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudication authority has imposed the penalty of ₹59,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=dGA%252FIGyHOSBVD1oWtQ59PQ%253D%253D&type=open>

### Adjudication order for violation of Section 137 of the Companies Act, 2013 IN THE MATTER OF QPRO INFOTECH LIMITED

ROC Mumbai issued an adjudication order dated 25<sup>th</sup> April, 2024 in the matter of M/s QPRO Infotech Limited for not filing its financial statement for the financial year 2018-19 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹10,00,000 upon the company and ₹5,00,000 upon additional director of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=KieGhKjZYERSNMhWMNt%252FwA%253D%253D&type=open>

### Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of JAYANT MERCANTILE COMPANY LIMITED

ROC Mumbai issued an adjudication order dated 25<sup>th</sup> April, 2024 in the matter of M/s Jayant Mercantile Company Ltd. for not filing its financial statement for the financial year 2018-19 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹10,00,000 upon the company and ₹5,00,000 upon director of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=PbGLKuEpaes0%252BacN4RBy7Q%253D%253D&type=open>

### Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of TIME TODAY MEDIA NETWORK PRIVATE LIMITED

ROC Gwalior issued an adjudication order dated 28<sup>th</sup> April 2024 in the matter of Time Today Media Network Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹1,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=51uPfwqQ%252BtBi4wm2Z%252FCL9A%253D%253D&type=open>

### Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of MARG POLYTECH PRIVATE LIMITED

ROC Gwalior issued an adjudication order dated 8<sup>th</sup> December 2023 in the matter of M/s Marg Ploytech Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹13,000 each on the company and three of the directors (officers in default) of the company.

<https://mca.gov.in/bin/dms/getdocument?mds=IVpSasrCCmJcsN5Ti0mzzw%253D%253D&type=open>

### Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of MALWA REMEDIES PRIVATE LIMITED

ROC Gwalior issued an adjudication order dated 21<sup>st</sup> January 2021 in the matter of M/s Malwa Remedies Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining

its Registered Office. The Adjudication Authority has imposed the penalty of ₹1,00,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=wDy8dcs9Gpgw7CSNyPPnUA%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of LYKA BIOTECH PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 30<sup>th</sup> December 2022 in the matter of M/s Lyka Biotech Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹1,00,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=IDD2pncKwKP99TwbAiNkdw%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of SGMR RICE AND AGRO EXPORTA PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 21<sup>st</sup> November 2021 in the matter of M/s SGMR Rice and Agro Exporta Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudication authority has imposed the penalty of ₹75,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=JM8MgyV%252FV7RXRns1WiRMiA%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(3)(a) of the Companies Act, 2013 in the matter of KARDA HERBAL FARM PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 11<sup>th</sup> August 2021 in the matter of M/s Karda Herbal Farm Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudication authority has imposed the penalty of ₹16,000 each on the company and three of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=0xbVcPkxohndle2n4F%252B3ow%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(3) (a) of the Companies Act, 2013 in the matter of SAMOSAPARTY FOODS PVT. LTD**

ROC Gwalior issued an adjudication order dated 10<sup>th</sup> February 2023 in the matter of M/s Samosaparty Foods Pvt. Ltd. for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudication authority has imposed the

penalty of ₹1,000 each on the company and three of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=hQM8mXLlrgarR2WKtcBQg%253D%253D&type=open>

#### **Adjudication Order for violation of section 118 of the Companies Act, 2013 in the matter of POLARIS INDIA PRIVATE LIMITED**

ROC Delhi issued an adjudication order dated 1<sup>st</sup> May 2024 in the matter of M/s Polaris India Private Limited for not holding its Annual General Meeting within the timelines as stipulated u/s 118 of the Companies Act, 2013 r/w para 2.1 of 'Secretarial Standard-2' (SS-2). The adjudicating authority imposed monetary penalty of ₹25,000 upon the company and penalty of ₹5,000 each was imposed upon four of the company directors (Officer in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=VRUDudoitxv%252Fxb0kRvsfcQ%253D%253D&type=open>

#### **Adjudication Order for violation of section 89 of the Companies Act, 2013 in the matter of STEP1 ADVERTISING PRIVATE LIMITED**

ROC Delhi issued an adjudication order dated 1<sup>st</sup> May 2024 in the matter of M/s STEP1 Advertising Private Limited for not filing the declarations in terms of the provision of sections 89(1) & 89(2) wherein the registered owner & beneficial owner are required to submit declarations in form MGT-4 & MGT-5 respectively. The adjudicating authority imposed monetary penalty of ₹1,60,400 each upon the registered owner and beneficial owner (the company).

<https://www.mca.gov.in/bin/dms/getdocument?mds=OlF4L%252Fca7Rq9BtaIFGU7OA%253D%253D&type=open>

#### **Adjudication order for violation of section 12(1) of the Companies Act, 2013 in the matter of UDAN AIRWAYS PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 10<sup>th</sup> January 2023 in the matter of M/s Udan Airways Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹1,00,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ayIkHn3FIxrcJ5ZGUmPpww%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of BRIGHT LAUNDRY AND HOUSEKEEPING PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 21<sup>st</sup> January 2021 in the matter of M/s Bright Laundry and Housekeeping Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication

Authority has imposed the penalty of ₹1,00,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=8U1BMCx1QrMfQkHtZJ1Dpg%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of SALTOSUN PHARMACEUTICAL PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 7<sup>th</sup> December 2022 in the matter of M/s Saltosun Pharmaceuticals Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹1,00,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=L8TyuuJlpKx3euB01DeQXw%253D%253D&type=open>

#### **Adjudication Order for violation of section 118 of the Companies Act, 2013 in the matter of FERANBRAJ TOLL AND HIGHWAY PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 8<sup>th</sup> September 2021 in the matter of M/s Feranbraj Toll and Highway Private Limited for violating the provisions of section 118 of the companies Act, 2013 r.w provisions of secretarial Standard (SS-2) by not maintaining the minutes of meeting. The Adjudication Authority has imposed the penalty of ₹25,000 on the company and ₹5,000 each on the two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=Noual9aH8i%252Fek47pBTn7og%253D%253D&type=open>

#### **Adjudication Order for violation of section 203(3) of the Companies Act, 2013 in the matter of GWALIOR SMART CITY DEVELOPMENT CORPORATION LTD**

ROC Gwalior issued an adjudication order dated 8<sup>th</sup> May 2023 in the matter of M/s Gwalior Smart City Development Corporation Ltd and imposed penalty of ₹50,000 upon the officer in default for violating the provisions of Section 203(3) of the Companies Act, 2013 by becoming director of another company even after being in full time employment with Gwalior Smart City Development Corporation Ltd. as its CFO.

<https://www.mca.gov.in/bin/dms/getdocument?mids=LcBc0EPKntvrCOe%252FWbaF9Q%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of TRIREME LIFE SCIENCES PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 7<sup>th</sup> February 2023 in the matter of M/s Trireme Life Sciences Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining

its Registered Office. The Adjudication Authority has imposed the penalty of ₹4,000 each on the company and four of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=xErrorYtF77lw2ahYWI%252B7rA%253D%253D&type=open>

#### **Adjudication Order for violation of section 134(1) of the Companies Act, 2013 in the matter of LOIN TECHNOLOGY PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 2<sup>nd</sup> August 2022 in the matter of M/s Loin Technology Private Limited for violating the provisions of Section 134(1) of the Companies Act as company's Profit & Loss Account for the year ended 31.03.2021 was not signed by any of the director of company. The Adjudicating Authority has imposed penalty of ₹3,00,000 upon the company and ₹50,000 penalty was imposed upon two of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mids=kkbQhFFdLmLhYbDPOgj04w%253D%253D&type=open>

#### **Adjudication order for violation of section 90(1), 90(2) & 90(4A) of the Companies Act, 2013 in the matter of M/s GREEN PLANET ENERGY PRIVATE LIMITED**

ROC Chandigarh issued an adjudication order dated 2<sup>nd</sup> May 2024 in the matter of M/s Green Planet Energy Private Limited for violating the provision of section 90 of the Companies Act, 2013 by not filing the declaration of beneficial interest in the company's shares through e-form BEN-2 within stipulated timeframe. The Adjudicating Authority have imposed penalty of ₹5,00,000 each u/s 90(4A) & u/s 90(2) of the Companies Act 2013 upon the company and ₹1,00,000 has been imposed upon two of company's directors (Officer in default)

<https://www.mca.gov.in/bin/dms/getdocument?mids=VnziZPM1Hhl4%252FLWKd%252FeadA%253D%253D&type=open>

#### **Adjudication Order for violation of section 15 of the Companies Act, 2013 in the matter of FERANBRAJ TOLL AND HIGHWAY PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 8<sup>th</sup> September 2021 in the matter of M/s Feranbraj Toll and Highway Private Limited for violating the provisions of section 15 of the Companies Act, 2013 for not keeping copy of MOA & AOA as required under the said section. The Adjudication Authority has imposed the penalty of ₹1,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=4wPpMB425qwk81rmXFuUlyg%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of JBM DEALERS PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 24<sup>th</sup> April 2023 in the matter of M/s JBM Dealers Private

Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹8,000 each on the company and two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=n6XTohaM5s7k5E9hncvTw%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of VIPIN KUMAR SINGH INFRATECH PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 7<sup>th</sup> December 2021 in the matter of M/s Vipin Kumar Singh Infratech Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹6,000 each on the company and managing directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252FsaM4jCd2DvGGfWgrkwj6w%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(3) of the Companies Act, 2013 in the matter of LOIN TECHNOLOGY PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 2<sup>nd</sup> August 2022 in the matter of M/s Loin Technology Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details w.r.t CIN, telephone number, email & details of website over sign board affixed on main gate of company. The Adjudication Authority has imposed the penalty of ₹11,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=SFkkkCATqgUgHTAWfq1K7w%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(1) of the Companies Act, 2013 in the matter of BRILLIANT INSTITUTE OF PROFESSIONAL STUDIES PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 15<sup>th</sup> September 2021 in the matter of M/s Brilliant Institute of Professional Studies Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹4,000 each on the company and one director (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=xSQ83Yg%252F175kDSa7chSQFQ%253D%253D&type=open>

#### **Adjudication Order for violation of section 12(3) of the Companies Act, 2013 in the matter of RSUN PHARMA PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 18<sup>th</sup> January 2023 in the matter of M/s Rsun Pharma Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details

w.r.t CIN, name of company and its address over sign board affixed on main gate of company. The Adjudication Authority has imposed the penalty of ₹2,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=pzyYvg%252FAKfG89HhR%252B0VviA%253D%253D&type=open>

#### **Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of LAYLA TEXTILE AND TRADES LTD**

ROC Mumbai issued an adjudication order dated 25<sup>th</sup> April 2024 in the matter of M/s Layla Textile and Trades Ltd for not filing its financial statement for the financial years 2018-19 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The Adjudication Authority has imposed the monetary penalty of Rs.10,00,000 upon the company and ₹5,00,000 upon each of the 3 directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=h9%252FFN98uEzuZ54P9dBt2LQ%253D%253D&type=open>

#### **Adjudication Order for violation of Section 92 of the Companies Act, 2013 in the matter of AVANCE TECHNOLOGIES LTD**

ROC Mumbai issued an adjudication order dated 25<sup>th</sup> April 2024 in the matter of M/s Avance Technologies Ltd. for not filing the annual return for the financial year 2018-19 within prescribed time limits as specified under section 92 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹5,00,000 upon the company and on managing director of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=MUkJGb7DQjqkexUyOpEllg%253D%253D&type=open>

#### **Adjudication Order under Section 454 for violation of Section 92 of the Companies Act, 2013 in the matter of JAYANT MERCANTILE COMPANY LTD.**

ROC Mumbai issued an adjudication order dated 25<sup>th</sup> April, 2024 in the matter of M/s Jayant Mercantile Company Ltd. for not filing the Annual Return for the financial year 2018-19 within prescribed time limits as specified under section 92 of the Companies Act, 2013. The Adjudicating Authority has imposed the monetary penalty of ₹5,00,000 each upon the company and director of the company (officer in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=8ekX9d3wvBzRZqx7iqaWaA%253D%253D&type=open>

#### **Adjudication Order for Penalty under Section 454 for violation of Section 135 of the Companies Act, 2013 in the matter of SUMINTER INDIA ORGANICS PVT LTD**

ROC Mumbai issued an adjudication order dated 30<sup>th</sup> April, 2024 in the matter of M/s Suminter India

Organics Pvt. Ltd. for not spending the requisite amount of ₹3.19 Lakhs towards Corporate Social Responsibility (CSR) expenses for the Financial Year 2020-21 and also didn't transfer the unspent CSR Amount to the fund specified under provisions of section 135 of the Companies Act, 2013 within stipulated time. The Adjudicating Authority has imposed the monetary penalty of ₹6,38,000 upon the company and ₹31,900 upon 3 of directors of the company (officer in default).

<https://www.mca.gov.in/bin/dms/getdocument?mids=%252B4Jv0rmSOF4t7j2rduXUw%253D%253D&type=open>

#### **Adjudication Order for Penalty for violation of Section 92 of the Companies Act, 2013 in the matter of LAYLA TEXTILE AND TRADES LTD**

ROC Mumbai issued an adjudication order dated 25<sup>th</sup> April 2024 in the matter of M/s Layla Textile and Trades Ltd for not filing the Annual Return for the financial years 2018-19 within prescribed time limits as specified under section 92 of the Companies Act, 2013. The Adjudication Authority has imposed the monetary penalty of ₹5,00,000 each upon the company and each of the 3 directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mids=qEvnwflYkdzjsjbD7nxBpQ%253D%253D&type=open>

#### **Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of QPRO INFOTECH LIMITED**

ROC Mumbai issued an adjudication order dated 25<sup>th</sup> April, 2024 in the matter of M/s QPRO Infotech Limited for not filing the Annual Return for the financial year 2018-19 within prescribed time limits as specified under section 92 of the Companies Act, 2013. The Adjudication Authority has imposed the monetary penalty of ₹5,00,000 each upon the company and additional director of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mids=Hthy4S6mikuCeC7Bwcd%252FNA%253D%253D&type=open>

#### **Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of GREEN COTTAGE AND RESORTS LTD**

ROC Mumbai issued an adjudication order dated 30<sup>th</sup> April 2024 in the matter of M/s Green Cottage and Resorts Ltd. for not filing its financial statement for the financial years 2018-19 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The Adjudication Authority has imposed the monetary penalty of ₹10,00,000 upon the company and ₹5,00,000 upon each of the 3 directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mids=i4sLQWQhr64gAsLDgNwF9Q%253D%253D&type=open>

#### **Adjudication order for violation of section 184(1) of the Companies Act, 2013 in the matter of M/s. PEARCE SERVICES GLOBAL PRIVATE LIMITED**

ROC Chandigarh issued an adjudication order dated 3<sup>rd</sup> May 2024 in the matter of M/s Pearce Services Global Private Limited, as the directors of the company not disclosed their interest for the FY 2022-23 in first Board Meeting of the Year and violating the provisions of section 184 of the Companies Act, 2013. The Adjudicating Authority has imposed penalty of ₹1,00,000 upon 3 directors of company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=VgQ0%252FBKXsGjlt26cq7d9IA%253D%253D&type=open>

#### **Adjudication Order for violation of section 90 of the Companies Act, 2013 in the matter of LEIXIR RESOURCES PRIVATE LIMITED**

ROC Delhi issued an adjudication order dated 6<sup>th</sup> May 2024 in the matter of M/s Leixir Resources Private limited for its failure to take necessary steps as per section 90(4A) of the Companies Act, 2013 to identify the SBO in relation to the company and also, the company and its officers failed to even send a notice [which was mandatorily required to be sent] as per rule 2A (2) of the Companies (Significant Beneficial Owners) Rules, 2018. Further, the Adjudicating Authority held that, Mr. Michael Falk is the SBO in relation to the company and is liable to a penalty under section 90(10) of the Act, due to the failure to report as per section 90(1), accordingly the Adjudication Authority has imposed penalty of ₹2,00,000 upon him. The Adjudicating Authority also imposed penalty of ₹5,00,000 upon company and ₹1,00,000 upon 6 directors of company for violation of section 90(4A) of the Companies Act, 2013. Penalty of ₹2,00,000 upon the company and ₹50,000 upon 6 directors of company was also imposed for violation of section 90(5) of Act by adjudicating authority.

<https://www.mca.gov.in/bin/dms/getdocument?mids=x9hGblTAKWTdeV9X9tkaow%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of GAJKESHARIE VYAPAAR PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 23<sup>rd</sup> October 2023 in the matter of M/s Gajkesharie Vyapaar Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹39,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=FeCnV%252BlaRLWAc%252F%252Fp49PcQg%253D%253D&type=open>

### Adjudication order for violation of section 203 of the Companies Act, 2013 in the matter of ACCIL CORPORATION PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 10<sup>th</sup> January 2024 in the matter of M/s ACCIL Corporation Private Limited for non-appointment of Company Secretary as required under section 203(1) of the Companies Act, 2013. The Adjudicating Authority has imposed penalty of ₹5,00,000 each upon the company and three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=BP2sd8ReIP5gfGHh1sZQvw%253D%253D&type=open>

### Adjudication order for violation of section 203 of the Companies Act, 2013 in the matter of AAROGYA DAIRY PRODUCTS PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 26<sup>th</sup> February 2023 in the matter of M/s Aarogya Dairy Products Private Limited for non-appointment of Company Secretary as required under section 203(1) of the Companies Act, 2013. The Adjudicating Authority has imposed penalty of ₹5,00,000 upon the company and ₹4,04,000 upon two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=mj7pSonm3v0Pu2HYwXcUIYw%253D%253D&type=open>

### Adjudication order for violation of section 117 of the Companies Act, 2013 in the matter of AKME FINTRADE (INDIA) LIMITED

ROC Jaipur issued an adjudication order dated 26<sup>th</sup> February 2024 in the matter of M/s AKME Fintrade (India) Limited for violating the provisions of section 117(1) of the Companies Act, 2013 by not filing the resolution passed in the AGM with the ROC within prescribed time limit. The Adjudicating Authority has imposed penalty of ₹68,300 upon the company and ₹50,000 upon the Managing Director (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=IoyZw0oaL%252FMveUbi20gjTg%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of JYESTHA VINIMAY PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 23<sup>rd</sup> October 2023 in the matter of M/s Jyestha Vinimay Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹39,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=HmriV2SOSUWAoRxL%252FLFOiQ%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of GAJKESHARI SALES PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 23<sup>rd</sup> October 2023 in the matter of M/s Gajkeshari Sales Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹39,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=P8odaRh%252BEGIF1%252FFctvmw%253D%253D&type=open>

### Adjudication order for violation of section 90 of the Companies Act, 2013 in the matter of BLUETON PAPER PRODUCTS PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 26<sup>th</sup> April 2024 in the matter of M/s Blueton Paper Products Private Limited for violating the provision of section 90 of the Companies Act, 2013 by not filing the declaration of beneficial interest of SBO in the company's shares through e-form BEN-2 within stipulated timeframe. The Adjudicating Authority have imposed penalty of ₹5,00,000 u/s 90(4) upon the company and ₹1,00,000 has been imposed upon two of company's director (Officer in default)

<https://www.mca.gov.in/bin/dms/getdocument?mds=t0u6jKETHH9THo%252FMAxK5tQ%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of BRIJKISHOR VANIJYA PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 20<sup>th</sup> October 2023 in the matter of M/s Brijkishor Vanijya Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹39,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=NZojRdXEXPho8FdtbFD13Q%253D%253D&type=open>

### Adjudication order for violation of section 62 of the Companies Act, 2013 in the matter of DILIGENT PINKCITY CENTER PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 15<sup>th</sup> April 2024 in the matter of M/s Diligent Pinkcity Center Private Limited for violating the provision of section 62(3) of Companies Act, 2013 and not passing special resolution before raising the loan. The adjudication authority has imposed the penalty of ₹2,00,000 on the company and ₹50,000 upon four of its directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=WCZV27jdZwvQuBEy%252BqmvBg%253D%253D&type=open>

### Adjudication order for violation of section 29 of the Companies Act, 2013 in the matter of MAHARISHI INTERACTIVE TECHNOLOGY LIMITED

ROC Jaipur issued an adjudication order dated 15<sup>th</sup> April 2024 in the matter of M/s Maharishi Interactive Technology Limited for violating the provisions of section 29 of the Companies Act, 2013 by not opening DEMAT account and transfer shares in physical form. The adjudication authority has imposed the penalty of ₹2,00,000 each on the company and ₹50,000 on three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=SCJ4%252Fa7Q4uWCl8InyG6REA%253D%253D&type=open>

### Adjudication order for violation of section 170 of the Companies Act, 2013 in the matter of MOURYA FINANCE LIMITED

ROC Jaipur issued an adjudication order dated 15<sup>th</sup> April 2024 in the matter of M/s Mourya Finance Limited for violating the provisions of section 170(2) of the Companies Act, 2013 by not regularizing the appointment of Additional Director through filing of DIR-12 with ROC. The adjudication authority has imposed the penalty of ₹3,00,000 on the company and ₹1,00,000 on three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252B3VYjS0xN39P57ScWDQy8g%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of RADHA KRISHNANA BEADS PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 25<sup>th</sup> July 2023 in the matter of M/s Radha Krishnana Beads Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹8,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=3Fjy8uJwWgRZ%252FhAfSUElg%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of SANSAR MARBLES PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 18<sup>th</sup> October 2023 in the matter of M/s Sansar Marbles Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹39,000 each on the company and three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=00ZDKv7tmUpTyQGCi%252Bqsrw%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of JALLAN FOOD AND BEVERAGES PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 27<sup>th</sup> October 2023 in the matter of M/s Jallan Food and Beverages Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for mentioning wrong name of the company over its letter head. The Adjudication Authority has imposed the penalty of ₹1,500 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=McojyZSGHchTq42c60Py%252Fg%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of DRAWER COMMERCE PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 23<sup>rd</sup> October 2023 in the matter of M/s Drawer Commerce Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹39,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=6JTNRBPGbgXmaO%252FFPNdmHKA%253D%253D&type=open>

### Adjudication order for violation of section 62 of the Companies Act, 2013 in the matter of TAKAHATA PRECISION INDIA PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 30<sup>th</sup> April 2024 in the matter of M/s Takahata Precision India Private Limited for violating the provision of section 62(3) of companies Act, 2013 and not passing special resolution before raising the loan. The Adjudication Authority has imposed a penalty of ₹2,00,000 on the company and ₹50,000 upon its director (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=j8nFdYARTf4am8v4qVS9yA%253D%253D&type=open>

### Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of VOODOO MARKETING PRIVATE LIMITED

ROC Jaipur issued an adjudication order dated 20<sup>th</sup> October 2023 in the matter of M/s Voodoo Marketing Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹39,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=c8bRdwHbJtMIO4sZW%252FTDfjw%253D%253D&type=open>

**Adjudication order for violation of section 77 of the Companies Act, 2013 in the matter of AKSHAT TELECOM PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 5<sup>th</sup> October 2023 in the matter of M/s Akshat Telecom Private Limited for not filing form CHG-1 for creation of charge and violating the provisions of section 77(1) of Companies Act, 2013. The Adjudication Authority has imposed the penalty of ₹2,50,000 on the company and ₹25,000 upon five directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=PzkAlPAb8RtU1TwNMfajEQ%253D%253D&type=open>

**Adjudication order for violation of section 203 of the Companies Act, 2013 in the matter of PRISM BUILDCON PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 16<sup>th</sup> January 2024 in the matter of M/s Prism Buildcon Private Limited for non-appointment of Company Secretary as required under section 203(1) of the Companies Act, 2013. The Adjudicating Authority has imposed penalty of ₹5,00,000 each upon the company & four directors and penalty of ₹1,73,000 upon one of its directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=wjkBm6S5hKnyj3oV9h9dg%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of TRITIUM INFRASTRUCTURE PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 9<sup>th</sup> October 2023 in the matter of M/s Tritium Infrastructure Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed a penalty of ₹18,500 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=LOs%252FJ%252FSsOARNKplS9ZhJJA%253D%253D&type=open>

**Adjudication order for violation of section 92 of the Companies Act, 2013 in the matter of DEBOCK SEEDS MULTI PRODUCER COMPANY LIMITED**

ROC Jaipur issued an adjudication order dated 5<sup>th</sup> October 2023 in the matter of M/s Debock Seeds Multi Producer Company Limited not filing Annual Return for the financial years 2020-21 & 2021-22 within prescribed time limits as specified under section 92 of the Companies Act, 2013. The Adjudicating Authority has imposed a monetary penalty of ₹37,500 each upon the company & five of its directors for FY 2020-21. For the FY 2021-22, the Adjudication Authority has imposed penalty of ₹19,300 each upon company and 5 directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=aF5R%252BUism4w0sIOEZ8iTRQ%253D%253D&type=open>

**Adjudication order for violation of section 29 of the Companies Act, 2013 in the matter of SHREE AURO IRON LIMITED**

ROC Jaipur issued an adjudication order dated 26<sup>th</sup> April 2024 in the matter of M/s Shree Auro Iron Limited for violating the provision of section 29 of the Companies Act, 2013 by not dematerializing its shares as required under the Act. The Adjudication Authority has imposed penalty of ₹10,000 each upon the company and the director of company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=pmA1QghwsYRuor2Ns7OBXw%253D%253D&type=open>

**Adjudication order for violation of section 138 of the Companies Act, 2013 in the matter of SYSTEMATIX SECURITIES LIMITED**

ROC Jaipur issued an adjudication order dated 15<sup>th</sup> April 2024 in the matter of M/s Systematix Securities Limited for violating the provisions of section 138 of the Companies Act, 2013 by not appointing internal auditor for the FY 2022-23. The Adjudication Authority has imposed penalty of ₹2,00,000 upon the company and ₹50,000 upon the director of company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=6AlzDm%252BY%252FDuq9fVsGkvVBA%253D%253D&type=open>

**Adjudication order for violation of section 137 of the Companies Act, 2013 in the matter of DEBOCK SEEDS MULTI PRODUCER COMPANY LIMITED**

ROC Jaipur issued an adjudication order dated 5<sup>th</sup> October 2023 in the matter of M/s Debock Seeds Multi Producer Company Limited not filing its financial statement for the financial years 2020-21 & 2021-22 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The Adjudicating Authority has imposed a monetary penalty of ₹39,100 each upon the company & four of its directors and a penalty of ₹6,550 was imposed upon 2 directors of company for FY 2020-21. For the FY 2021-22, the Adjudication Authority has imposed penalty of ₹20,850 each upon company and 4 directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=wOXuxbgtLN41C8KDENDUmw%253D%253D&type=open>

**Adjudication order for violation of section 203 of the Companies Act, 2013 in the matter of GRASS FIELD FIRE CAPITAL DEVELOPERS PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 8<sup>th</sup> January 2024 in the matter of M/s Grass Field Fire Capital Developers Private Limited for non-appointment of Company Secretary as required under section 203(1) of the Companies Act, 2013. The Adjudication



Authority has imposed penalty of ₹5,00,000 each upon the company and six directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=IVvlbdh3N7UHKBmDG8IZzQ%253D%253D&type=open>

**Adjudication order for violation of section 13 of the Companies Act, 2013 in the matter of OLIRIA FOODS AND BEVERAGES LIMITED**

ROC Jaipur issued an adjudication order dated 3<sup>rd</sup> August 2023 in the matter of M/s Oliria Foods and Beverages Limited for violating the provisions of section 13 of the Companies Act, 2013 by conducting business not in agreement with the main object clause under its MOA. The Adjudication Authority has imposed penalty of ₹2,00,000 upon the company and ₹50,000 upon two of its directors.

<https://www.mca.gov.in/bin/dms/getdocument?mds=7%252FoBseIHC05t4KExzgOTKw%253D%253D&type=open>

**Adjudication order for violation of section 82 of the Companies Act, 2013 in the matter of PRATAPRAISONS TEXTILES PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 15<sup>th</sup> April 2024 in the matter of M/s Pratapraisons Textiles Private Limited for not filing of form CHG-4 w.r.t satisfaction of charges with the ROC within stipulated timeframe. The adjudicating authority has imposed penalty of ₹5,00,000 upon company for each of three charges for which company not filed CHG-4, penalty of ₹50,000 also imposed upon each of three directors of company (officers in default) for each satisfied charge.

<https://www.mca.gov.in/bin/dms/getdocument?mds=VraT%252BLjY7hKwmLwMHU2KKw%253D%253D&type=open>

**Adjudication order for violation of section 117 of the Companies Act, 2013 in the matter of MAHALAXMI BUILDHOME LIMITED**

ROC Jaipur issued an adjudication order dated 15<sup>th</sup> April 2024 in the matter of M/s Mahalaxmi Buildhome Limited for violating the provisions of section 117(1) of the Companies Act, 2013 by not filing the resolution passed in the AGM with the ROC within prescribed time limit. The Adjudication Authority has imposed penalty of ₹1,08,500 upon the company and ₹50,000 upon six directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=qBK56rPeMNDVQUruwJloqA%253D%253D&type=open>

**Adjudication order for violation of section 14 of the Companies Act, 2013 in the matter of MOTISONS JEWELLERS LIMITED**

ROC Jaipur issued an adjudication order dated 14<sup>th</sup> March 2024 in the matter of M/s Motisons Jewelers Limited for violating the provision of section 14 of the Companies Act, 2013 by issuance of private placement offer cum

application letter before filing special resolution with ROC. The Adjudication Authority has imposed penalty of ₹10,000 each upon the company and four directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=n6MXzSfkC6yBR0eCdJYB7w%253D%253D&type=open>

**Adjudication order for violation of section 137 of the Companies Act, 2013 in the matter of HIRAT SOLUTIONS PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 5<sup>th</sup> October 2023 in the matter of M/s Hirat Solutions Private Limited not filing its financial statement for the financial year 2020-21 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The Adjudication Authority has imposed monetary penalty of ₹20,850 each upon the company & one of its directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=fqv2N0NXgUKD%252BWZFBhQ3xw%253D%253D&type=open>

**Adjudication order for violation of section 92 of the Companies Act, 2013 in the matter of HIRAT SOLUTIONS PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 5<sup>th</sup> October 2023 in the matter of M/s Hirat Solutions Private Limited not filing Annual Return for the financial year 2020-21 within prescribed time limits as specified under section 92 of the Companies Act, 2013. The Adjudication Authority has imposed monetary penalty of ₹19,300 each upon the company & one of its directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=aFlafLEQfU3zO05kGICH2w%253D%253D&type=open>

**Adjudication order for violation of section 203 of the Companies Act, 2013 in the matter of ANANDA HERITAGE HOTELS PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 15<sup>th</sup> April 2024 in the matter of M/s Ananda Heritage Hotels Private Limited for non-appointment of Company Secretary as required under section 203(1) of the Companies Act, 2013. The Adjudication Authority has imposed penalty of ₹5,00,000 each upon the company and three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=P7vU5lffBAdSmlgQQGtTSg%253D%253D&type=open>

**Adjudication order for violation of section 90 of the Companies Act, 2013 in the matter of GANDHAR MARKETING PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 26<sup>th</sup> April 2024 in the matter of M/s Gandhar Marketing Private Limited for violating the provision of section 90 of the Companies Act, 2013 by not filing the

declaration of beneficial interest in the company's shares through e-form BEN-2 within stipulated timeframe. The Adjudication Authority has imposed penalty of ₹5,00,000 upon the company and ₹1,00,000 has been imposed upon two of company's director (Officer in default)

<https://www.mca.gov.in/bin/dms/getdocument?mds=r136FvjJPmfs0nj2y%252BdX9A%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of GNINE COLONIZERS AND DEVELOPERS PRIVATE LIMITED**

ROC Jaipur issued an adjudication order dated 20<sup>th</sup> March 2024 in the matter of M/s Gnine Colonizers and Developers Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹38,000 each on the company and on five of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Bf6Vv8P%252B0sz0JawOY7jAyw%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of SUN INDIA REAL ESTATES AND ALLIED LIMITED**

ROC Gwalior issued an adjudication order dated 11<sup>th</sup> February 2021 in the matter of M/s Sun India Real Estates and Allied Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹1,00,000 each on the company and whole-time director (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=t%252BKgV1wrSP3DJsP3mHeYNw%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of WELKIN REALCON LIMITED**

ROC Gwalior issued an adjudication order dated 12<sup>th</sup> January 2022 in the matter of M/s Welkin Realcon Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Dppx2vZQXyqZZE49%252FWLOdQ%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of INDORE MANPOWER SOLUTIONS PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 9<sup>th</sup> September 2021 in the matter of M/s Indore Manpower

Solutions Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details w.r.t CIN, telephone number, email & details of website over letter head of company. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=DHXhJUsxlAC95OQEDyxegQ%253D%253D&type=open>

#### **Adjudication order for violation of section 92 and 137 of the Companies Act, 2013 in the matter of ADVANTAGE TRADECOME (I) P. LTD.**

ROC Gwalior issued an adjudication order dated 24<sup>th</sup> August 2022 in the matter of M/s Advantage Tradecome (I) P. Ltd for violating the provisions of section 92 & 137 of the Companies Act, 2013 by not filing its Annual Return & financial statements for the FY ending on 31.03.2019, 31.03.2020 and 31.03.2021 within stipulated timeframe. For violating section 92 of the Act, the adjudicating authority has imposed penalty of ₹1,01,700, ₹47,900 and ₹19,100 each upon company & two directors for each financial year 31.03.2019, 31.03.2020 & 31.03.2021 respectively. The Adjudication Authority has imposed penalty of ₹64,700, ₹50,900 and ₹22,100 each upon company & two directors for each financial year 31.03.2019, 31.03.2020 & 31.03.2021 respectively for violation of provisions of section 137 of the Act.

<https://www.mca.gov.in/bin/dms/getdocument?mds=XaXCwuzwDzrai%252BGj7BeT%252BA%253D%253D&type=open>

#### **Adjudication order for violation of section 118 of the Companies Act, 2013 in the matter of PEOPLE GENERAL HOSPITAL PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 4<sup>th</sup> February 2021 in the matter of M/s People General Hospital Private Limited for violating the provisions of section 118(10) of the Companies Act, 2013 as the minutes of board meetings conducted in FY 2015-16, 2016-17 and 2017-18 are not numbers serially and entries in attendance registers were not authenticated by chairman or company secretary as prescribed under Secretarial Standard-1 r.w section 118(10) of Act. The Adjudication Authority has imposed penalty of ₹25,000 upon the company and ₹5,000 each upon 2 directors & Ex-Company Secretary of Company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=ESkl%252Fh591J7OMSiTY1%252BApQ%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of SAI CHHAYA AUTOLINK PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 21<sup>st</sup> April 2021 in the matter of M/s Sai Chhaya Autolink Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty

of ₹58,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=aGELrWRWH342T%252F06AGzggQ%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of URBANMATRIX TECHNOLOGIES PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 30<sup>th</sup> January 2023 in the matter of M/s Urbanmatrix Technologies Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹27,000 each on the company and four directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Qrqq2S%252FW6KeGqbGpD1Zthg%253D%253D&type=open>

#### **Adjudication order in the matter of FREQUENT STOCK AND SHARES PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 12<sup>th</sup> July 2022 in the matter of M/s Frequent Stock and Shares Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=upZ0hzsZDHCVrmQksyJLuA%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of TRAIHNA TRADING SERVICES PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 30<sup>th</sup> December 2022 in the matter of M/s Traishna Trading services Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=mCU8%252F9Uln7haiNQGygo3bA%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of CHHATRASAL INDIA NIDHI LIMITED**

ROC Gwalior issued an adjudication order dated 8<sup>th</sup> July 2021 in the matter of M/s Chhatrasal India NIDHI Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of ₹96,000 each on the company and three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=4C65XygCPEFVmJ7QyHIKUQ%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of LAVANYA NIDHI LIMITED**

ROC Gwalior issued an adjudication order dated 27<sup>th</sup> April 2021 in the matter of M/s Lavanya Nidhi Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹54,000 each on the company and three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=tpsrN6D2Wo0iPQTylAhr8w%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of BAIKUNTH MUTUAL BENEFIT NIDHI LIMITED**

ROC Gwalior issued an adjudication order dated 18<sup>th</sup> April 2022 in the matter of M/s Baikunth Mutual Benefit Nidhi Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹82,000 each on the company and three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=nINDO4S5pwWqQPbnxZoAfw%253D%253D&type=open>

#### **Adjudication order for violation of section 118 of the Companies Act, 2013 in the matter of DESALTAN IRON & STEEL PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 29<sup>th</sup> July 2021 in the matter of M/s Desaltan Iron & Steel Private Limited for violating the provisions of section 118 of the companies Act, 2013 r.w provisions of secretarial Standard (SS-2) by not maintaining the minutes of meeting since its incorporation. The adjudication authority has imposed the penalty of ₹25,000 on the company and ₹25,000 upon the company and ₹5,000 each on the two of the directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=BkGI0hpK9NOw7RyOsSfjYg%253D%253D&type=open>

#### **Adjudication order for violation of section 118 of the Companies Act, 2013 in the matter of PEOPLE INTERNATIONAL & SERVICES PVT. LTD**

ROC Gwalior issued an adjudication order dated 5<sup>th</sup> February 2021 in the matter of M/s People International & Services Pvt. Ltd for violating the provisions of section 118(10) of the Companies Act, 2013 as the minutes of board meetings conducted in FY 2015-16, 2016-17 and 2017-18 are not numbers serially and entries in attendance registers were not authenticated by chairman or company secretary as prescribed under Secretarial Standard-1 r.w section 118(10) of Act. The

Adjudication Authority has imposed penalty of ₹25,000 upon the company and ₹5,000 each upon 3 directors & Ex-Company Secretary of Company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=s9V04KThbya00JvJoQu%252BiA%253D%253D&type=open>

#### **Adjudication order for violation of section 118 of the Companies Act, 2013 in the matter of P.G.H. INTERNATIONAL PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 4<sup>th</sup> February 2021 in the matter of M/s P.G.H. International Private Limited for violating the provisions of section 118(10) of the Companies Act, 2013 as the minutes of board meetings conducted in FY 2015-16, 2016-17 and 2017-18 are not numbers serially and entries in attendance registers were not authenticated by chairman or company secretary as prescribed under Secretarial Standard-1 r.w section 118(10) of Act. The Adjudication Authority has imposed penalty of ₹25,000 upon the company and ₹5,000 each upon 3 directors, CEO, Company Secretary & Ex-Company Secretary of Company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=Zuv%252BQVO%252B%252B%252BOSeA7t4hvJvQ%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of BONVOYAGE MONEY FOREX PVT. LTD**

ROC Gwalior issued an adjudication order dated 24<sup>th</sup> February 2021 in the matter of M/s Bonvoyage Money Forex Pvt. Ltd for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹5,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Rk0yuAFAQH9nIKyG%252FvnOKA%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of GLOSSY MEDIEQUIPMENT PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 13<sup>th</sup> August 2021 in the matter of M/s Glossy Mediequipment Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details w.r.t CIN, telephone number, email & details of website over letter head of company. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=hbtD9PRZhHRbHgE5n8D54Q%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of MALWA REMEDIES PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 13<sup>th</sup> August 2021 in the matter of M/s Malwa Remedies Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details w.r.t CIN, telephone number, email & details of website over letter head of company. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=WzZOv7dOhB2YhjTfzxJlow%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of GAMUT ELECTRONICS PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 27<sup>th</sup> October 2020 in the matter of M/s Gamut Electronics Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹9,000 each on the company and three directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=buE2IOkTeb6453vs5%252FA%252BZA%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of BSDB MUTUAL BENEFIT INDIA LIMITED**

ROC Gwalior issued an adjudication order dated 27<sup>th</sup> October 2020 in the matter of M/s BSDB Mutual Benefit India Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252FQcHwP9pmCLG26HkvbEDeA%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of BHOPAL CRICKET LEAGUE**

ROC Gwalior issued an adjudication order dated 19<sup>th</sup> March 2021 in the matter of M/s Bhopal Cricket League for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹65,000 each on the company and two directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=4UtmM5xiD7o42RDZIEtCqw%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of SOFT CORNER REALTORS PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 28<sup>th</sup> October 2020 in the matter of M/s Soft Corner Realtors Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and four directors (officers in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=zvEyoCegnJFIHqnmn%252FC46w%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of TRIPPLE PEE SOLUTIONS PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 15<sup>th</sup> June 2020 in the matter of M/s Tripple Pee Solutions Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹27,000 each on the company and one director (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=4kvlzQzDii08CAxj%252FpQNrA%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of BRIGHT LAUNDRY AND HOUSEKEEPING PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 13<sup>th</sup> August 2021 in the matter of M/s Bright Laundry and Housekeeping Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details w.r.t CIN, telephone number, email & details of website over letter head of company. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=J0eqylSFARImYGZO%252BsRw%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of INDORE MANPOWER SOLUTIONS PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 9<sup>th</sup> September 2021 in the matter of M/s Indore Manpower Solutions Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details w.r.t CIN, telephone number, email & details of website over letter head of company. The Adjudication

Authority has imposed penalty of ₹1,00,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=DHXhjUsxlAC95OQEDyxegQ%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of TRIVEDI AGROTECH PRIVATE LIMITED**

ROC Gwalior issued an adjudication order dated 30<sup>th</sup> December 2022 in the matter of M/s Trivedi Agrotech Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudication authority has imposed the penalty of ₹1,000 each on the company and two directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=hpDwVzkGRwhQThQgejzstQ%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of BLUE WORLD TRAXIM PVT. LTD**

ROC Gwalior issued an adjudication order dated 27<sup>th</sup> October 2020 in the matter of M/s Blue World Traexim Pvt. Ltd for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=gzaw0sqLMK4y8%252B9ihkTU3A%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of FREQUENT STOCK AND SHARES PRIVATE LIMITED**

ROC Gwalior issued adjudication order dated 12<sup>th</sup> July 2022 in the matter of M/s Frequent Stock and Shares Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,000 each on the company and two directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=upZ0hzsZDHCVrmQksjLuA%253D%253D&type=open>

**Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of TRAIISHNA TRADING SERVICES PRIVATE LIMITED**

ROC Gwalior issued adjudication order dated 30<sup>th</sup> December 2022 in the matter of M/s Traishna Trading Services Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not

maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and two directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=mCU8%252F9Uln7haiNQGygo3bA%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of VIMAL ANJANI FAB PRIVATE LIMITED**

ROC Gwalior issued adjudication order dated 3<sup>rd</sup> May 2023 in the matter of M/s Vimal Anjani Fab Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹19,000 each on the company and two directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=QpvyVHX5Zg7WPAxeByR2nA%253D%253D&type=open>

#### **Adjudication order for violation of section 42 of the Companies Act, 2013 in the matter of EXCEL VEHICLES PRIVATE LIMITED**

ROC Gwalior issued adjudication order dated 18<sup>th</sup> May 2023 in the matter of M/s Excel Vehicles Private Limited for violating the provisions of Section 42 of the Companies Act, 2013 for not submitting mode or source of payment w.r.t forfeiture of shares or notice thereof. The Adjudication Authority has imposed penalty of ₹20,00,000 on the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=zR391b8qfQAK5SLKMjprHQ%253D%253D&type=open>

#### **Adjudication Order of Penalties for violation of section 138 of the Companies Act, 2013 in the matter of SECTOR GATEVIDA DEVELOPERS PRIVATE LIMITED**

ROC Delhi issued adjudication order dated 10<sup>th</sup> May 2024 in the matter of M/s Sector Gatevida Developers Private Limited for violating the provisions of Section 138 of the Companies Act, 2013 for not appointing internal auditor as required under the provisions of Act. The Adjudication Authority has imposed penalty of ₹10,000 each on the company and five of company's directors (Officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=i360rTkNqDGGEpxvzu0rGg%253D%253D&type=open>

#### **Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of SANY HEAVY INDUSTRY INDIA PRIVATE LIMITED**

ROC Pune issued adjudication order dated 17<sup>th</sup> May 2024 in the matter of M/s Sany Heavy Industry India Private Limited for violating the provisions of section 118 of the Companies Act, 2013 for not numbering the pages of minutes book in consecutive manner and non-

recording of date/place/sign on Board Meeting minutes. The Adjudication Authority has imposed the penalty for each violation u/s 118 of the Act as referred in para 3 (ii) and (iii) of ₹25,000 each on the company and ₹5,000 upon each of five of company's directors (Officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=wMAoI2yB9J9y7WmvCWhiyQ%253D%253D&type=open>

#### **Adjudication Order for penalty for violation of section 12 of the Companies Act, 2013 with respect to SARAOGI OXYGEN LIMITED**

ROC Patna issued adjudication order dated 13<sup>th</sup> May 2024 in the matter of M/s Saraogi Oxygen Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹35,500 each on the company and three directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=kqr6msl%252FjgygE8fTOQGOg%253D%253D&type=open>

#### **Adjudication order for violation of section 137 of the Companies Act, 2013 In the matter of M/s. EURO COTSPIN LIMITED.**

ROC Chandigarh issued adjudication order dated 20<sup>th</sup> May 2024 in the matter of M/s Euro Cotspin Limited for not filing its financial statement from the financial years 2014-15 to 2022-23 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The Adjudication Authority has imposed monetary penalty of ₹2,00,000 upon the company for non-filing of financial statements for financial years 2014-15, 2015-16, 2016-17, 2017-18. Penalty of ₹1,76,600, ₹1,30,800, ₹1,00,500, ₹67,000, ₹30,500 was imposed on company for non-filing of financial statements for financial years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 respectively by the adjudicating authority. The adjudicating authority has imposed penalty of ₹50,000 each upon three directors of the company (officers in default) for each 9 financial years.

<https://www.mca.gov.in/bin/dms/getdocument?mds=LRmC%252FyvM4fqWotC3hS60bQ%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 In the matter of M/s. EURO COTSPIN LIMITED**

ROC Chandigarh issued adjudication order dated 20<sup>th</sup> May 2024 in the matter of M/s Euro Cotspin Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed penalty of ₹1,00,000 each on the company and three directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252Fm7BvF9HK6Uf2qrrL%252FzLRA%253D%253D&type=open>

#### **Adjudication Order for violation of sections 89 and 90 of the Companies Act, 2013 in the matter**

## of LINKEDIN TECHNOLOGY INFORMATION PRIVATE LIMITED

ROC Delhi issued adjudication order dated 20<sup>th</sup> May 2024 in the matter of M/s LinkedIn Technology Information Private Limited for not filing the declarations in terms of the provision of sections 89(1) & 89(2) wherein the registered owner & beneficial owner are required to submit declarations in form MGT-4 & MGT-5 respectively. Also, the company violated the provisions of section 90 of the Companies Act, 2013 by not filing the declaration of beneficial interest in the company's shares through e-form BEN-2 within stipulated timeframe. The adjudicating authority has imposed penalty of ₹2,80,400 each upon both the companies namely LINKEDIN TECHNOLOGY UNLIMITED COMPANY (Registered Owner of Share) and LINKEDIN IRELAND UNLIMITED COMPANY (Beneficial Owner of Share) for violating provision of section 89 of Companies Act, 2013. Penalty of ₹2,00,000 under section 90(10) of Act was also imposed by the adjudicating authority upon Significant Beneficial Owners namely Mr. Satya Nadella and Mr. Ryan Roslansky. The Adjudication Authority has imposed penalty of ₹5,00,00 upon LINKEDIN TECHNOLOGY INFORMATION PRIVATE LIMITED and ₹1,00,000 each upon 7 directors of company for violation under section 90(4) of the Companies Act, 2013. Penalty of ₹2,00,000 upon company and ₹50,000 each upon 7 its directors was also imposed for violating the provisions of section 90(5) by the Adjudicating Authority.

<https://www.mca.gov.in/bin/dms/getdocument?mids=san%252BPg76sI9tkgd5lcHzg%253D%253D&type=open>

## Adjudication Order for violation of section 42 of the Companies Act, 2013 in the matter of CUREBAY TECHNOLOGY PRIVATE LIMITED

ROC Cuttack issued adjudication order dated 20<sup>th</sup> May 2024 in the matter of M/s Curebay Technology Private Limited for not filing allotment in e-form PAS-3 of received share subscription money within stipulated time as prescribed in proviso to section 42(8) of the Companies Act, 2013. The Adjudication Authority has imposed penalty of ₹5,500 each upon company & two of its directors as prescribed under section 42(9) of Act and ₹2,00,000 penalty was imposed upon company & ₹1,00,000 upon two directors as prescribed under section 42(10) of Act.

<https://www.mca.gov.in/bin/dms/getdocument?mids=0a2nJS0xa%252BPubiWfMT%252FD%252FQ%253D%253D&type=open>

## Adjudication order for violation of section 134 of the Companies Act, 2013 in the matter of REGENT PROFESSIONAL ACADEMY PRIVATE LIMITED

ROC Gwalior issued adjudication order dated 26<sup>th</sup> June 2023 in the matter of M/s Regent Professional Academy Private Limited for violating the provisions of Section 134(1) of the Companies Act as company's Balance Sheet for the year ended 31.03.2021 was not signed by any of the Director and Auditor of company. The Adjudication

Authority has imposed penalty of ₹3,00,000 upon the company and ₹50,000 penalty was imposed upon two of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mids=DTwuveWEIY9yjnLA940%252Bjw%253D%253D&type=open>

## Adjudication order for violation of section 42(5) of the Companies Act, 2013 in the matter of M/s. AMBIUM FINSERV PRIVATE LIMITED

ROC Chandigarh issued adjudication order dated 27<sup>th</sup> May 2024 in the matter of M/s Ambium Finserv Private Limited for violating the provisions of Section 42(5) of the Companies Act, 2013 for issuing new offer for private placement without completing the process of allotment for existing issue of shares through private placement. The Adjudication Authority has imposed penalty of ₹10,00,000 on the company and ₹1,00,000 each upon five directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=377ApZyOdCxYooXRfWP8Wg%253D%253D&type=open>

## Adjudication order under section 137 of the Companies Act, 2013 in the matter of TANMAN JEWELS PRIVATE LIMITED

ROC Ahmedabad issued adjudication order dated 27<sup>th</sup> May 2024 in the matter of M/s Tanman Jewels Private Limited for not filing its financial statement for the financial years 2013-14 and 2014-15 within prescribed time limits as specified under section 137 of the Companies Act, 2013. The Adjudication Authority has imposed monetary penalty of ₹1,00,000 upon the company and ₹25,000 each upon two directors of company for each financial year 2013-14 & 2014-15

<https://www.mca.gov.in/bin/dms/getdocument?mids=m75uceQtJnX8bEiv0G6o8Q%253D%253D&type=open>

## Adjudication order under section 138 of the Companies Act, 2013 in the matter of TANMAN JEWELS PRIVATE LIMITED

ROC Ahmedabad issued adjudication order dated 27<sup>th</sup> May 2024 in the matter of M/s Tanman Jewels Private Limited for violating the provisions of section 138 of the Companies Act, 2013 by not appointing internal auditor for the financial years from 2013-14 to 2019-20. The Adjudication Authority has imposed penalty of ₹1,00,000 upon the company and ₹25,000 upon two directors of company.

<https://www.mca.gov.in/bin/dms/getdocument?mids=sUAyPfv7hMZbhEO8EsWoHA%253D%253D&type=open>

## Adjudication order under section 12 of the Companies Act, 2013 in the matter of TANMAN JEWELS PRIVATE LIMITED

ROC Ahmedabad issued adjudication order dated 27<sup>th</sup> May 2024 in the matter of M/s Tanman Jewels Private Limited for violating the provisions of Section 12(3) of the Companies Act, 2013 for not mentioning any details w.r.t CIN, telephone number, email & details of

website over letter head of company. The Adjudication Authority has imposed penalty of ₹50,000 each on the company and two of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=CYAnsQ0ItPTaMzHkScgFcQ%253D%253D&type=open>

#### **Adjudication order under section 102 of the Companies Act, 2013 in the matter of TANMAN JEWELS PRIVATE LIMITED**

ROC Ahmedabad issued adjudication order dated 27<sup>th</sup> May 2024 in the matter of M/s Tanman Jewels Private Limited for not attaching mandatory Explanatory Statement along with copy of resolution violating the provision of section 102(1) of the Companies Act, 2013. The Adjudication Authority has imposed penalty of ₹25,000 upon two directors of company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=4Z3LA4jsH0PaipdnHt8CSw%253D%253D&type=open>

#### **Adjudication order for violation of Section 135 of the Act in the matter of CLAIRVOYANT INDIA PRIVATE LIMITED**

ROC Pune issued adjudication order dated 10<sup>th</sup> April 2024 in the matter of M/s Clairvoyant India Private Limited for violating the provisions of section 135 of the companies Act for not constituting CSR Committee & failed to spend 2% of net profit towards CSR activities. The Adjudication Authority has imposed penalty of ₹2,00,000 upon company for non-constitution of CSR Committee as required under section 135(1) of Act, and for failure to spend 2% towards CSR activities in violation of section 135(5) of Act, ₹17,86,622 upon company & ₹89,311 each on three of directors was imposed by the adjudicating authority.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252BmbHKDqwbgn9yQdJubkBA%253D%253D&type=open>

#### **Adjudication Order for violation of section 12 of the Companies Act, 2013 with respect to SHANTI EASY PAY NIDHI LIMITED**

ROC Patna issued adjudication order dated 28<sup>th</sup> May 2024 in the matter of M/s. Shanti Easy Pay Nidhi Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of Rs.96,000 each on the company and three directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=U3C3ZzyZnCx9jP9XPE99w%253D%253D&type=open>

#### **Adjudication order for violation of section 90 of the Companies Act, 2013 in the matter of M/s. SUNJIN INDIA FOODS PRIVATE LIMITED**

ROC Chandigarh issued adjudication order dated 27<sup>th</sup> May 2024 in the matter of M/s. Sunjin India Foods Private Limited for violating the provision of section 90 of the

Companies Act, 2013 by not filing the declaration of beneficial interest in the company's shares through e-form BEN-2 within stipulated timeframe. The Adjudication Authority have imposed penalty of ₹5,00,000 each u/s 90(4) & u/s 90(4A) of the Companies Act 2013 upon the company and ₹1,00,000 has been imposed upon the managing director & Company Secretary of the Company (Officer in default) for violating each section as aforesaid.

<https://www.mca.gov.in/bin/dms/getdocument?mds=sHrcmwlvHY4CWOIYYodew%253D%253D&type=open>

#### **Adjudication order for violation of section 12 of the Companies Act, 2013 in the matter of ARIES HOTEL PRIVATE LIMITED**

ROC Gwalior issued adjudication order dated 28<sup>th</sup> May 2024 in matter of Aries Hotel Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The Adjudication Authority has imposed the penalty of Rs.19,000 each on the company and three directors (officer in default) of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=aSoOOxzHUNxiUZJGOp0Grg%253D%253D&type=open>

#### **Adjudication order for violation of section 161 of the Companies Act, 2013 in the matter of M/s. MOTIA SONS PRIVATE LIMITED**

ROC Chandigarh issued adjudication order 31<sup>st</sup> May 2024 in the matte of M/s Motia Sons Private Limited for violating provisions of section 161 of the Companies Act by not filing DIR-12 for regularization of appointment of director from financial year 2012-13 to 2022-23. The Adjudication Authority imposed penalty of ₹1,50,000 upon the company and ₹50,000 upon three of company's director.

<https://www.mca.gov.in/bin/dms/getdocument?mds=wD2UWsq5XKT%252F7UVpkI3d5Q%253D%253D&type=open>

#### **Adjudication order for violation of section 90 of the Companies Act, 2013 in the matter of M/s. EIDER PWI COMMUNICATIONS LIMITED**

ROC Chandigarh issued adjudication order 31<sup>st</sup> May 2024 in the matte of M/s Eider PWI Communications Limited for violating provisions of 90 of the Companies Act, 2013 by not filing the declaration of beneficial interest in the company's shares through e-form BEN-2 within stipulated timeframe. The Adjudicating Authority have imposed penalty of ₹2,00,000 each u/s 90(1) of Act upon the two Significant Beneficial Owners. Penalty of ₹5,00,000 was imposed upon Company u/s 90(4A) and ₹1,00,000 each was imposed upon Whole-time director, CFO, Additional Director of Company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=vcH7gfUfDIAjbjm4abWWbg%253D%253D&type=open>



# 7

## BEYOND GOVERNANCE

### Case Study

In order to make the Chartered Secretary Journal (CSJ) more interactive for the members and students, the Case Study section has been introduced from April issue. Each Case Study is followed by question(s) which are to be solved by member(s)/student(s). The answer(s) are to be sent to [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu) latest by 25<sup>th</sup> of each month.

The answer(s) will be reviewed by a Panel of reviewer(s). The winner will be given:

- (i) Certificate of Appreciation.
- (ii) His/Her name will be published in the next issue of the Journal.
- (iii) He/She will be awarded cash award of ₹ 2,500.

### Crossword

A new section 'Crossword' containing terminologies/concepts from Companies Act, IBC, NCLT and such related areas of profession is introduced. Members/ students are to send the answers of Crossword to [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu) latest by 25<sup>th</sup> of each month.

- The answer(s) will be published in the next issue of CSJ.
- The winners will be selected randomly.
- The name of three winners will be published in the next issue of CSJ.



### Parties to the Dispute

ABC Limited ..... the Corporate Debtor, Appellant  
Vs.

Association of Homebuyers.....(Objectors)

An appeal was filed before the National Company Law Appellate Tribunal (“NCLAT”) under section 61 of the Insolvency and Bankruptcy Code, 2016 (“I&B Code” for short) challenging the order passed by the Adjudicating Authority (National Company Law Tribunal- NCLT).

### Facts:

1. Appellant, the Corporate Debtor (MSME) instituted an Application before NCLT for pre-packaged insolvency resolution process (“PPIRP”) under Section 54C of the ‘I&B Code’.
2. On 28.09.2021, the Corporate Debtor issued an e-mail addressed to its stakeholders that the Company is intending to take recourse to PPIRP in accordance with Chapter III-A of the ‘I&B Code’. The Corporate Debtor in the e-mail indicated that it shall be appointing Resolution Professional.
3. On 30.09.2021, the Corporate Debtor issued an e-mail at 3.30 A.M. addressed to stakeholders issuing notice of the meeting of Financial Creditors to be held by way of Video Conferencing on 30.09.2021 at 5.00 P.M.
4. Another notice was issued on 02.10.2021 convening a meeting for 03.10.2021 at 10.30 A.M. The Corporate Debtor claimed that the Resolution Professional was appointed and approval of Financial Creditors to pre-packaged insolvency resolution process was also obtained on 30.09.2021.
5. A report dated 05.10.2021 was submitted by Insolvency Professional.
6. On 08.10.2021, the Corporate Debtor filed an Application before the Adjudicating Authority to initiate pre-packaged insolvency resolution process under Section 54C.
7. On 21.10.2021, the matter first came up for hearing before the Adjudicating Authority on which date several objectors appeared who opposed the Application.

8. The Adjudicating Authority granted one-week time to the objectors to file their objections.

### Submission of the Appellant

1. With regard to an Application for PPIRP under Section 54C, the Adjudicating Authority had no jurisdiction to grant any time to the objectors to file a reply.
2. PPIRP is to be completed in a time bound manner and the scheme as delineated by Chapter III-A and the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021 does not contemplate giving any opportunity to the objectors to oppose the Application prior to its admission.

### Submission by Objectors

1. The Application for PPIRP has been initiated without complying the statutory provisions of the ‘I&B Code’.
2. The Adjudicating Authority had every jurisdiction to grant time to the objectors to show that the Application having not been filed in compliance with the provisions of Section 54A, the same cannot be admitted by the Adjudicating Authority.
3. The meeting for obtaining approval of unrelated Financial Creditors was not convened in accordance with law. The whole process was adopted in hot haste to defeat the rights of Financial Creditors i.e. Homebuyers.
4. From the document filed along with Application, it is clear that many Financial Creditors who have been treated as unrelated are actually related Financial Creditors and they were not entitled to vote.
5. It is further submitted that the votes of several Financial Creditors/ Homebuyers have been wrongly recorded as ‘YES’ whereas they opposed the proposal.

### Decide the case:

1. Whether the Adjudicating Authority while considering Application of pre-packaged insolvency under Section 54C of the ‘I&B Code’ can, before admission of the Application, hear Objectors/ Interveners?
2. Whether plea of homebuyers regarding non compliance of section 54 A of “I&B Code” is tenable?

**Disclaimer:** The case study has been framed from the facts and figures available in the public domain with some modifications/assumptions so as to enable members to apply their professional skills to answer the same and hide the identity of the case. Author is not to be held liable for any resemblance of the facts and figures with any case.

**Winner of Case Study – May 2024**

**CS Saurabh Agrawal**  
ACS-58587

# BEST ANSWER CASE STUDY MAY 2024

**Query 1: Whether in the facts and circumstances of the case, can it be said that the order passed by the learned Tribunal is illegal and/or contrary to Section 130 of the Companies Act?**

**Answer:** It is required to refer the provisions of section 130 of the Companies Act, 2013 (the “Act”) which are relevant for determining the legality of the order passed by the learned Tribunal while considering the aforesaid question and extract of the relevant provisions are as below:-

**Section 130 of the Act: Re-opening of Accounts on Court’s or Tribunal’s Orders**

*(1) A company shall not re-open its books of account and not recast its financial statements, unless an application in this regard is made by the Central Government, the Income-tax authorities, the Securities and Exchange Board, any other statutory regulatory body or authority or any person concerned and an order is made by a court of competent jurisdiction or the Tribunal to the effect that—*

- (i) the relevant earlier accounts were prepared in a fraudulent manner; or*
- (ii) the affairs of the company were **mismanaged** during the relevant period, casting a doubt on the reliability of financial statements:*

*Provided that the court or the Tribunal, as the case may be, shall give notice to the Central Government, the Income-tax authorities, the Securities and Exchange Board or any other statutory regulatory body or authority concerned or **any other person concerned** and shall take into consideration the representations, if any, made by that Government or the authorities, Securities and Exchange Board or the body or authority concerned or the other person concerned before passing any order under this section.*

*(2) Without prejudice to the provisions contained in this Act the accounts so revised or re-cast under sub-section (1) shall be final.*

As per the aforesaid provisions, certain conditions precedent is required to be follow while considering the said application and in the present case such conditions are (i) application made by the Central Government (ii) application was made before the learned Tribunal of competent jurisdiction (iii) Affairs of the company were mismanaged (as the order u/s 242 of the Act were already passed and the same was not challenged and still in the operation) and Department of Economic Affairs satisfied that there are serious allegations against three group companies and shall be in the larger public interest, to find out the real truth (iv) Notice was issued to all the authorities and none of the authorities had objected in reopening of the accounts of these Companies and the erstwhile directors had opposed the said application and after hearing all parties, the learned Tribunal passed the order for the re-opening of the Account u/s 130 of the Act.

Further, the Board of the Company has already been suspended and it was found that the management of Companies were responsible for negligence and incompetence, and had falsely presented a rosy financial statement. Interim Report dated

30.11.2018 submitted by Serious Fraud Investigation Office in exercise of powers under Section 212 of the Act also confirmed the allegations of Central Government.

Therefore, considering the facts and the circumstances of the case read with the relevant provisions of the Act, it is clearly established that the order passed by the learned Tribunal does not suffer from any illegality and the same in order to the provision of the section 130 of the Act.

**Query 2: Can erstwhile directors of the company make representation under Section 130 of the Companies Act?**

**Answer:** In terms of the proviso to Sub-section (1) of the Section 130 of the Act, before passing order under Section 130 of the Act, the Tribunal is required to issue notice to the Central Government, the Income-tax authorities, the Securities and Exchange Board or any other statutory regulatory body or authority concerned or “any other person concerned” and is required to take into consideration the representation, if any made by them.

The terms of “other person concerned” inserted pursuant to the Companies (Amendment) Act, 2017 and the same is not defined in that particular section or the Act. Insertion of the said terms was discussed in the Report of The Companies Law Committee, 2016.

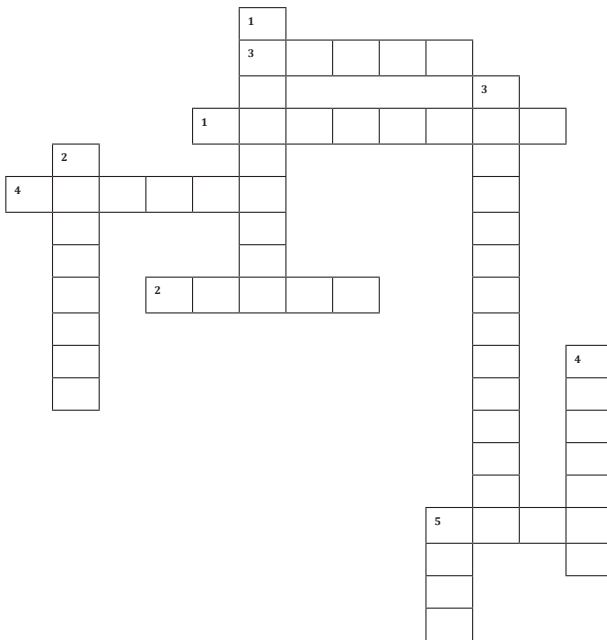
Para 9.7 of the said report states that “.....in the interest of the principle of natural justice, other concerned parties, like a company or the Auditor/Chartered Accountant of the company should also be given an opportunity to present their point of view. The Committee deliberated and felt that while a court/Tribunal always had the inherent power to call/give notice to any concerned party in the process, it would be appropriate if a provision was specifically made in the Section enabling the Court/Tribunal to give notice to any other party/person concerned, in addition to those specifically referred to in the provisions.”

It seems from the aforesaid para of the said report that, while passing order under section 130 of the Act, there shall be re-opening of books of accounts and recasting of the financial statements of a particular Company only. So, the person that can be concerned by the order can be the Company or its Auditors. That means the Directors of the Company which are in the Board of the Company at the time of filing of application u/s 130 may make grievances and can make representation on behalf of the Company.

The erstwhile directors cannot represent the company or make representation as they are suspended in the present case and if the said window open for the erstwhile director(s) it will go long lasting and all the directors since the incorporation of the Company till the filing of the application have right to make representation before the learned Tribunal and it would be quite unreasonable.

Further, if any other person likes to represent before the learned Tribunal, such person may file separate appropriate application or Interlocutory Application. Therefore, considering the facts and the aforesaid provisions, erstwhile directors of the company shall not be considered as any other person concerned in the terms provisions of Section 130 of the Act.

# CROSSWORD PUZZLE – COMPANY LAW - JUNE 2024



## ACROSS

- Under The Insolvency and Bankruptcy Code, 2016 resolution professional shall not make changes in the appointment or terms of contract of statutory auditors or internal auditors of the corporate debtor unless approved by a vote of \_\_\_\_\_ per cent of the voting shares by the committee of creditors.
- Under Companies Act, 2013, The appointment of proposal shall be in the Form No. \_\_\_\_\_.
- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016. A stakeholder, who claims to be entitled to any amount deposited into the Corporate Liquidation Account, may apply to the Board in \_\_\_\_\_ for an order for withdrawal of the amount.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, A person claiming to be

a creditor in a class shall submit claim with proof to the interim resolution professional in electronic form in \_\_\_\_\_.

- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the issuer shall accept bids using only the \_\_\_\_\_ facility in the manner specified by the Board.

## DOWNWARDS

- Under The Insolvency and Bankruptcy Code, 2016, A resolution applicant may submit a resolution plan along with an \_\_\_\_\_ stating that he is eligible under section 29A to the resolution professional prepared on the basis of the information memorandum.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, At the commencement of a meeting, the resolution professional shall take a \_\_\_\_\_ when every participant attending through video conferencing or other audio and visual means shall state, for the record.
- Under the Companies Act, 2013, A special notice required to be given to the company shall be signed, either individually or collectively by such number of members holding not less than one percent of total voting power or holding shares on which an aggregate sum of not less than \_\_\_\_\_ has been paid up on the date of the notice.
- Under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, A company shall not make any offer of buy-back within a period of \_\_\_\_\_ reckoned from the date of expiry of buyback period of the preceding offer of buy-back, if any.
- Under the Companies Act, 2013, when an auditor has resigned from the company, he shall file a statement in Form \_\_\_\_\_.

## Winners - Crossword May 2024

**1<sup>ST</sup>** CS DR. M. Govindarajan FCS- 8533

**2<sup>ND</sup>** CS Srishti Jain ACS-73023

**3<sup>RD</sup>** CS Saurabh Agarwal ACS-58587

## Crossword Puzzle – May 2024 Answers

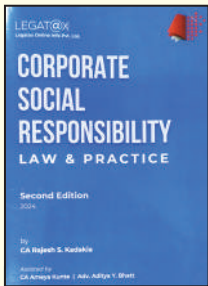
### ACROSS

- TEN
- ONE-TENTH
- DEBT LISTED
- FIVE DAYS
- ONE HUNDRED AND EIGHTIETH

### DOWNWARDS

- TWO
- VIGIL MECHANISM
- FIVE
- CONSULTATION COMMITTEE
- FIFTEEN

## “Corporate Social Responsibility – Law and Practice”



**Authored By:**

**CA. Rajesh S. Kadakia;**

**CA Ameya Kunte; and**

**Adv. Aditya Y. Bhatt**

**Published by: Legat@ix Online Info Pvt. Ltd.**

The present book 2<sup>nd</sup> Edition on ‘Corporate Social Responsibility - Law and Practice’ in which the authors have comprehensively discussed and elaborated all the issues relating to the Corporate Social Responsibility- Law and Practice pursuant to the provisions of Section 135 read with Schedule VII of the Companies Act, 2013, read with the Companies (Corporate Social Policy) Rules, 2014 and has also covered all the Circulars, Notifications, FAQs issued by the Ministry of Corporate affairs, and guidance note issued by the Institute of Chartered Accountants of India, the Institute Company Secretaries of India along with the relevant judgments as pronounced under Section 135 of the Companies Act, 2013 and the Income Tax Act, 1961.

The book is having 29 Chapters which incorporate each and every aspect relating the CSR mandatory requirements for the eligible companies and as well as it has defined specific terms used in the CSR Rules very clearly, like “every company”, “ongoing project”, “net worth”, “net profit”, “turnover”, “in accordance with”, “spend and expenditure” etc. which shall be helpful to the users of the book.

The author has given very exhaustive details in the separate chapters for the deductibility of CSR expenditure under Section 80G of the Income Tax Act, 1961, deductibility of CSR expenses under the Income Tax Act, 1961, taxation on CSR recipient company/agency, disclosure and reporting requirements in the Board Report as well form CSR-2, implementation of CSR activities through implementing agency, ongoing projects, and transfer of unspent amount to a separate bank account, impact assessment, which provides very knowledgeable inputs to the readers of the book.

The authors have worked thoroughly in the book on the entire concept of CSR, which provides clarity on the concept of law, policy and implementation of the CSR in the Country and its importance for achieving the CSR goals. The authors have made lots of efforts to make available various aspects including Income Tax, SEBI (LODR) Compliances, formation of CSR policy, monitoring of the CSR activities, etc.

The author has justified to the subject along with the adequate commentary, with thorough interpretation for the understanding of the corporate managers, CSR professional, readers, other professionals, like auditors, Company Secretaries and other concerned persons.

No doubt that the authors have immense rich knowledge and have clarity on the subject matter. I found the book unique and useful for the corporate professionals and the policy makers. It would be equally beneficial for practitioners, professional, the concerning departmental officers of the government agencies and authorities as such.

I appreciate that the authors has provided valuable contribution in their book will be highly insightful for the CSR policy makers of the Government authorities, Companies, CSR Committee, and professional to analyze their role and make up their mind for further course of action for the better CSR activities in the Country to take future proposed action in compliance with the requirement of law in the later and spirit.

I wish them all the success for this book.

**CS (Dr.) D.K. Jain**

**Member of the Editorial Advisory Board**

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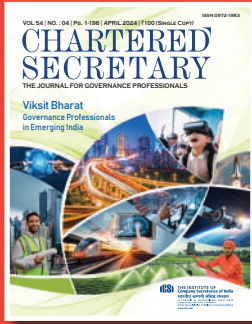
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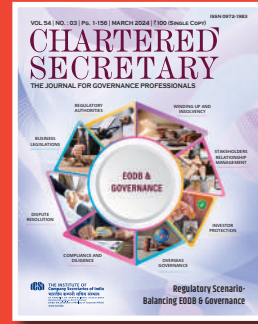


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