

CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS



ESG and BRSR- Responsible Reporting



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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The Institute has been taking substantial initiatives deliberating its cause for Good Corporate Governance on various National and International Platforms. Over the years CS Professionals have been dedicatedly delivering their expertise and services to the cause of building a contemporary corporate landscape where the Environmental, Social, and Governance (ESG) framework has emerged as a formidable force among other factors.

As companies are increasingly recognizing the significance of ESG in their operations, Company Secretaries are emerging as key professionals in this domain: Company Secretaries, being governance professionals, are now finding themselves at the forefront of ESG integration within organizations. The BRSR framework mandates the top 1000 listed companies to report their performance on environmental, social and governance (ESG) aspects, defining and demonstrating a strong commitment to responsible business practices.

The ICSI has always taken the lead in fostering the cause of developing its professionals to specifically cater to the emerging forefronts of 'Responsible Reporting'.

As part of its ongoing efforts and to deliberate upon various facets under the ESG and BRSR strategies of India Inc., this month's issue of the Journal has invited the views of authors in the form of articles and research inputs focussing on the rise of ESG and BRSR which has expanded the purview of governance to encompass a broader range of factors, from reducing carbon footprints to promoting diversity and inclusion.

The author through the article '**ESG and BRSR: Steering Board's Responsibility towards Sustainable Governance**' displays how in recent years, Environmental, Social, and Governance (ESG) criteria has emerged as a pivotal factor in the operational and strategic frameworks of corporations worldwide. As the criteria increasingly influences investment decisions, regulatory landscapes, public expectations, the boards of directors find themselves at the helm, navigating the complex waters of sustainability.

Offering an insight through the article '**BRSR : A Broad Overview**' the author delves on how the importance of Environmental and Social Governance and BRSR is gaining momentum for board leaders in today's business environment. There is a continuous requirement for a shift in focus of businesses from "Profit, Profit, Profit" to "Profit, People and Planet" model.

An exclusive article on '**Viksit Bharat Going Global: Paradigm shift in landscape of ESG & BRSR and changing role of Company Secretaries**' explores how the Government's initiative, 'Viksit Bharat', aims to transform India into a redefined nation with bounties, diversities, abilities, and agilities. The initiative underscores the urgent need to develop stress-free and poverty-free facilities for citizens across the nation.

The article on '**Corporate Governance and Sustainable Development in India – An ESG Perspective**' showcases

how sustainable development emphasizes the responsible use of resources to meet present needs without compromising the ability of future generations to meet their own needs.

The article on '**Infusing Impact Leadership among ESG Professionals - Need of the Hour**' analyses that in the business landscape of today, even the most seasoned organizations, adept in embedding ESG (Environmental, Social, and Governance) values within their culture, are grappling with the increasingly intricate and ever-shifting terrain of ESG norms.

The article on '**Unlocking ESG Potential- BRSR as a Key Reporting Framework in India**' describes how Environmental, Social, and Governance (ESG) disclosure platforms play a crucial role in helping companies report their sustainability efforts and performance to investors, stakeholders, and the public.

Providing an all round perspective, the article on '**Overview of the ESG Disclosure Landscape: IFRS & BRSR**' brings to light how today's society is actively advocating for cleaner, safer, and more sustainable practices, with governments, investors, and consumers, pushing for greater accountability and responsibility. This shift has prompted the development of various sustainability reporting standards, leading to the issuance of the Sustainable Disclosure Standards by the International Financial Reporting Standard (IFRS) in 2023.

An eye-opening article on '**Unlocking the Power of ESG integration: a Roadmap for Sustainable Growth**' studies the necessities on how organizations are compelled to engage with stakeholders holistically and surpass regulatory compliances in terms of business measures and reporting, as the disclosures are predicated on a range of ESG parameters.

The article on '**Estimating the Burn rate in Start-up Environment and a Study of Burnout cost in Recently Listed Companies**' throws light on the burn out cost in startups as well as Listed Companies context and how they are expected to generate revenue and profits post-gestation period.

A research input on '**Credit Audit of Banks with Emphasis on 'High Carbon Intensity' Project Finance**' outlines how Financial Institutions including Banks in India have initiated a re-evaluation of loans directed towards Carbon-intensive Sectors in response to mounting pressure from global investors to mitigate transition risks and sustain worldwide Environmental, Social, and Governance (ESG) Criteria.

We are also happy to publish an Interview of CS Mahesh Kumar Agarwal, Company Secretary, GAIL (India) Limited.

Happy Reading !

CS Asish Mohan
(Editor - Chartered Secretary)



1. CS B. Narasimhan, President, The ICSI met with Prof. (Dr) S. Shanthakumar, Director, Gujarat National Law University & Director (I/C), Gujarat Maritime University.
2. ICSI delegation led by CS B. Narasimhan, President, The ICSI met with Shri Praveen Trivedi, Executive Director, IFSCA.
3. CS B. Narasimhan, President, The ICSI met with Mr. Sandip Shah, Head IFSC Department, GIFT City.
4. CS B. Narasimhan, President, The ICSI met with Prof. Mahadeo Jaiswal, Founding Director, IIM Sambalpur.
- 5-6. The ICSI organised One Day Programme for ICLS Officers Trainees at ICSI Headquarters, New Delhi on April 26, 2024. CS B. Narasimhan, President, The ICSI, CS Dhanajay Shukla, Vice - President, The ICSI and CS Asish Mohan, Secretary, The ICSI and ICSI Officials interacted with the Officer Trainees.
7. Foundation Day of Pune Chapter of WIRC of ICSI graced by CS B. Narasimhan, President, The ICSI.



8. Chandigarh Chapter of NIRC of ICSI organised the 1st Chandigarh Tri-City Conference, 2024, on the theme "An Era of Transition for Professionals" on April 27, 2024. Mr. Vinod Sharma, Regional Director, Northern Region, MCA was the Chief Guest, CS B. Narasimhan, President, The ICSI was the Guest of Honour and Mr. Yashovardhan Saboo, MD, Ethos Limited was the Distinguished Guest.
9. The ICSI joined as an Institutional Partner in the seminar on "SEBI Regulations – Recent Developments, Open Issues & Way Forward" organised by PHD Chamber of Commerce & Industry on April 19, 2024 at PHD House, New Delhi. CS Manish Gupta, Immediate Former President, The ICSI graced the inaugural session as Guest Speaker.
10. Full Day Seminar – Manthan on the theme 'A Progressive Churning of Knowledge' was organized by ICSI-EIRC Kolkata on April 27, 2024. CS Rupanjana De, Central Council Member, The ICSI, Shri Ashok Butta, Director, Dental World Super Speciality Clinics Pvt. Ltd. and CS (Dr.) Mohit Shaw, Chairman, EIRC of ICSI graced the occasion.
11. Visakhapatnam Chapter of SIRC of ICSI organized a One Day Program on April 27, 2024 at Visakhapatnam. Dr Suresh Chandra Pandey, RINL's Director (Personnel) was the Chief Guest, L Siva Sankar, Deputy Registrar of Companies, Maharashtra, Mumbai was the Guest of Honor, CS R Venkata Ramana, Central Council Member, The ICSI, Imtiyaz Arshad, CEO & Secretary, Skill Development Institute, Visakhapatnam also graced the occasion.



12. Thane Chapter of WIRC of ICSI organized a Programme on theme - 'Reporting under Statutes – Corporate Responsibility' on April 27, 2024.

13. Siliguri Chapter of EIRC of ICSI organized a full-day Seminar on 'ROC Compliance' and 'GST on Composition Scheme' on April 20, 2024.

14. 19th RCLDP and 87th RMSOP was organized at ICSI - CCGRT, Navi Mumbai from March 28, 2024 to April 12, 2024. CS Ajay Agarwal, Senior Executive Vice President-Legal & Secretarial at HDFC Bank Ltd., honoured the inaugural session as the Chief Guest.

15. 20th RCLDP was organized at ICSI - CCGRT, Navi Mumbai from April 19, 2024 - May 4, 2024.

16. ICSI - CCGRT, Navi Mumbai, hosted a seminar on "Critical Aspects of Board Report, BRSR & ESG" on April 20, 2024.



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Vision

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

Motto

सत्यं वद। धर्मं चर। *Speak the truth, abide by the law.*

Mission

"To develop high calibre professionals facilitating good corporate governance"

#IntlGovCon

SYNOPSIS

ICSI 3RD INTERNATIONAL CONFERENCE IN SINGAPORE

5-6 APRIL 2024

THEME: BUILDING RESILIENT & SUSTAINABLE ECONOMIES

Knowledge Partners



The Institute of Company Secretaries of India organised its 3rd International Conference in Singapore on 5-6 April 2024.

The theme of the conference “Building Resilient & Sustainable Economies”, emphasized on the need of creating robust, equitable, and environment friendly economies that can ensure a prosperous and sustainable future for all.



“Both IVSC and ICSI are driven by a shared vision of developing a sustainable corporate world where Company Secretaries will act as the catalyst of long term value creation for an organization” - Mrs. Lim Hwee Hua

Chief Guest: Mrs. Lim Hwee Hua, Acting Chair, International Valuation Standards Council & Former Minister, Prime Minister’s Office (Singapore),



ICSI plays a pivotal role in ensuring good corporate governance by equipping Company Secretaries with the necessary knowledge and skill set that fosters trust in the business environment and contributes to the overall stability of each nation's economy. - H.E. Dr. Shilpak Ambule

Guest of Honour:
H.E. Dr. Shilpak Ambule, High Commissioner of India to Singapore

Plenary II : Sustainability Reporting – A Challenge or An Opportunity

The session gave an overview of Sustainability Reporting with a focus on frameworks, best practices, and improvement strategies. It also highlighted the processes that Governance Professionals can adopt to achieve strong sustainability ratings.

CS Ranjeet Pandey, Former President, The ICSI & Practising Company Secretary



Plenary III : Shifting Board Oversight from Operations to Risk and Strategy



The session explored the evolving role of boards, emphasizing on the shift from operational oversight to strategic risk management. Key discussions revolved around building effective boards for long-term sustainability, navigating geopolitical risks and opportunities, and tackling critical corporate priorities.

Mr. M. Nurul Alam, Senior Vice President, Institute of Chartered Secretaries of Bangladesh, Mr. Tang Chan Ming, Former President, Malaysian Association of Company Secretaries Mr. Stanley Park, Founder & Director, Stanley Park Associates Pte. Ltd., Singapore CS (Dr.) Sudheendhra Putty, Associate Vice President & Company Secretary, Cyient Ltd., India CS Sachin Mishra, Head-Legal & Company Secretary, Tata Consulting Engineers Ltd., India

Plenary IV : Unleashing the Power of AI in Compliance



The session elaborated on the impact of artificial intelligence and the role it can play in streamlining procedures and enhancing compliance efforts for data security, privacy, and protection.

Dr. James Ong, Founder & Managing Director, Artificial Intelligence International (AIII) Institute, Singapore
Mr. Ajay Surana, Co-Founder FundBox, Singapore
Mr. Pranav Rai, Legal Counsel, Hitachi Energy Singapore Pte. Ltd., Singapore
Mr. Indranil Choudhury, Chief Executive Officer, Lexplosion, India

Plenary V: India - Singapore Bilateral Ties

The session focused on India-Singapore bilateral ties and emphasized on exploring new areas of work like FinTech, BioTech, Healthcare, and Renewable Energy, while driving innovation and sustainable development, across borders.



Mr. T Prabakar, First Secretary (Commerce) High Commission of India, Singapore

Plenary VI: Opportunities in Singapore



The session delved into the exciting opportunities available for Company Secretary Professionals in the dynamic business landscape of Singapore. Attendees gained an insight of the growing demand, and the skillset required for this essential role.

CS Nitish Chandan, Chairman, ICSI Overseas Centre, Singapore
CS Dinesh Makani, Vice-Chairman ICSI Overseas Centre, Singapore
CS Hemiksha Bhojwani, Member, ICSI Overseas Centre, Singapore
CS Priya Mahajan, Member, ICSI Overseas Centre, Singapore

Plenary VII: Confluence of ESG into Value Creation



The session gave an insight on the intersection of ESG and value creation besides highlighting its challenges. It also examined what ESG factors can be integrated in the financial decision-making process.

CS Manish Gupta, Immediate Past President, The ICSI
CS Sundharesan Jayamoorthi, Founder & Chief Advisor, J Sundharesan & Associates, India
CS Shujath Bin Ali, Global General Counsel & Chief Compliance Officer, Re Sustainability Ltd., India
Mr. Jozsef Acabo, Regional Sales Director, Diligent, Singapore

Plenary VIII: The acceptance and receptivity of DE & I

The session dealt with the increasing acceptance of Diversity, Equity, and Inclusion (DE&I) while exploring how it fuels innovation and cultivates an inclusive workplace culture.



Mr. Eddie Lee, Executive Director ASEAN Human Development Organisation, Singapore
Ms. Bindu Janardhanan, Partner Squire Patton Boggs, Singapore
Ms. Amira Budiyan, Attorney Kyndryl, Singapore
CS Sameer Gahlot, National Internet Exchange of India

Plenary IX: Combating Money Laundering



The session covered global Anti-Money Laundering (AML) Regulatory landscape, and highlighted the importance of integrating due diligence in standardizing systems and building capacities.

Mr. R. Narayanamohan, Senior Partner Natarajan & Swaminathan, Chartered Accountants Singapore
CS Manish Ghiya, Principal, Complience Advisors Pty Ltd. Australia
Mr. Sanjeev Gathani, Lead Facilitator & Group Compliance, RV Group (S) Pte Ltd. Singapore



The ICSI delegation also met H.E. Dr. Shilpak Ambule, High Commissioner of India to Singapore & Mr. T Prabakar, First Secretary (Commerce), High Commission of India, Singapore before the Conference on the 3rd of April, 2024 and discussed recognition of the profession of Company Secretaries in Singapore.



Group Photograph of The ICSI 3rd International Conference, Singapore



ICSI being one of the founding members of CSIA participated in The CSIA Global Governance Awards in Malaysia.



ICSI delegation led by CS Dwarakanath C., Council Member, The ICSI at Council meeting of Corporate Secretaries International Association in Malaysia.



ICSI Council Members CS Rajesh Tarpara & CS Ashish Karodia addressed the ICS 28th Annual International Conference on April 24-26, 2024 in Mombasa.

CONVOCATION 2024 - EASTERN REGION HELD ON MAY 4, 2024 AT BHUBANESWAR

Chief Guest : Prof. Mahadeo Jaiswal, Founding Director, IIM Sambalpur
Date and Venue : May 4, 2024 - Bhubaneswar



Three Days Training Programme on Companies Act, 2013 conducted for Officials of IFSCA



CS Amita Desai

(Topic : Incorporation, AoA & MoA, Share capital, SBO)



CS Makarand Joshi

(Topic : LLP Act, 2008, LLP Governance, Agreement)



CS Kalidas Ramaswami

(Topic : Meetings, Board's Report and Related Party Transactions)



CS Manoj Hurkat

(Topic : E-Filing, CARO, Accounts & Audit, NFRA, Exemptions under Companies Act, 2013)



CS Chirag B Shah

(Topic : Directors, Intercorporate Loans & Investment)



CA Ranganayiki Rangachari

(Topic : Foreign Companies incorporated outside India-critical compliances)



Certificate distribution to participants



Group Photo with participants



CS B. Narasimhan
President, The ICSI



Faculty:
Ms. Raavi Birbal
Advocate, Supreme Court & Delhi High Court



Moderator:
CS Suresh Pandey
Central Council Member, ICSI

ICSI COLLABORATIONS



ICSI inked MoU with IIM Sambalpur under Academic Connect Initiative



ICSI inked MOU with Amity University, Kolkata



ICSI inked MoU with SilverZone Foundation for conducting "ICSI - SilverZone Commerce Olympiad" for the students of 11th and 12th across the globe

ICSI inked MoU with Punyashlok Ahilyadevi Holkar Solapur University (PAHSU), Solapur





यत् भावो – तत् भवति।

(You become what you believe.)



Dear Professional Colleagues,

Even though I look forward to the beginning of each month, seeking this opportunity, and cherishing it more than any other, to pen my thoughts to give you an account of the happenings & events of the past month, through the pages of this journal; there are times such as the present one, which finds me in a state of dilemma to find a point as to where to commence. Each activity seems significant, each event memorable, and each achievement worth cherishing. The need of the moment says, that I should give it a try. Given the task at hand, I would begin by sharing the most recent event first. The first ICSI bi-annual convocation of the Eastern Region held on May 04, 2024.

AWARDING DEGREES: PREPPING UP THE NEW BRIGADE

If the city of Bhubaneswar has been known for holding close to its ancient temples and structures, the Institute of Company Secretaries of India has lent a youthful vibe to the city by hosting the first bi-annual Convocation of the Eastern Region for the year 2024 in the heart of the city. And on behalf of the ICSI I would like to convey my gratitude towards Prof. Mahadeo Jaiswal, Founding Director, IIM Sambalpur for joining us in awarding the degrees and sharing his intellect and vibrant thoughts with the young members on the occasion.

अस्मासु प्रत्येकः तस्य नियतेः अधिपतिः

Each of us is master of his destiny

To be truthful, given both my age and years of experience, I had come to believe that there could be very few things that could amaze me, or render me speechless. Turns out I was wrong. Meeting with the young minds, watching their beaming faces, chatting with them candidly, and silently observing their passionate approach; not only towards the profession, but the development trajectory of our great nation has amazed my heart and spirits.

Although all my emotions might seem like a bit of an exaggeration, but I cannot help myself from placing in tremendous faith in the youth and their capabilities. Each and every young man and woman holds not just the words 'CS' before their name, but the potential to transform the governance culture and the key to change the world. And the shloka cited sums up this thought to the hilt.

My heartiest best wishes to all the young masters of their destinies !!!

CREATING GLOBAL FOOTPRINT: ONE STEP AT A TIME

"Small acts, when multiplied by millions of people, can transform the world."

- Howard Zinn, American Historian

It is only through the pages of the last edition that I had shared the international presence created in

Japan and Singapore. I am feeling a sense of delight to share that this year as the ICSI became a full-time member of the CSIA (Corporate Secretaries International Association) and I was on-boarded as a Director therein, we also received the honour of participating in their Council Meeting at Malaysia; sharing our opinions & perspectives and gaining much more in the process. I am glad that my Council colleague, CS C. Dwarkanath represented the Institute at the meeting along with CS Asish Mohan, Secretary, ICSI.

I am told that the recognition of the impact created by global Corporate Secretaries and Governance Professionals, in the area of Corporate Governance and Sustainability at the CSIA Global Governance Awards, in Kuala Lumpur, Malaysia, was with the same intent as we do in here at our annual ICSI National Awards for Excellence in Corporate Governance.

On another continent, the ICSI made its presence felt through CS Ashish Karodia and CS Rajesh Tarpara at the ICS 28th Annual International Conference at Mombasa in Kenya. ‘Governance resilience in the face of crisis’, seemed to be an apt theme for deliberation chosen by the Institute of Certified Secretaries for this year’s deliberation and I am sure that globally aligned thoughts shall go a long way in placing good governance at the helm of affairs in a global business landscape.

If the times ahead are laying emphasis on making India a Viksit Bharat, ICSI surely is taking governance to the next level and across territorial boundaries.

PARTNERING WITH REGULATORY AUTHORITIES: TREADING THE PATH TOGETHER

“Alone we can do so little, together we can do so much.”

A little over a month ago, I had with immense delight shared with all of you, the solicitation of suggestions by the Ministry of Corporate Affairs on the 54 set of Rules under the Companies Act, 2013 and the LLP Act, 2008.

Not only had we formed groups, sought suggestions from members, and conducted deliberations at our end before submitting the suggestions at the E-Consultation platform of the Ministry; but also, participated in the discussion groups formed under the Regional Directors of the Ministry across India.

Going a step forward, it is both heartening and immensely gratifying to be brought on board for laying across the table, both - the rules as well as the

suggestions thereon - taking one rule at a time and understanding the nuances in a threadbare manner by the Ministry.

I feel humbled to commend the dedicated approach of Dr. Manoj Govil, Secretary, MCA and the entire team at the Ministry for having an empathetic thought and seeking clarifications on tricky areas while holding on to the foundational ideology of promoting ease of doing business and analyzing the issues and challenges in great depth.

It is with great pride that I wish to state, that ours was the first among the 3 Institutes to give its views on the subject, well within the scheduled time set before us, which was duly recognized by Shri Manoj Pandey, Additional Secretary at the ICSI Council Meeting held recently in May 2024.

Going forward as the Ministry seeks suggestions on the forms appurtenant to these Acts and rules, we indeed are on the pathway of witnessing a 180 degree change in the legislative, compliance and reporting culture.

As a professional organization aimed at promoting and strengthening governance, the ICSI has been soliciting suggestions on the forms on the MCA 21 V3 platform for their improvement by way of Google form as through a series of virtual meetings. Each of these meetings, aimed at a different set of rules and forms, have given the professionals an opportunity to share their suggestions which can be taken forward with the MCA.

I am hopeful that each of these measures undertaken by the Regulatory Authorities as well as professional bodies such as ourselves will go a long way in placing the nation on the pinnacles of good governance.

CAPACITY BUILDING: MARCHING UP THE LEARNING CURVE

At ICSI, all our big and small initiatives are aimed at creating a source of knowledge and skill development – be it for our members, students or other stakeholders. If the upcoming PCS conference at Ayodhya scheduled on June 14-15, 2024 is a step towards taking the legacy forward and bringing Company Secretaries in practice together to foster knowledge, and also build lifelong connections; another capacity building initiative, which has become a legacy is the Master Knowledge Series: EEE.

Having launched the fourth edition and flagged off the first webinar on Labour Laws with Ms. Raavi Birbal, Advocate, Supreme Court and Delhi High

Court and Member, Governing Council, ICSI – International ADR Centre on the occasion of international Labour Day, I urge all the members to reap maximum benefits from these initiatives.

Coming to our second group – the students, the Centralized online classes and Online Doubt Clearing Classes are playing their role to perfection in preparing the students for the upcoming June 2024 session of examinations. To all the students, I would like to say that, all we need is your wholehearted commitment, and we are there to hand hold you at every step of the way...!!!

Our efforts to enhance knowledge go beyond the in-house family to the extended families as well. The last month was immensely significant on this front as ICSI perfected the role of trainer for ICLS Officer Trainees of 2022 Batch who were acquainted with various aspects of corporate laws, right in the capital city of the country, at the ICSI Headquarters, New Delhi.

The ICSI team, along with our experts made their touch down at Gujarat gift city and imparted training to officers of all levels of the International Financial Services Centre Authority (IFSCA). Both these activities were well appreciated and applauded, and for us, at ICSI, we basked in the glory of moving a step towards our vision to be a global leader in promoting good corporate governance.

MEETINGS AND COLLABORATIONS: SEEKING NEW OPPORTUNITIES

Amongst all the matters and activities, at an individual level, it is a matter of honour and gratitude to be able to represent the fraternity and family in front of dignitaries from various fields and areas of activity.

And when the dignitary is none other than the ultimate head of the family, the thrill and joy is beyond containment. It was indeed a kind gesture on the part of the Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman, to have agreed to join us at an Interaction Programme organized jointly by the Bengaluru Chapters of ICSI and ICMAL.

Even though, the meeting was not a first for me personally but the views held by her regarding the profession and the expectations shared for the professionals rendered the meeting par ecstatic. Our heartiest gratitude to you ma'am.

In another meeting, during the Ahmedabad visit, it was a matter of great pleasure to meet and greet Shri Praveen Trivedi, Executive Director, IFSCA and Shri

Sandip Shah, Head IFSC Department, GIFT City, and deliberate upon the future of compliance and governance in the IFSCA.

The ICSI also signed two MOUs on the eastern coast of the nation – the first one was signed with IIM Sambalpur and the second one with Amity University, Kolkata – our next-door neighbors with ICSI-CCGRT, Kolkata. Both these collaborations have been done with the intent of furthering, academic, professional and research initiatives; exploring new opportunities and taking governance to the next level. Also, I would like to extend our heartiest appreciations towards Prof. (Dr) S. Shanthakumar, Director, Gujarat National Law University & Director (I/C), Gujarat Maritime University for acceding to our requests and I am hopeful that very soon we would be venturing into collaborative opportunities there as well.

Cheers to exploring new grounds together !

PEEPING INTO THE FUTURE: GETTING READY FOR WHAT'S NEXT

While I am sure that your registrations have been filled-in and hotel bookings done for the 25th National Conference of Practising Company Secretaries, but before that I am now excited to step on to another new country – another new land and have thought provoking deliberations at the 17th International Professional Development Programme – 2024 at Vietnam and Cambodia during 28th May and 4th June, 2024. If the cultures of these countries share commonalities with that of our nation, let's also join our hands together in aligning our governance regimes.

Friends, being a professional, irrespective of our areas of expertise, requires a lot much of perseverance amongst the all-other long list of skills. And this characteristic becomes an inherent part of our character with constant optimism and hope. As a professional myself, there's a mantra I constantly live by and I leave that with you today as food for thought,

यदाहं जीवामि, अहमाशंसं।

While I live, I hope

Happy reading !!!

Yours Sincerely



CS B. Narasimhan

President, ICSI

THIS MONTH THAT YEAR

May-1980

ACTIVITIES OF CHAPTERS

N.I.R.C.

LUCKNOW CHAPTER First U.P. State convention of company secretaries

Justice S. Rangarajan inaugurating the convention. Others seen are (L to R) Sarvashri Ch. S. Rao, R.M. Lall and K. Swarup.



S.I.R.C.

VISAKHAPATNAM CHAPTER

First anniversary celebrations

Shri P. Shiv Shanker, Hon'ble Union Minister for Law, Justice and Company Affairs, addressing as chief guest.



Shri P. Shiv Shanker being presented with a memento by Shri T.P. Subbareman.



MYSORE CHAPTER : Inauguration

Justice M.K. Srinivasa Iyengar delivering the inaugural address. Others seated on the dais are (L to R) Sarvashri A.R.G. Subramaniam, R. Rajagopalan, D.B. Saxena and T.P. Subbaraman.

May-1971



Mr. R. Krishnan, President, welcoming the Chief Guest Mr. R. Prasad, Chairman, Company Law Board, at the First Conference of the Institute held in Madras on May 21, 22, 1971.

CONFERENCE IN MADRAS

May 21, 22, 1971

Mr. R. Prasad inaugurating the Conference





INITIATIVES UNDERTAKEN DURING THE MONTH OF APRIL, 2024

MEETINGS WITH DIGNITARIES DURING THE MONTH OF APRIL 2024

- Shri Praveen Trivedi, Executive Director, IFSCA
- Prof. (Dr) S. Shanthakumar, Director, Gujarat National Law University & Director (I/C), Gujarat Maritime University
- Shri Sandip Shah, Head IFSC Department, GIFT City

ICSI PARTICIPATES IN THE CSIA GLOBAL GOVERNANCE AWARDS IN MALAYSIA

The ICSI participated in the CSIA Global Governance Awards, on April 23, 2024 in Kuala Lumpur, Malaysia, to recognize the impact created by global Corporate Secretaries and Governance Professionals, in the area of Corporate Governance and Sustainability, last year.

As a founder member of the Corporate Secretaries International Association (CSIA), the ICSI also participated in the CSIA Council Meeting held on April 22, 2024.

ICSI PARTICIPATES IN THE 28TH ANNUAL INTERNATIONAL CONFERENCE OF ICS IN KENYA

The ICSI participated in the 28th Annual International Conference of the Institute of Certified Secretaries (ICS) of Kenya, on 24-26 April 2024 in Mombasa. CS Ashish Karodia, Council Member, the ICSI, and CS Rajesh Tarpara, Council Member, the ICSI, represented the ICSI and gave an overview of its global footprint at the Conference.

25TH NATIONAL CONFERENCE OF PRACTISING COMPANY SECRETARIES – REGISTRATIONS OPEN

25th National Conference of Practising Company Secretaries is scheduled to be held on June 14-15, 2024 at Ayodhya, Uttar Pradesh. The Conference shall seek to nurture Professionals and foster Professionalism for the holistic development of the economy, thereby embodying wisdom, knowledge and understanding, urging Professionals to embrace mindfulness and resilience towards achieving Viksit Bharat. The same was announced at the 2nd National Women's Conference held on 22nd -23rd March, 2024 in Bengaluru. The registrations have been made open for the event.

ICSI TRAINING PROGRAMME ON COMPANIES ACT, 2013 FOR IFSCA OFFICIALS

The ICSI conducted three days Training Programme on Companies Act, 2013 for the officials of IFSCA during April 24-26, 2024 at International Financial Services

Centres Authority, GIFT City, Gandhinagar, Gujrat. The Training Programme was attended by approximately 60 IFSCA officials including Chief General Manager, General Manager, Deputy General Manager, Manager, Assistant Manager, Assistant RoC, and Officials of NSE IX. The faculties for various sessions were CS Amita Desai, CS and IP; CS Makarand Joshi, PCS; CS Kalidas Ramaswami, PCS; CS Manoj Rajaram Hurkat, PCS; CS Chirag Bhupendrabhai Shah, PCS; and CA Ranganayiki Rangachari, Practising Chartered Accountant.

ONE DAY PROGRAMME FOR ICLS OFFICERS TRAINEES

The Indian Corporate Law Service Academy (ICLSA) under Ministry of Corporate Affairs had communicated to the ICSI regarding On-the-Job Training of Indian Corporate Law Service (ICLS) Officer Trainees of 2022 Batch (13th PCP) with various arms of the Ministry in the National Capital Region. Accordingly, the ICSI organised One Day Programme for ICLS Officers Trainees at ICSI Headquarters, New Delhi on April 26, 2024. President, ICSI; Vice President, ICSI and Secretary, ICSI and ICSI Officials interacted with the Officers Trainees.

ECSIN AMNESTY SCHEME, 2024

The Institute launched ECSIN Amnesty Scheme, 2024 from April 4, 2024 to April 18, 2024, with a view to facilitate members involving genuine cases where default has occurred w.r.t. ECSIN and the defaulting members were willing to rectify the default relating to ECSIN generation, rectification and revocation. All ECSIN generated till April 18, 2024 were covered under the Amnesty Scheme and total 111 members availed the same.

UDIN AMNESTY SCHEME, 2024

The UDIN Amnesty Scheme, 2024 was launched from 4th April, 2024 to 18th April, 2024 to enable PCS to (i) generate the UDINs missed earlier (ii) rectify the UDIN details recorded at the time of generation (iii) revoke the unused UDINs. All UDINs generated from 1st July, 2023 till 18th April, 2024 were eligible under the Amnesty Scheme. Total 556 members availed the scheme and 1907 UDINs were generated under Amnesty scheme.

KYM (KNOW YOUR MEMBER) FORM LAUNCHED

KYM (Know Your Member) Form was launched w.e.f. 1st April, 2024 to collect more detailed information about the members. This is in compliance of Regulation 6(4) of The Company Secretaries Regulations, 1982. KYM Form is required to be submitted every year prior to payment of annual membership fee. Members were facilitated through introduction of the option of making

consolidated payment of annual membership fees for 3 years and 5 years w.e.f. 1st April, 2024. All the active/current members, within and outside India, can avail of this facility.

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**.

REPRESENTATIONS SUBMITTED

Date	Purpose	Authority
April 16, 2024	Comments of ICSI on draft IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024	IFSCA
April 17, 2024	Request to recognize the qualification of Company Secretary for the position of Managing Director in State PSUs as notified by Kerala Public Enterprises Selection and Recruitment Board (KPESRB)	Principal Secretary (Industries Department), Government Secretariat, Thiruvananthapuram
April 30, 2024	Delay in processing & disposal of Forms filed with Central Processing Centre: Issues and Challenges	Dr. Manoj Govil, IAS Secretary Ministry of Corporate Affairs

JOINT PROGRAMMES

Topic	Organising entity	ICSI's Role	Venue	Date
Latest changes and Jurisprudence under GST	PHD Chamber of Commerce & Industry	Knowledge Partner	New Delhi	April 5, 2024
SEBI Regulations – Recent Developments, Open Issues & Way Forward	PHD Chamber of Commerce & Industry	Institutional Partner	PHD House, New Delhi	April 19, 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 April 2024 for the FY 2024-25 were as under:

Region	Name of the Study Circle	Formation/Renewal
EIRC	Madhya Kolkata Study Circle of ICSI	Renewal
NIRC	Dwarka Study Circle of ICSI	Renewal
NIRC	New Udaan Bhawan (Corporate) Study Circle of ICSI	Renewal
WIRC	L&T (Corporate) Study Circle of ICSI	Renewal

COMMENCEMENT OF CERTIFICATE COURSES

The Institute introduced Certificate Course on POSH (Batch 7) and Certificate Course on CCM (Batch 7) in the current month. Around 350 members have registered for these courses.

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

ONLINE ASSESSMENT OF CERTIFICATE COURSES

Online Assessment of Certificate Course on CSR (Batch 10) and Certificate Course on BRSR and ESG (Batch 2) was organized on April 19 and April 20, 2024 and subsequent attempt was held on April 25, 2024. Around 450 candidates appeared in the online assessment.

ANNOUNCEMENT OF CERTIFICATE COURSES

The registration for new batches of Certificate Course on Independent Director, FEMA, GST, and Corporate Restructuring shall tentatively commence in last week of April.

TRAINING PROGRAMMES FOR EMPANELMENT OF PEER REVIEWERS

Training Programme for empanelment of Peer Reviewers was organized at Chennai on April 20, 2024. The participants will be empaneled as Peer Reviewer upon completion of necessary formalities in this regard.

E-LEARNING FACILITY

The pre-requisites for enrollment to June 2024 examination in the form of ODOP and Pre-Examination

test offered through ICSI Learning Management System (LMS). More than 1.6 Lakh students have generated their ODOF and Pre-Examination test so far using the ICSI Learning Management System (LMS).

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	Central Processing Centre	Manesar	CPC Executives
2	Central Registration Centre	Manesar	CSC Executives
3	Central Registration Centre	Manesar	CRC Executive
4	RD (WR), ROC – Mumbai	Mumbai	Young Professionals
5.	RD (WR), ROC - Pune	Pune	Young Professionals
6.	KIOCL Limited	Bengaluru	Consultant (CS)
7	K-Ride Limited	Bengaluru	Company Secretary
8	NBPPL - NTPC Bhel Power Projects Private Limited	Delhi, Noida	Company Secretary
9	Office of DGOCA, RD (NR), ROC	New Delhi	Young Professionals
10	Office of DGOCA, RD(NR), ROC	Chandigarh	Young Professionals
11	PowerGrid Infrastructure Investment Trust	New Delhi	Company Secretary
12	Shipping Corporation of India Land & Assets Ltd.	Mumbai	Secretarial Officer
13	The Shipping Corporation of India Limited	Mumbai	Secretarial Officer
14	Altruist Fostering Services Limited	Across India	Company Secretary
15	Aryaman Financial Services Limited	Mumbai	Associate CS
16	Aurum Capital Projects Limited	Lucknow	Company Secretary
17	Axxelent Pharma Science Private Limited	Chennai	Company Secretary
18	Bizsolindia Services Private Limited	Pune	Sr. Associate CS
19	Blue Ocean Beverages Private Limited	Bengaluru	Company Secretary
20	CL Educate Limited	New Delhi	Asst. CS
21	Clyde Bergemann India Private Limited	New Delhi	Company Secretary
22	Crop Life Science Limited	Vadodara	Company Secretary
23	Decimal Point Analytics Private Limited	Mumbai	Company Secretary
24	Ebizfiling India Private Limited	Ahmedabad	Compliance Manager
25	Equipp Social Impact Technologies Limited	Hyderabad	Asst. CS
26	Esteem Projects Private Limited	Noida	Company Secretary
27	Euro Solar Power Private Limited	Ahmedabad	Company Secretary
28	Fanidhar Mega Food Park Private Limited	Ahmedabad	Company Secretary
29	Fast Track Finsec Private Limited	New Delhi	Associate Manager
30	Futuristic Solutions Limited	New Delhi	CS & Comp. Officer
31	Grover Zampa Vineyards Limited	Bengaluru	Company Secretary
32	Guiltfree Industries Limited	Kolkata	Company Secretary
33	Hindusthan Mercantile Limited	Kolkata	Company Secretary
34	Hughes And Hughes Chem Limited	New Delhi	Asst. CS
35	IBC Knowledge Park Private Limited	Bengaluru	Company Secretary
36	Indigenesis Consulting Private Limited	New Delhi	Asst. CS
37	Jedux Parenteral Private Limited	Barabanki	Compliance Officer
38	KCL Infra Projects Limited	Indore	CS & Comp. Officer
39	Kesar Terminals & Infrastructure Limited	Mumbai	Company Secretary

40	KJS Concrete Private Limited	New Delhi	Company Secretary
41	Loharuka Infrastructure Private Limited	Kolkata	Company Secretary
42	Magenta Finance Services Private Limited	New Delhi	Company Secretary
43	Mahaveer Finance India Limited	Chennai	Asst. CS
44	Mahima Investment Advisory Private Limited	Kolkata	Asst. CS
45	Nexdigim Private Limited	Mumbai	Company Secretary
46	Obsessed Realtech Private Limited	Surat	Company Secretary
47	Orion Resolution & Turnaround Private Limited	Mumbai	Company Secretary
48	Pyramid Infratech Private Limited	Gurgaon	Company Secretary
49	Quadrant Future Tek Limited	Mohali	Asst. CS
50	Rhea Healthcare Private Limited	Bengaluru	Asst. CS
51	Sagar Wines Marketeers Private Limited	Mumbai	Company Secretary
52	Same Deutz Fahr India Private Limited	Vellore	Company Secretary
53	SAS Partners Corporate Advisors Private Limited	Bengaluru	Associate CS
54	Shipping Corporation of India Land & Assets Ltd.	Mumbai	Secretarial Officer
55	Strata Property Management Private Limited	Bengaluru	Company Secretary
56	SVK Finvalue Advisors Private Limited	Ahmedabad	Company Secretary
57	Tamilnad Mercantile Bank	Tuticorin	Company Secretary
58	Trust Investment Advisors Private Limited	Mumbai	Company Secretary
59	Tulip Compression Private Limited	New Delhi	Company Secretary
60	Turnaround Corporate Advisors Private Limited	New Delhi	Company Secretary
61	Universal Cables Limited	Satna	Company Secretary
62	VMS Industries Limited	Ahmedabad	Company Secretary
63	Wealth Cafe Business Advisors Private Limited	Mumbai	Compliance Manager
64	Worldwide Diamond Manufacturers Pvt. Ltd.	Visakhapatnam	Company Secretary
65	Yash Innoventures Limited	Ahmedabad	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 April 29, 2024)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
18,980	26,440	6,256	12,537

ICSI-SECTION 8 COMPANIES

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

- WORKSHOPS

Date	Subject	Speaker(s)	YouTube link
April 15, 2024	Decoding the Position of MSME(s) under IBC	Mr. Manish Paliwal, IP and Advocate	https://www.youtube.com/watch?v=WLUydsJ_QzA
		Ms. Divya Somani, IP and CA	https://www.youtube.com/watch?v=e1P9jVj6_TM
April 22, 2024	IBC's Evolving Landscape: A Look at the Landmark Supreme Court Judgements	Mr. Siva Rama Prasad Puvvala, IP, CS and CMA	https://www.youtube.com/watch?v=j8eBie_Tkbg https://youtu.be/SsdgdpIbBOA
April 27, 2024	Practical Intricacies under Insolvency Resolution and Bankruptcy Process for Personal Guarantors to Corporate Debtors	Mr. Vinit Nagar, IP & CS Mr. Devvart Rana, IP & Advocate	https://www.youtube.com/watch?v=bmA7XF-j5V0

- Webinars

Date	Subject	Speaker(s)	YouTube link
April 06, 2024	Navigating the IBC: Claims Handling, Information Memorandum and Resolution Plan	Mr. Nilesh Sharma, IP, CA & Advocate Mr. Anil Kohli, IP & CA	www.youtube.com/watch?v=SckxzwOloeE
April 12, 2024	Anatomy of IBC Case Laws - 16	Mr. Ajay Kumar Jain, Advocate and IP	www.youtube.com/watch?v=TrAeEQ1NmYA&t=5s
April 13, 2024	Code of Conduct for IP's	Ms. Harmeet Kaur, IP	www.youtube.com/watch?v=XcZHuG6ctO8
April 30, 2024	Treatment of PF and Gratuity Dues under IBC	Mr. Partha Kamal Sen, IP & CS	www.youtube.com/watch?v=1Su8aDUvX_8

ICSI REGISTERED VALUERS ORGANISATION

Activity	Topics / Title	Date	Faculty
Full Day Seminar on Navigating Valuation Essentials and Processes (Joint Programme with ICSI - Bengaluru Chapter)	Understanding valuation within the framework of Companies Act and the path to becoming a Valuer	April 06, 2024	CA Kaushik Raj
	Exploring various Valuation Approaches and their Prerequisites		CS K. Chandra Sekhar
	Panel Discussion on "Valuation Insights"		CS B Rajeswara Rao Mr. Arun Rathnam Mr. Arockia Durairaj R CS Shilpa Kiran
50 Hours Course on Valuation of Securities/ Financial Assets (Online)	Valuation of Securities/ Financial Assets	April 22-28, 2024	Dr. Ajay Garg Mr. Chaitanya jee Srivastava CS Harish Chander Dhamija CS K. Chandra Sekhar CS Kanishk Arora CMA Murali Raman CS Preeti Garg CS Rajesh Mittal CA Raveesh Chaudhary CS Sandeep Kothari CA Sumit Dhadda CA Tarun Mahajan
Continuing Professional Education (CPE) Programme	Binomial Option Pricing Model	April 23, 2024	CMA Murali Raman

ICSI-CCGRTs

ICSI-CCGRT NAVI MUMBAI

- 19th RCLDP and 87th RMSOP from 28th March 2024 to 12th April 2024

The 19th RCLDP and 87th RMSOP, was conducted at CCGRT, Navi Mumbai from 28th March 2024 to 12th April 2024. This program assembled thirty-one participants from diverse regions across the country and CS Ajay Agarwal, Senior Executive Vice President-Legal & Secretarial at HDFC Bank Ltd., honored the inaugural session as the Chief Guest.

The program boasted distinguished line-up of faculties hailing from various domains, including CS B. Renganathan, PCS; CS Devendra Deshpande, PCS and former President, the ICSI; CS Anshul Jain, Reliance Industries; CS Atul Juvle, General Counsel & CS, Schindler India Private Limited; CS (CA) R. Ranganayaki, PCA, and many more.

The valedictory ceremony was marked by the esteemed presence of CS Kalpana Srinivasan.

- 20th RCLDP from April 19- May 04, 2024

The 20th RCLDP is being conducted from 19th April 2024 which will be concluding on 4th May 2024. This

program has assembled thirty participants from diverse regions across the country, fostering a rich and immersive learning environment. With active participation expected from professionals spanning various industries, the program promises to offer a dynamic and enriching experience for all attendees. In addition to informative technical sessions, the agenda also encompasses hands-on workshops and industrial visits, ensuring a comprehensive approach to skill enhancement and knowledge acquisition. CS Amita Saxena, Practicing Company Secretary graced the inaugural ceremony as the Chief Guest, imparting valuable insights throughout the program.

- *Seminar on “Critical Aspects of Board Report, BRSR & ESG” on 20th April 2024*

A seminar on “Critical Aspects of Board Report, BRSR & ESG” was hosted on April 20, 2024, featuring distinguished speaker CS Manoj Sonawala, Chairman, Manoyog GRC Advisors Pvt. Ltd., and CS Chandrashekar Chincholkar, Director- Corporate Advisory Customized Energy Solution. The event drew the participation of more than fifty professionals. The first session laid emphasis on “Critical Aspects of Board Reporting,” and the subsequent session was focused on “Board Strategy for ESG & Corporate Sustainability - Critical Aspects of BRSR.”

INITIATIVES FOR EMPLOYEES

WEBINAR ON “GUARD YOUR LIVER” BY DR. REDDY’S FOUNDATION

A webinar was organized on the occasion of World Liver Day on April 26, 2024 on the topic “Guard Your Liver” by Dr Reddy’s Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Sagar. P. Kabadi, Consultant General Surgeon, Laparoscopic Surgeon, Proctologist.

“ACADEMIC SERIES”: AN IN-HOUSE INITIATIVE OF ICSI

The Institute has undertaken a new initiative titled as “Academic Series” introduced for the benefit of professionals employed with the ICSI, wherein, every week one of the employees will make a presentation on any topic of professional interest with a dual objective of sharing knowledge on a particular subject as well as to enhance their soft skills.

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 is conducting online doubt clearing classes for the students from 1st week of May 2024. The online classes are being conducted for the students appearing in June 2024 examination, however other students of the Institute can also join the classes. Classes are being conducted for Executive and Professional Programme for all subjects. The classes are being taken by renowned and distinguished faculties with enriched teaching experience. The students can submit their queries through Google link which will be sent to them after registration. They can also interact live with the faculties through the chat box during the classes. Students are required to register at the following link to attend the classes: <https://tinyurl.com/2kae3hmj>

- **VIDEO ON “CAREER AS A COMPANY SECRETARY” LAUNCHED TO CREATE AWARENESS ABOUT CS PROFESSION**

The ICSI has released a video for the benefit of its students which briefly covers information about the Institute, CS in Employment, CS in Practice, enhanced role of a CS and stages of CS Course. This short video encapsulates significant role that the ICSI and its Professional Members have been playing to promote honesty and transparency in the corporate world apart from laying foundations and strengthening corporate governance framework in the country. It highlights the recognition that Company Secretaries have received as conscience keeper in the corporate world and traces journey of Company Secretary professionals from being Compliance Officers to Governance Professionals.

As a prelude and an essential part of Career Awareness Programmes (CAP) conducted by the ICSI, the video explains the stages in which CS examination is conducted along with the syllabus and the eligibility requirements thereof (like information on CSEET, ODOP, CS Executive Programme, EDP, Practical Training, CS Professional Programme, and CLDP).

FACILITATION AND RELAXATION

- **Successful configuration of June 2024 Enrolment Setup for Executive & Professional New Syllabus (2022), Executive & Professional Old Syllabus 2017**

The first exam for the Professional New Syllabus (2022) will take place in June 2024. Consequently, the system has been successfully configured to enrol students for June 2024 session of examination. Subsequently Enrolment Setup has also been activated for Executive Old (2017) & New Syllabus (2022) & Professional Old Syllabus (2017) students.

Enrollment Announcement too has been hosted at website and Communication via Bulk Mail sent to students for enrolling June 2024 Session of Examination.

- **Re-opening of Online Enrollment Window for submission of CS Examination form for June 2024 session**

The Last date for submission of Examination form for CS Executive/ Professional Program June 2024 Session Examinations scheduled during June 02-10, 2024 was March 25, 2024 without late fees and April 09, 2024 with late fees.

With a view to facilitate students who could not submit the examination form and were desirous of appearing in the said Examinations, it was decided to re-open the online enrolment window from 4.00 PM on April 17, 2024 till 23:59 hrs. on April 19, 2024.

- **Activation of change facility for Professional Elective for June 2024 session**

After submitting the enrolment form, the Institute received numerous requests to modify the elective subject. To facilitate these students, the Institute decided to accommodate change request for elective subject with the requisite change fee as per the schedule placed below:

Change of elective subject	April 10, 2024 to May 01, 2024 Up to 16:00 Hours
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- **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

- **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).*

- **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, 18 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

- **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 50th 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 and Communication via Bulk Mail has been sent to students for extracting their Professional Pass Certificate for June 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/Declaration_to_cater_switchover_request_of_executive_&_professional_old_yllabus_students.pdf
- ♦ *FAQ for Professional Switchover to New Syllabus*: 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/media/webmodules/ICSISStudentTrainingGuidelines15012024.pdf)

- **ICSI SAMADHAN DIWAS**

ICSI successfully conducted the 42nd Samadhan Diwas, on Wednesday, April 10, 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.

- **TRAINING OPPORTUNITIES**

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

S. No.	ORGANIZATION	LOCATION	LEVEL
1	Aryaman Financial Services Limited	Mumbai	Professional Pass
2	Asian Paints Limited	Mumbai	Professional Pass
3	Barak Valley Cements Limited	New Delhi	Professional Pass
4	CL Educate Limited	New Delhi	Executive Pass
5	Corporate Professionals Capital Private Limited	New Delhi	Professional Pass
6	Crest Ventures Limited	Mumbai	Executive Pass
7	Crystal Crop Protection Limited	New Delhi	Professional Pass
8	Equippp Social Impact Technologies Limited	Hyderabad	Executive Pass
9	Indo-Mim Limited	Bengaluru	Executive Pass
10	Innovators Facade Systems Limited	Mumbai	Executive Pass
11	Intas Pharmaceuticals Limited	Ahmedabad	Executive Pass
12	Jagsonpal Pharmaceuticals Limited	Gurgaon	Professional Pass
13	Kinexin Convention Management Pvt. Ltd.	New Delhi	Professional Pass
14	Mahaveer Finance India Limited	Chennai	Professional Pass
15	Max Healthcare Institute Limited	Gurgaon	Professional Pass
16	Morgan Stanley Advantage Services Pvt. Ltd.	Mumbai	Professional Pass
17	MSTC Limited	Kolkata	Executive Pass
18	Nagreeka Exports Limited	Kolkata	Executive Pass
19	O(1) India Private Limited	Bengaluru	Professional Pass
20	Orchid Pharma Limited	Gurgaon	Professional Pass
21	Rail Vikas Nigam Limited	New Delhi	Professional Pass
22	Sanaatan Info-Infra Technologies Limited	Chandigarh	Executive Pass
23	Sushri Tradecom Private Limited	Kolkata	Professional Pass
24	Synopsys (India) Private Limited	Bengaluru	Executive Pass
25	Transline Technologies Limited	New Delhi	Executive Pass

26	Vishal Fabrics Limited	Ahmedabad	Executive Pass
27	Vivriti Capital Private Limited	Chennai	Professional Pass
28	Vridhi Finserv Home Finance Limited	Bengaluru	Professional Pass
29	Windsor Machines Limited	Ahmedabad	Executive Pass

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

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 is scheduled to be held on May 04, 2024. Last date for registration for CSEET is April 15, 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 are being conducted free of cost for the students. The classes for May 2024 Session of CSEET has commenced from 18th 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

- **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

- **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 **March, 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 institution:

April 23, 2024	WIRC	Punyashlok Ahilyadevi Holkar University	Solapur (MH)
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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 April 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	BML Munjal University	April 03, 2024	Gurgaon
2	EIRC	Kendriya Vidyalaya	April 05, 2024	Santragachi
3	SIRC	Silver Oaks International School	April 10, 2024	Hyderabad
4	EIRC	Birla Global University (BGU)	April 12, 2024	Bhubaneswar
5	EIRC	Arka Jain University	April 12, 2024	Jamshedpur
6	SIRC	Alagappa University	April 12, 2024	Madurai
7	SIRC	Arumugam Pillai Seethai Ammal College	April 12, 2024	Madurai
8	NIRC	Punjabi University	April 15, 2024	Patiala
9	EIRC	Kendriya Vidyalaya	April 16, 2024	Tarakeswar
10	WIRC	Army Public School	April 16, 2024	Ahmedabad
11	WIRC	Amity University Raipur	April 18, 2024	Raipur
12	WIRC	Army Public School	April 19, 2024	Saugor
13	NIRC	DAV Public School	April 19, 2024	Ludhiana
14	NIRC	CSJMU, Kanpur	April 19, 2024	Kanpur
15	NIRC	Invertis University	April 19, 2024	Bareilly

16	NIRC	Mira Model School	April 23, 2024	New Delhi
17	NIRC	Army Public School	April 23, 2024	Gurdaspur
18	NIRC	Sri Sri Academy Hyderabad	April 23, 2024	Hyderabad
19	NIRC	Suresh Gyan Vihar University	April 24, 2024	Jaipur
20	WIRC	Oriental University	April 25, 2024	Indore
21	NIRC	DAV Public School	April 25, 2024	Jasola Vihar, Delhi
22	EIRC	Gandhi Institute of Engineering & Technology University	April 27, 2024	Rayagarh, Odisha
23	NIRC	Bhupindra International Public School	April 30, 2024	Patiala

Career Fairs			
S. No.	Event Name	Date of Event	Venue
1	Amity International School	April 06, 2024	Pushp Vihar, New Delhi
2	Collegedunia Career Carnival 2024	April 20-21, 2024	Pragati Maidan, Delhi

DIGITAL ICSI

Following initiatives were undertaken during the month towards digitizing ICSI processes :

- Implementation of “CS Connect” Mobile App under Android and iOS platforms.
- Implementation of new Event Management portal for the events of HQ. The use of this module will be extended to ROs/CCGRTs/Chapters in future.
- Implementation of online facility for:
 - Mandatory KYM Form filing during Renewal and Restoration of membership as per decision of the Council.
 - Advance Fee payment for 3 years and 5 years at the time of Renewal of Membership as per decision of the Council.
 - Registration of Reporting Entity as per PMLA guidelines.
 - Switchover of Students from Earlier and Modified Training Structure to New Training Structure.
 - Examination enrollment of students under Professional New Syllabus 2022.
 - To accept fees for changing Optional Subject.
 - For optional switchover from old syllabus 2017 into new syllabus 2022.

Interview



CS Mahesh Kumar Agarwal

Company Secretary and Compliance Officer, GAIL (India) Limited.

CS Mahesh Kumar Agarwal, is a commerce graduate from St. Xavier's College, Kolkata. He is a qualified Company Secretary, Chartered Accountant and also a Cost & Management Accountant. He has an excellent track record in academics.

CS Agarwal joined GAIL in the year 2000 as a Management Trainee and began his career at GAIL's largest Petrochemical plant at Pata. He has been also the President & Secretary Cum Treasurer of GAIL's wholly owned Subsidiary – GAIL GLOBAL (USA) Inc. (GGUI) at Houston, Texas, USA.

With a vision to “Be the leader in natural gas value-chain and beyond, with global presence, creating value for stakeholders with environmental responsibility”, how is your company striving towards sustainability?

GAIL (India) Limited is actively striving towards sustainability by focusing on various initiatives and practices. The company’s commitment to sustainability is evident through its efforts in environmental, social, and governance aspects. GAIL fosters a culture of ethics and trust, emphasizing the highest ethical standards in conducting business. The company’s governance practices have led to operational excellence and consistent returns for shareholders.

GAIL follows comprehensive reporting standards like Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) & Dow Jones Sustainability Indices (DJSI) and complies with various sustainability requirements, showcasing its dedication to transparency and accountability. Moreover, GAIL has been recognized for its sustainability efforts, including being featured at COP26 and winning awards like the “Sustainably Growing Corporation of the Year”.

The company actively engages in Corporate Social Responsibility (CSR) initiatives, spending on various initiatives including environmental initiatives, benefiting a large number of individuals. GAIL’s stakeholder engagement and materiality assessment processes demonstrate its commitment to creating long-term value for all stakeholders. By leveraging advanced technologies, investing in renewable energy sources, and promoting responsible energy consumption, GAIL aims to achieve its vision of Net Zero 2040 and contribute to a cleaner and greener environment.

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

The Petroleum and Natural Gas sector has played a significant role in the Indian economy, contributing to the country’s energy security and economic growth. The sector has achieved substantial milestones, including expanding the gas pipeline network, increasing LNG regasification capacity, and promoting the use of natural gas as a cleaner fuel. GAIL, India’s leading natural gas company, has been at the forefront of these developments, operating a pipeline network of over 16,240 km and commanding 65% market share in gas transmission.

However, the sector also faces challenges, such as ensuring adequate gas supply, managing price volatility, and promoting the use of natural gas in a price-sensitive market.

GAIL has been working to overcome these challenges by diversifying its portfolio, investing in renewable energy sources, and promoting responsible energy consumption. GAIL’s journey has been marked by a focus on sustainability, innovation, and growth. The company has been investing in advanced technologies, such as fuel cell technology, green hydrogen, compressed bio-gas to transform India’s energy landscape towards cleaner and more reliable sources. GAIL has also been promoting responsible energy consumption and harnessing renewable energy sources to achieve its vision of Net Zero 2040.

What change are you as a Company Secretary witnessing in the reporting environment and its impact on doing business ?

The reporting environment has been witnessing significant changes, particularly in the context of climate-related disclosures for investors. These changes have a notable impact on how business is conducted. The focus on climate change as a material factor affecting businesses has led to a heightened emphasis on disclosing environmental impacts and climate risks in strategic reports. Companies, including GAIL, are now obligated to include factual statements in their strategic reports regarding climate risk, board evaluations of climate change impacts, and the company’s operations on long-term climate conditions. ESG rating including changes therein is required to be reported to Stock Exchanges.

The reporting environment’s evolution towards more comprehensive disclosures on environmental matters, including climate change, reflects a growing awareness of the importance of sustainability and responsible business conduct. This shift necessitates companies to provide detailed information on their business environment, principal risks, uncertainties, and the impact of their operations on the environment. The Financial Reporting Council’s guidance on the Strategic Report serves as a best practice statement, ensuring compliance with disclosure requirements and promoting transparency in reporting practices.

Company Secretaries play a crucial role in ESG initiatives by ensuring compliance, facilitating ESG integration into strategies, monitoring performance, and enhancing transparency through reporting and stakeholder engagement.

What is your take on imbining ESG in all aspects of business operations and functioning?

Incorporating Environmental, Social, and Governance (ESG) principles into all aspects of business operations and functioning is essential for creating long-term value and sustainability. ESG encompasses environmental, social, and governance factors that are interconnected and impact how a company operates and interacts with its stakeholders.

- Environmental criteria focus on energy consumption, waste management, resource usage, carbon emissions, and climate change impacts.

- Social criteria involve relationships with communities, labor practices, diversity, and inclusion.
- Governance pertains to internal practices, controls, decision-making processes, compliance with laws, and meeting stakeholder needs.

By embracing ESG, companies can enhance their reputation, attract socially responsible investors, mitigate risks, and create a more sustainable business model that benefits all stakeholders.

How impactful has Corporate Social Responsibility been in transforming the environmental and social habitat in the country?

Corporate Social Responsibility (CSR) has been impactful in transforming the environmental and social habitat in the country to some extent, but there is still room for improvement. CSR initiatives have played a significant role in wildlife conservation and habitat restoration in India, with companies contributing to environmental protection measures and sustainable development goals. However, the environment sector receives only a small portion, usually less than 10% of the available allocation of CSR funds, which primarily go towards education, sanitation, and health. This skewed distribution of funds indicates a need for strategic alignment of CSR funds to meet India's sustainability goals, with a focus on environmental conservation and restoration. CSR initiatives have also contributed to sustainable development goals, such as providing equal educational opportunities, healthcare and family welfare programs, and infrastructure development. Companies have also undertaken afforestation projects, tree planting, and lake restoration, demonstrating a commitment to environmental conservation.

GAIL believes in responding to the needs of the people, benefitting communities and protecting the environment that will ultimately determine the continued sustainable progress of the Company. GAIL actively contributes for charity and sponsorship programs. In FY 2022-23, GAIL has incurred CSR expenditure 2.18% against the mandated 2% towards achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes.

A decade of Companies Act, 2013 and rules made thereunder – how significant has been the shift from the 1956 Act in shaping and re-shaping the governance culture of the India Inc. ?

The commemoration of the 10 years of the Companies Act, 2013 (the Act) marks a decade of transformative changes in India's corporate governance landscape. The Act enacted with the aim of enhancing transparency, accountability, and investor protection, introduced a plethora of progressive provisions that modernized the functioning of businesses. Over the past decade, it has fostered the growth of socially responsible business practices, streamlined corporate reporting, and strengthened mechanisms for shareholder participation.

The Act emphasizes on corporate social responsibility, independent directorships, and enhanced disclosures has not only elevated the standards of corporate behavior but also contributed to building investor confidence. The Act also focuses on promoting corporate democracy, which catapults company secretaries from their present role to that of key managerial personnel, thereby enhancing their responsibilities and significance in the corporate sector.

The Act not only modernized regulations but also fostered a culture of transparency, accountability and sustainable business practices. It promotes responsible decision making and strengthen regulatory monitoring. It has laid the ground work for more resilient and responsible corporate sector.

Digital transformation is the modern day mandate. What has been its impact on the natural gas sector in particular ?

Digital transformation has had a profound impact on the natural gas sector, revolutionizing traditional processes and operations. By leveraging digital technologies like IoT, AI, big data analytics, and cloud computing, the natural gas industry has experienced significant improvements in efficiency, safety, and environmental performance.

One key impact of digital transformation in the natural gas sector is the optimization of critical equipment through remote sensors, cloud connectivity, and IoT. This allows for real-time monitoring and tracking of equipment maintenance, enhancing operational efficiency and reducing downtime. Additionally, the use of AI-driven analytics has enabled better understanding of customer needs and preferences, leading to improved customer value and experience. Furthermore, digital transformation has facilitated performance forecasting, improved oil recovery, decreased loss of hydrocarbons through theft and leakage, and enhanced asset security in the natural gas sector. Technologies like robotics and automation have been instrumental in enhancing safety and efficiency, particularly in tasks like drilling, inspection, and maintenance in remote or risky environments. Incorporating renewable energy sources as part of digital transformation efforts in the natural gas sector has also been beneficial, allowing for decreased environmental impact and improved energy efficiency.

Overall, digital transformation in the natural gas sector has brought about a paradigm shift, driving innovation, efficiency, and cost-effectiveness. It has enabled the industry to adapt to changing market dynamics, enhance operational processes, improve customer experiences, and align with sustainability goals through the integration of advanced technologies and data-driven solutions.

Technology is impacting not only the ways in which businesses are done but also how they are governed. What according to you have been some of the key influences of the same on corporate governance?

Technology has significantly influenced corporate governance, transforming the ways in which businesses

are managed and governed. The integration of technology in corporate governance has led to increased efficiency, enhanced decision-making, and improved risk management. One of the most significant impacts of technology on corporate governance is the increased use of data analytics and artificial intelligence. These technologies enable boards and management to make evidence-based decisions, rather than relying on intuition or anecdotal evidence. By analyzing large amounts of data, boards can gain insights into critical issues, such as customer preferences, market trends, and operational performance. This, in turn, enables them to make more informed decisions, improve strategic planning, and enhance overall governance.

Another key impact of technology on corporate governance is the increased use of digital tools for communication and collaboration. These tools enable boards and management to communicate more effectively, share information more efficiently, and collaborate more closely. This, in turn, enables them to make better decisions, respond more quickly to changing circumstances, and improve overall governance. Technology has also played a key role in improving risk management in corporate governance. By using digital tools for risk assessment and management, boards and management can identify potential risks more effectively, monitor risks more closely, and respond more quickly to emerging risks. This, in turn, enables them to reduce the likelihood of negative events, such as data breaches, regulatory violations, or financial losses.

BRSR Compliance is a relatively new area for Governance Professionals. How do you see them undertaking this activity?

As per SEBI LODR Regulations, 2015, BRSR reporting is mandatory for the top 1,000 listed companies by market capitalization in India. However, other companies can voluntarily submit their BRSR report as it enhances their overall market value, particularly when seeking to raise funds. BRSR reporting benefits companies by enhancing their reputation, improving their relationship with stakeholders, identifying potential risks and opportunities, and promoting sustainable practices and policies. BRSR reporting involves engagement with stakeholders, conducting assessments of social, environmental, and economic impacts, and implementing sustainable practices and policies. BRSR reporting intertwines financial performance with ESG disclosures, as companies are required to publish their BRSR report alongside their annual report. This alignment of financial and non-financial disclosures presents a transparent representation of a company's business and promotes responsible business practices and transparency in disclosing non-financial information.

BRSR reporting enhances transparency and accountability among listed companies in India, making it easier for investors and stakeholders to evaluate a company's commitment to responsible business conduct. It also aligns with global ESG reporting standards, such as the

Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), enabling Indian companies to demonstrate their commitment to international sustainability best practices and attract global investors.

Good Corporate Governance is necessary for business longevity and sustainability. What are your views - specifically in terms of Public sector Enterprises?

Public Sector Enterprises are majority-owned by the Union or State Governments and have been set up to primarily provide industrial and regional development. The principles of corporate governance in PSEs involve ensuring transparency, accountability, and ethical behavior, with a focus on accomplishing strategic objectives and goals as per the expectations, aspirations, and desires of shareholders and other stakeholders. Compliance with statutory and regulatory obligations for improved performance is also crucial. Additionally, PSEs should commit to survival, growth, and overall development, endeavor for high returns on investments, and uphold tenets of business ethics, transparency, fairness, and accountability and the same cannot be achieved without following good corporate governance practices. PSEs are torch bearers of good corporate governance.

Viksit Bharat @2047 is a shared agenda – What role can corporates and Company Secretary professionals play in achieving these milestones?

Corporates and Company Secretary professionals play a significant role in achieving these milestones by adopting and promoting good corporate governance practices, ensuring transparency, accountability, and ethical behavior. This includes ensuring compliance with statutory and regulatory obligations for improved performance, committing to survival, growth, and overall development, and upholding tenets of business ethics, transparency, fairness, and accountability.

Company Secretary professionals contribute by ensuring that their organizations are aware of and adhere to the principles of corporate governance, engaging with stakeholders, conducting assessments of their social, environmental, and economic impacts, and implementing sustainable practices and policies. By doing so, they help to promote responsible business conduct, enhance transparency, and improve overall governance.

Furthermore, Corporates and Company Secretary professionals can contribute to the Viksit Bharat @2047 vision by participating in initiatives like the "Viksit Bharat Abhiyan" and sharing their ideas on how to make India a developed nation by 2047. This can include ideas for economic growth, social progress, environmental sustainability, and good governance, as well as suggestions for how to address challenges and opportunities in these areas.

Jointly offers



Corporate and Securities Markets Compliances (Executive Program)

Students enrolled for ICSI Executive program including the students who enrolled through CSEET Route are also Eligible to apply

One Year Full Time Residential Program at, NISM Patalganga Campus, Near Navi Mumbai

About CSMC (Executive Program)

CSMC (Executive Program) is a one-year residential program that provides students with exposure to a wide range of subjects covered in the CS executive program. In addition, the program includes added subjects related to listed issuers and securities market compliances such as an Overview of securities markets, Issuer compliances, Intermediaries Compliances, Derivatives, and corporate governance. The curriculum is carefully crafted and benchmarked with the best and contemporary texts. The program also includes application-based teaching pedagogy and industry internship that serves as a strong foundation for further grooming and growth into various career paths in the corporate/ financial/ securities markets compliance role. CSMC students are positioned to take up a wide range of roles and responsibilities of compliance professionals with the listed companies, market infrastructure institutions, and intermediaries.

For Whom?

The CSMC (Executive Program) is an ideal platform for those who are passionate about corporate and securities market compliances, and aspire to gain in-depth knowledge and build a long-term career in these areas. This program is suited for people having passion for compliance roles with listed companies and securities market intermediaries. Over the course of one year, students will immerse themselves in the program and develop their knowledge and skills in taking compliances.

Any student enrolled for CS Executive including students who enrolled through CSEET Route are also eligible to apply.

Benefits of Program

CSMC –Executive Program can lead the successful participants to the following careers pathways:

- **Listed Companies:** Role as a compliance professional who may work in the department handling compliances.
- **Market Infrastructure Institutions:** Role as a compliance professional with Market Infrastructure Institutions including Stock Exchanges, Commodity Exchanges, Clearing Corporations and Depositories etc.
- **Intermediaries:** Role as a compliance professional with the primary and secondary market intermediaries.

The objective of NISM for designing a program of this kind is “to create a cadre of compliance professionals”.

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Admission Process

Eligibility Criteria

- 1) Student must be enrolled in the CS (Executive) program (Offered by ICSI)

How to apply?

1. New user need to click on <https://apply.nism.ac.in/csmc-executive-form>
2. Upon successful registration, you will receive User ID and Password on the registered mobile number and Email ID.
3. After registration you can Log-in and fill in the application form and pay the application fee of Rs 500/- online.

Selection Criteria

Selection to the Program will be through an online entrance test and online interview.

Candidates qualified in the entrance test and online interviews will be offered admission. For Information regarding online entrance test and online interview, candidates can refer to **Frequently Asked Questions (FAQs)** available on www.nism.ac.in/academics or www.icsi.edu/home/icsi-nism/

Important Dates:

Start Date for Application	Last Date for Application	Commencement of Program
March 05, 2024	May 31, 2024	July 30, 2024



NiSM

NATIONAL INSTITUTE OF SECURITIES MARKETS

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Articles Part - I

ESG and BRSR : Steering Board's Responsibility Towards Sustainable Governance 46

CS Rakesh Chandra Sharma, FCS

In recent years, Environmental, Social, and Governance (ESG) criteria have emerged as pivotal factors in the operational and strategic frameworks of corporations worldwide. As these criteria increasingly influence investment decisions, regulatory landscapes, public expectations, the boards of directors find themselves at the helm, navigating the complex waters of sustainability. India's introduction of the Business Responsibility and Sustainability Report (BRSR) further reinforces the role of Boards in promoting responsible business practices.

BRSR : A Broad Overview 52

CS Aditya Mathur, FCS

The importance of Environmental and Social Governance and BRSR is gaining momentum for the board leaders in today's business environment. There is a continuous requirement for a shift in focus of businesses from "Profit, Profit, Profit" to "Profit, People and Planet".

Viksit Bharat Going Global: Paradigm Shift in Landscape of ESG & BRSR and Changing Role of Company Secretaries 65

**CS K S Parameswara Kumar, ACS,
Dr. Nabanita Ghosh**

Viksit Bharat, a Governmental initiative of restructuring India into a redefined nation with bounties, diversities, abilities, and agilities. Need of the hour is to strengthen the "Modi Kavach of social justice" which emphasizes on the development of stress-free, poverty free facilities for admi all around. The paper also focussed on the need of the implementation of the strategic ESG (Environmental, Social and Governance) framework in the newly self -reliant digitized platform with varied structural changes by tapping the potential of the vibrant Company Secretaries.

Corporate Governance and Sustainable Development in India – An ESG Perspective 71

Jyothi G H

Sustainable development emphasizes the responsible use of resources to meet present needs without compromising the ability of future generations to

meet their own needs. In India, with its vast population and diverse ecosystems, sustainable development is imperative for addressing socio-economic challenges, reducing inequality, and safeguarding environmental health. By integrating environmental, social, and governance (ESG) considerations into their operations, Indian businesses can drive positive social impact, mitigate environmental degradation, and create value over the long term.

Infusing Impact Leadership Among ESG Professionals - Need of the Hour 75

Katie Cook, CS Dr. Sudheendhra Putty, FCS

In the business landscape of today, even the most seasoned organizations, adept in embedding ESG (Environmental, Social, and Governance) values within their culture, are grappling with the increasingly intricate and ever-shifting terrain of ESG norms. Facing a convergence of forces—from investment communities to consumer groups, from internal stakeholders to regulatory bodies—companies that once sidestepped formal ESG strategies are now yielding to intensified demands.

Unlocking ESG Potential - BRSR as a Key Reporting Framework in India 79

CS Aanchal Mundhra, ACS

Environmental, Social, and Governance (ESG) disclosure platforms play a crucial role in helping companies report their sustainability efforts and performance to investors, stakeholders, and the public. These platforms provide standardized frameworks and metrics for ESG reporting, making it easier for organizations to communicate their ESG initiatives.

Overview of the ESG Disclosure Landscape: IFRS & BRSR 87

**CS Shujath Bin Ali, FCS, K.S. Aravind,
Meghna Mishra**

Today's society is actively advocating for cleaner, safer, and more sustainable practices, with governments, investors, and consumers pushing for greater accountability and responsibility. This shift has prompted the development of various sustainability reporting standards, leading to the issuance of the Sustainable Disclosure Standards by the International Financial Reporting Standard (IFRS) in 2023. India is constantly making strides in ESG standards and policy

implementation, exemplified by the introduction of the Business Responsibility and Sustainability Report (BRSR). This article explores the key features of the Sustainability Disclosure Standards and its impact on India.

Unlocking the Power of ESG Integration: A Roadmap for Sustainable Growth

93

CS Yashi Garg, ACS

Organizations are compelled to engage with stakeholders holistically and surpass regulatory compliances in terms of business measures and reporting, as the disclosures are predicated on a range of ESG parameters. The reporting framework's objective is to give stakeholders recognizable comparators across businesses based on a range of widely accepted ESG metrics.

Articles Part - II

Estimating the Burn Rate in Start-Up Environment and a Study of Burnout Cost in Recently Listed Companies

100

CS R L N Sundar Kumar, ACS

In the startup context, they are expected to generate revenue and profits post-gestation period. The formula for calculating burnout cost involves segregating operating and non-operating expenses to understand the costs associated with business operations.

Research Corner

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'Credit Audit' of Banks with Emphasis on 'High Carbon Intensity' Project Finance

108

Sunil Dasari

Financial Institutions including Banks in India have initiated a re-evaluation of loans directed towards Carbon-intensive Sectors in response to mounting pressure from Global Investors to Mitigate Transition Risks and sustain Worldwide Environmental, Social, and Governance (ESG) Criteria. Despite the Nation Ranking as the World's Third-largest Emitter (following China and the US, as per Statista), Local Regulations concerning ESG disclosures are still at an early stage, with a mandatory disclosure System for Banks presently in the Consultation Phase.

Legal World

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- **LJM 05:05:2024** So far exercising of power for rectification within its field there could be no doubt the Court as referred under Section 155 read with Section 2(11) and Section 10, it is the Company Court alone which has exclusive jurisdiction. [SC]
- **LW 33:05:2024** Therefore, it can be safely concluded that the respondents have failed to adequately prove the fact that the insured-deceased had fraudulently suppressed the information about the existing policies with other insurance companies while entering into the insurance contracts with the respondents herein in the present case. Therefore, the repudiation of the policy was without any basis or justification. [SC]
- **LW 34:05:2024** The judgment of the two-judge Bench of this Court, which interfered with the judgment of the Division Bench of the High Court, has resulted in a miscarriage of justice. The Division Bench applied the correct test in holding that the arbitral award suffered from the vice of perversity and patent illegality.[SC]
- **LW 35:05:2024** The fact that the maximum cap of Rs.25 lakhs would be applicable as a one-time measure and not on each subsequent increase in the share capital of a company is fortified directly by the Maharashtra Stamp (Amendment) Act, 2015 which amended the charging section for Articles of Association i.e., Article 10 of the Stamp Act. [SC]
- **LW 36:05:2024** The respondent no.3, having stated on 27.12.1972, that his date of birth was 27.12.1948, cannot be permitted to raise the claim of his date of birth being 12.03.1955, that too on 14.08.1982, i.e., almost after a decade (counting from 27.12.1972 to 14.08.1982).[SC]
- **LW 37:05:2024** Given that the impugned agreement is between an enterprise and an end consumer, the same is not covered within the ambit of Section 3(4) of the Act.[CCI]
- **LW 38:05:2024** Based on facts and circumstances of the present matter, the Commission observes that no agreement has been shown to exist between the Opposite Parties that may be held to be anti-competitive in terms of the provisions of Section 3(4) of the Act. [CCI]

From The Government

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- Extension of timeline for Public Comments on CDCL Report & Draft Bill on Digital Competition Law
- Notice by Registrar for removal of names of a Limited Liability Partnership from the Register [Pursuant to Section 75 of the LLP Act, 2008 and sub-rule (1)(b) read with Sub- Rule (2) of Rule 37 of LLP Rules, 2009]

- In the matter of 9 Limited Liability Partnerships (List enclosed as Annexure I) and The Limited Liability Partnership Act, 2008 and Rules made thereunder
- In the matter of striking off of LLP under Section 75 of the LLP Act, 2008 read with Rule 37 of the LLP Rules, 2009
- Nomination for Mutual Fund Unit Holders – exemption for jointly held folios
- Ease of doing business- Fund manager for Mutual fund schemes investing in commodities and overseas securities
- Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker
- Framework for Category I and II Alternative Investment Funds (AIFs) to create encumbrance on their holding of equity of investee companies
- Flexibility to Alternative Investment Funds (AIFs) and their investors to deal with unliquidated investments of their schemes
- Ease of Doing Business: Text on Contract Note with respect to Fit and Proper status of shareholders
- Cross Margin benefits for offsetting positions having different expiry dates
- Circular on Standardization of the Private Placement Memorandum (PPM) Audit Report
- Entities allowed to use e-KYC Aadhaar Authentication services of UIDAI in Securities Market as sub-KUA
- Guidance Note on Operational Risk Management and Operational Resilience
- Fair Practices Code for Lenders – Charging of Interest
- Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 01 Entry
- Voluntary transition of Small Finance Banks to Universal Banks
- Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)
- Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024
- Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024
- Alteration in the name of "AB Bank Limited" to "AB Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934
- Unauthorised foreign exchange transactions
- Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)
- Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024
- Formation of new district in the State of Assam – Assignment of Lead Bank Responsibility
- Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)
- Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)
- Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)
- Key Facts Statement (KFS) for Loans & Advances
- Hedging of Gold Price Risk in Overseas Markets
- CIMS Project Implementation - Submission of Statutory Returns (Form A, Form VIII and Form IX) on CIMS Portal
- Alteration in the name of "Sonali Bank Limited" to "Sonali Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934
- Exclusion of "Kapol Co-operative Bank Limited" from the Second Schedule to the Reserve Bank of India Act, 1934
- Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs
- Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances
- Master Circular – Housing Finance
- Master Circular - Housing Finance for UCBs
- Master Circular - Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)
- Master Direction on Counterfeit Notes, 2024 – Detection, Reporting and Monitoring
- Master Circular – Basel III Capital Regulations
- Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission
- Master Circular - Disbursement of Government Pension by Agency Banks
- Master Circular on SHG-Bank Linkage Programme
- Master Direction on Penal Provisions in reporting of transactions / balances at Currency Chests
- Master Circular - Guarantees, Co-Acceptances & Letters of Credit - UCBs
- Master Direction on Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests
- Master Direction – Scheme of Penalties for bank branches and Currency Chests for deficiency in rendering customer service to the members of public
- Master Circular - Guarantees and Co-acceptances
- Master Circular – Lead Bank Scheme
- Master Circular on Board of Directors - UCBs

Other Highlights

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- ❖ NEWS FROM THE INSTITUTE
- ❖ GST CORNER
- ❖ ETHICS IN PROFESSION
- ❖ CG CORNER
- ❖ ESG CORNER
- ❖ GIST OF ROC & RD ADJUDICATION ORDERS

Call For ARTICLES

Call for Articles for publication in Chartered Secretary Journal – June 2024



PCS: Pursuing Excellence

If the vision of the Institute of Company Secretaries of India is “to be a global leader in promoting good corporate governance”, the success of the same needs solid backing by way of achievement of the mission “to develop high calibre professionals facilitating good corporate governance”.

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The celebration of PCS Day in commemoration of the first recognition is a moment to look back on the achievements made as well as to look forward to strengthen both the profession as well as governance together. **In view of the same, we are pleased to inform you that the June 2024 issue of Chartered Secretary Journal will be devoted to the theme **PCS: Pursuing Excellence** covering inter alia the following aspects:**

- ❖ Shaping audit culture – Role of auditing standards
- ❖ CS as Arbitrators – moving to the judicial side
- ❖ CS in MSMEs – Catalysing corporate governance at all levels
- ❖ Embracing technology – Issues, challenges and recourses
- ❖ Secretarial Audit : Strengthening governance from outside
- ❖ CS – Opportunities under Maritime Laws
- ❖ Handholding startups - reducing untimely closures and debacles

And many more...

Members and other readers desirous of contributing articles may send the same latest by **Saturday, May 25, 2024 at cs.journal@icsi.edu for June 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



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TENTATIVE CALENDAR OF PROGRAMMES FOR THE YEAR 2024-25

S. No.	Event	Region	Tentative Date
1.	2 nd National Women's Conference	Bengaluru	March 22-23, 2024
2.	Startup Conclave	New Delhi	May, 2024
3.	25 th National Conference of Practising Company Secretaries	Ayodhya	June 14-15, 2024
4.	PCS Day & Week Celebration	RCs & Chapters	June 17-23, 2024
5.	Capital Markets Week	HQ + other locations	June 28 – July 4, 2024
6.	GST Day	RCs & Chapters	July 1, 2024
7.	National NCLT & NCLAT Conclave	Various locations	July, 2024
8.	5 th National Conference of Corporate CS	Kolkata	July 19-20, 2024
9.	56 th ICSI Foundation Day of the ICSI	New Delhi	October 4, 2024
10.	52 nd National Convention of Company Secretaries	Mumbai	November 21-23, 2024
11.	24 th National Awards for Excellence in Corporate Governance	Bengaluru	December 20, 2024
12.	Yuvotsav, 2025	Ahmedabad	January 12, 2025

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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.
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1

ARTICLES



Articles Part - I

- ESG AND BRSR : STEERING BOARD'S RESPONSIBILITY TOWARDS SUSTAINABLE GOVERNANCE
- BRSR : A BROAD OVERVIEW
- VIKSIT BHARAT GOING GLOBAL: PARADIGM SHIFT IN LANDSCAPE OF ESG & BRSR AND CHANGING ROLE OF COMPANY SECRETARIES
- CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT IN INDIA – AN ESG PERSPECTIVE
- INFUSING IMPACT LEADERSHIP AMONG ESG PROFESSIONALS - NEED OF THE HOUR
- UNLOCKING ESG POTENTIAL-BRSR AS A KEY REPORTING FRAMEWORK IN INDIA
- OVERVIEW OF THE ESG DISCLOSURE LANDSCAPE: IFRS & BRSR
- UNLOCKING THE POWER OF ESG INTEGRATION: A ROADMAP FOR SUSTAINABLE GROWTH

Articles Part - II

- ESTIMATING THE BURN RATE IN START-UP ENVIRONMENT AND A STUDY OF BURNOUT COST IN RECENTLY LISTED COMPANIES
-

ESG and BRSR : Steering Board's Responsibility Towards Sustainable Governance

ESG refers to the three central factors in measuring the sustainability and ethical impact of an investment in a company. These criteria help investors assess potential risks and growth opportunities beyond traditional financial metrics. "E" - Environmental criteria consider how a company safeguards the environment? "S" - Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates? "G" - Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights. BRSR is an enhancement of the Business Responsibility Report (BRR), introduced by the Securities and Exchange Board of India (SEBI). It mandates the top 1000 listed companies by market capitalization to disclose their performance against a comprehensive set of sustainability parameters.



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INTRODUCTION

In recent years, Environmental, Social, and Governance (ESG) criteria have emerged as pivotal factors in the operational and strategic frameworks of corporations worldwide. As these criteria increasingly influence investment decisions, regulatory landscapes, public expectations, the Boards of Directors find themselves at the helm, navigating the complex waters of sustainability. India's introduction of the Business Responsibility and Sustainability Report (BRSR) further reinforces the role of Boards in promoting responsible business practices.

This article delves into the implications of ESG and BRSR on Board responsibilities and outlines that - *How can company's Board effectively spearhead the transition towards sustainability?* Let's explore this question by examining the following key considerations:

UNDERSTANDING ESG AND BRSR

ESG refers to the three central factors in measuring the sustainability and ethical impact of an investment in a company. These criteria help investors assess potential risks and growth opportunities beyond traditional financial metrics.

"E" - Environmental criteria consider how a company safeguards the environment?

"S" - Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates?

"G" - Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

BRSR is an enhancement of the Business Responsibility Report (BRR), introduced by the Securities and Exchange Board of India (SEBI). It mandates the top 1000 listed companies by market capitalization to disclose their performance against a comprehensive set of sustainability parameters. The BRSR aims to bring greater transparency, encouraging companies to engage more meaningfully on issues related to sustainable development.

REQUIREMENTS AS PER THE LAW IN INDIA

The relevant legal provisions and statutory framework applicable to the queries raised under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and National Guidelines for Responsible Business Conduct (NGRBC) issued by the Ministry of Corporate Affairs.

- 1. Applicability of BRSR – for Listed Entities:** Regulation 34(2)(f) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015: From the financial year 2022-23, filing of the BRSR shall be mandatory for the top 1000 listed entities based on market capitalization and shall replace the existing BRR.

Below are some explicit ESG-related provisions applicable to all Indian corporates, regardless of their size, classification, business type, turnover or public-private status:

2. **Article 48A and Fundamental Duties (Article 51-A(g)):** Article 48A and Fundamental Duties, as outlined in Article 51-A(g) of the Indian Constitution, underscore the paramount importance of environmental protection, in alignment with the foundational principles of ESG, particularly its environmental facet. While compliance with these provisions are not legally mandated, companies are encouraged to embrace them voluntarily as responsible corporate citizens.
3. **National Guidelines for Responsible Business Conduct (NGRBC) issued by the Ministry of Corporate Affairs:** The NGRBC provide comprehensive guidance to companies, directing their focus towards ESG aspects encompassing Environmental, Social, and Governance dimensions. These guidelines advocate for conscientious stewardship of the environment, equitable treatment of individuals, and ethical business practices. Compliance with NGRBC is voluntary for Indian companies, reflecting a commitment to global citizenship and ethical business conduct.
4. **Duties of Directors – Section 166(1) of the Companies Act, 2013:** Section 166(1) of the Companies Act, 2013 mandates Directors of Indian companies to act in good faith to advance the objectives of the company, ensuring the collective benefit of its stakeholders. Directors are obligated to prioritize the interests of shareholders, employees, the community, and uphold environmental protection. Compliance with this provision is mandatory for Indian companies, irrespective of their size, turnover, or financial status.
5. **Section 134(3) – Inclusion in Board Reports:** Section 134(3) of the Companies Act, 2013 stipulates that the Board Report of a company must encompass various aspects, including the conservation of energy, technology absorption, and foreign exchange activities. This mandatory inclusion underscores the significance of ESG considerations, particularly in environmental and technological domains. Compliance with this requirement is obligatory for Indian companies, regardless of their scale or financial performance.
6. **Section 134(5) – Directors' Responsibility Statement:** Clause (f) of Section 134(5) of the Companies Act, 2013 mandates Directors to devise effective systems ensuring compliance with all applicable laws and regulations. This encompasses adherence to ESG-related mandates, reflecting the commitment towards ethical conduct and regulatory compliance. Compliance with this provision is obligatory for Indian companies, emphasizing the importance of robust governance frameworks.
7. **Expanding ESG Integration: The Companies Act, 2013 goes beyond basics:** Moreover, there are several provisions within the Companies Act, 2013 that indirectly encompass ESG considerations:
 - 7.1. **Section 135 read with Schedule VII - Corporate Social Responsibility (CSR):** This section mandates certain classes of companies to spend a portion of their profits on CSR activities. Schedule VII provides a list of activities that can be included in the CSR policy of companies. Among these activities are those related to environmental sustainability, which align with the environmental aspect of ESG. By encouraging companies to invest in activities such as environmental sustainability, the law indirectly promotes ESG principles.
 - 7.2. **Section 149(8) read with Schedule IV - Duties of Independent Directors:** Independent Directors play a crucial role in ensuring corporate governance and accountability. Schedule IV outlines the duties of Independent Directors, which include keeping themselves well informed about the company and its external environment. This duty implies staying abreast of ESG factors that may impact the company's operations and stakeholders. Additionally, the duty to protect the legitimate interests of the company, shareholders, and employees encompasses considerations of social responsibility and ethical business conduct, aligning with the social and governance aspects of ESG.

These provisions of the Companies Act, 2013, while not explicitly labelled as ESG requirements, reflect the growing recognition of the importance of environmental sustainability, social responsibility, and good governance in corporate operations. Compliance with these provisions contributes to the broader objectives of ESG integration and responsible business conduct.

PRIVATE SECTOR LEADS ESG INTEGRATION FOR CORPORATE SUSTAINABILITY

Relying solely on government initiatives and regulations is not enough to drive meaningful change in sustainability. It is crucial for corporates to incorporate ESG commitments into their own objectives and strategies. Corporations have a significant impact on the economy, society and the environment, and by integrating ESG into their operations, they can create substantial positive change at a larger scale. Adopting ESG commitments enhances long-term value creation, meets stakeholder expectations, drives innovation and competitive advantage, and helps build trust and loyalty.

To effectively incorporate ESG commitments, corporates should set clear goals, embed ESG considerations in decision-making, engage stakeholders, enhance transparency and reporting, and collaborate with others. By doing so, corporates can contribute to broader sustainability goals and create a more sustainable future.

THE EVOLVING ROLE OF THE COMPANY'S BOARD

As the highest authority in the private sector, the role of the company's Board in ensuring adherence to ESG principles and the BRSR is multifaceted and crucial for sustainable corporate governance. Here's how Boards can shoulder this responsibility:

- 1. Strategic Oversight:** Boards must ensure that ESG integration goes beyond compliance and becomes a core component of strategic planning. This involves aligning ESG goals with business objectives to create long-term value and mitigate risks associated with environmental and social issues.
- 2. Policy Development:** Creating robust policies that reflect the organization's commitment to ESG principles is essential. These policies should address aspects such as environmental management, social equity, and ethical governance practices, ensuring they are embedded across all operations.
- 3. Risk Management:** Identifying and managing ESG risks is increasingly becoming a board imperative. This involves assessing how ESG factors can impact financial performance and reputation, and integrating these considerations into the company's overall risk management strategy.
- 4. Reporting and Transparency:** With the BRSR in place, Boards have a legal obligation to ensure that their companies maintain high standards of disclosure. This includes reporting on specific sustainability indicators and actions taken to address various ESG aspects. Effective reporting builds trust with stakeholders and can enhance corporate reputation.
- 5. Stakeholders Engagement:** Boards should foster an environment of active engagement with stakeholders, including shareholders, employees, customers, and

It's crucial for Boards to augment their expertise by either reconstituting with members possessing relevant knowledge or engaging external consultants to provide guidance on sustainability and ESG matters. This enhances the Board's visibility of risks and fosters courage in decision-making. Additionally, investing in training programs and upskilling initiatives focused on sustainability and ESG will empower board members to fulfill their oversight role effectively.

the community. Understanding their perspectives on ESG issues can guide better decision-making and improve sustainability initiatives.

- 6. Continuous Improvement:** Sustainability is an evolving field, and Boards must commit to continuous learning and improvement. This includes staying updated with global best practices, adapting to new regulations, and revising strategies based on performance and stakeholder feedback.

ACTION PLAN: INITIATIVES FOR DRIVING SUSTAINABILITY

To kick-start the journey, it is recommended that the company's Board should establish an ESG & Sustainability Committee comprising Directors with fundamental knowledge of ESG and Sustainability. The majority of the committee members should be Independent Directors, with one appointed as the Chairperson. The agenda for the inaugural ESG & Sustainability Committee Meeting encompasses the following illustrative items:

Index	
Item No.	Particulars of Agenda Item
A) ITEMS FOR INFORMATION / NOTING / DISCUSSION	
1.	Introduction & Welcome note by Head – ESG <i>(The Head of ESG will provide an introductory presentation highlighting key updates on various matters such as the Sustainable Development Goals (SDGs), Importance of the 3Ps (People, Planet, Profit), Climate Change, Net Zero, etc.)</i>
2.	Overview of Environmental, Social, and Governance (ESG) factors <i>(Discussion on the significance of ESG factors in business operations.)</i>
3.	Benefits of integrating ESG Considerations / Carbon Offset <i>(Deliberation on the potential benefits of integrating ESG considerations and carbon offset into the company's strategy and decision-making processes.)</i>

4.	<p>Review of ESG Roadmap: Comprehensive review of the detailed ESG roadmap covering:</p> <ol style="list-style-type: none"> i. An overview of the existing ESG practices within the organization. ii. Highlights of ongoing initiatives or programs related to ESG. iii. Stakeholders Materiality Assessments (SMA). iv. Identification of gaps or areas for improvement in the current ESG framework. v. R&D, Innovation and new business methods and practice, process upgradation. vi. Setting ESG Goals and Targets. vii. The importance of setting measurable and achievable ESG goals. viii. Brainstorm potential ESG goals and targets that align with the company's values and stakeholders' expectations. ix. Determine the Key Performance Indicators (KPIs) to track progress towards ESG goals. x. Transparent and accurate ESG reporting and Disclosure Framework. xi. Explore different frameworks and standards for ESG reporting, such as the Global Reporting Initiative (GRI), Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD) etc. xii. Determine the approach and timeline for developing the company's ESG report. xiii. Analyses on resource requirements for implementing the ESG strategy. xiv. Identify potential budgetary needs and allocate necessary resources. xv. Explore opportunities for leveraging existing resources or partnerships.
5.	<p>Review of Environmental Risks & Opportunities</p> <p><i>(Presentation highlighting updates on various environmental matters such as Environmental Resilience, Extended Producer Responsibility (EPR), Product Stewardship, Circular Economy Practices, Technology for Decarbonisation, etc.)</i></p>
6.	<p>Adoption of ESG Risk Register</p> <p><i>(Displaying the ESG Risk Register format categorizing risks into Environmental, Social, and Governance domains.)</i></p>
B) ITEMS FOR APPROVAL	
7.	<p>Review and Recommendation for Board Approval - Discussion and review of the following items:</p> <ol style="list-style-type: none"> 1. Establishment of Environment and Sustainability (E&S) Department, including staff appointment. 2. Charter for Procedure and Standards for E&S Department. 3. Mandate and Responsibilities of the ESG Committee. 4. Scope, objectives, reporting lines, and communication channels of the Committee. 5. ESG Policy of the Company and overview of the ESG Committee's purpose and goals. 6. To appoint ESG Rating Agency & ESG Professionals.
8.	<p>Recommendation for Specific Responsibilities and Tasks for ESG Reporting Tool</p> <p><i>(Discussion and consideration of specific responsibilities and tasks of Committee members and Delegation of Power (DoP) for adopting ESG tool and practices, to be recommended to the Board.)</i></p>

MAPPING OF COMPANY POLICIES WITH NGRBC PRINCIPLES / BRSR

In the dynamic realm of BRSR and ESG, the development of organizational policies stands as a cornerstone in fostering ethical conduct and responsible business practices. Navigating this intricate landscape demands a thorough and meticulous approach, acknowledging the intricate nature and profound impact of policy frameworks on organizational behaviour.

1. **Engaging Stakeholders: Collaborative Approach:** Initiating the policy-making process necessitates a collaborative endeavor. Involving stakeholders, including relevant officials and departments, becomes imperative. Through comprehensive discussions, valuable insights are gathered to ensure policy alignment with the organization's overarching goals and values. Moreover, crafting detailed Standard Operating Procedures (SOPs) provides a strategic blueprint for effective policy implementation.



- 2. Upholding Legal Standards: Foundation of Strict Compliance:** Legal provisions form the cornerstone of any policy. Organizations must meticulously adhere to laws, rules, and regulations during the policy formulation process. This commitment not only upholds the legal integrity of the policy but also shields the organization from potential risks and reputational damage.
- 3. Testing the Nine Principles of NGRBC: Holistic Evaluation :** To withstand ethical scrutiny, policies must adhere to the nine principles outlined by the NGRBC. These principles encompass ethical conduct, sustainable practices, employee well-being, stakeholder engagement, human rights, environmental commitment, responsible policy influence, inclusive growth, and consumer engagement.
- 4. Ensuring Compliance with BRSR Core Section B:** Threefold Strategy Organizations must adopt a threefold strategy to ensure continuous policy effectiveness:

- Clearly defining the frequency of policy reviews (Quarterly/Half Yearly/Annually).
 - Conducting independent audits, assessments, or evaluations to gauge the policy’s robustness.
 - Establishing reporting mechanisms and delineating follow-up actions for policy matters.
- 5. Board Approval: Commitment to Responsible Governance:** The final step entails obtaining approval from the Board of Directors or the Sustainable Committee. This not only signifies top-level endorsement but also underscores a commitment to responsible governance. Policies supported by the highest echelons of leadership are more likely to be implemented effectively, fostering a culture of sustainability and ethical business practices.
 - 6. Illustrating Alignment with BRSR Principles:** The ESG & Sustainability Committee Meeting will address and review a range of policies, as outlined below:

 - Statutory Policies:** Evaluation of sector-specific policies mandated for regulated entities, along with previously approved statutory policies by the Board.
 - Voluntary Policies:** Discussion and assessment of company policies adopted voluntarily to address ESG considerations.

The below table illustrates company policies that fulfill the requirements of BRSR (NGRBC guided) principles. Any prospective alterations in BRSR policy will correspondingly entail complementary changes in respective detailed policies:

Illustrative List - Policy mapping for NGRBC / BRSR integration

<p>Principle 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable</p>	Whistleblower Policy	Code of Conduct for Board, Senior Management & Employees	Anti-Bribery and Anti-Corruption (ABAC) Policy	Code of Conduct for Suppliers & Vendors
<p>Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe</p>	Sustainable supply chain Policy	Fair Use Policy	Product Stewardship Policy	Integrated Management System Policy
<p>Principle 3 Businesses should respect and promote the well-being of all employees, including those in their value chains</p>	Employee Health & Safety Policy	Equal Opportunity Policy	Employee benefits & wellbeing Policy	Nomination & Remuneration Policy
<p>Principle 4 Businesses should respect the interests of and be responsive to all its stakeholders</p>	Stakeholder Engagement & Inclusiveness Policy	Stakeholder Grievance Redressal Policy		
<p>Principle 5 Businesses should respect and promote human rights</p>	POSH Policy	Anti-harassment & Anti-discrimination Policy	Board Diversity Policy	Human Rights Policy
<p>Principle 6 Businesses should respect and make efforts to protect and restore the environment</p>	Environment Management Policy	Climate change Policy	E-Waste Policy	Biodiversity Policy
<p>Principle 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent</p>	Policy on Responsible Advocacy with Public & Regulatory Bodies	National Affiliation Policy	State Affiliation Policy	
<p>Principle 8 Businesses should promote inclusive growth and equitable development</p>	CSR Policy	Preferential Procurement Policy	Inclusive Growth and Equitable Development Policy	
<p>Principle 9 Businesses should engage with and provide value to their consumers in a responsible manner</p>	Cyber Security & Data Privacy Policy	Customer Satisfaction Policy		
<p>Miscellaneous</p>	Vision & Mission Statement	Sustainability Policy		

■ Statutory Policy
 ■ Recommended Policy
 ■ Sector Specific Policy
 ■ Policy - not part of NGRBC

Considering the above, it could be determined that the Companies should navigate the intricacies of BRSR and ESG, crafting policies becomes a strategic imperative. By engaging stakeholders, upholding legal standards, testing against ethical principles, ensuring compliance, and securing top-level approval, organizations can develop policies that not only meet regulatory requirements but also contribute to a sustainable and responsible business future.

THE WAY FORWARD: EMPOWERING BOARD ACTIONS FOR RESPONSIBLE BUSINESS CONDUCT AND SUSTAINABLE SUCCESS

Implementing ESG considerations requires regular monitoring and adjustment of processes to ensure compliance and effectiveness. Embracing sustainability isn't just about mitigating risks—it's about gaining competitive advantages through innovative business models.

So, how can a company transition towards sustainability?

Currently, it's evident that many corporate Boards lack full awareness of ESG considerations. While some recognize the importance of addressing climate change and have initiated actions accordingly, there's an urgent need for every Board to address critical questions:

- i. How do these considerations impact the company's strategy?
- ii. What implications do they hold for the company's future?
- iii. When should the business undergo transformation or adopt alternative models beyond existing practices?

To address these questions, company Boards must foster courage among members and engage in ongoing discussions regarding climate change, achieving net-zero emissions, sustainability, and ESG principles.

"The Board urgently requires the courage to address all ESG considerations, including the ability to voice concerns, resist conformity, foster independent thinking, share diverse perspectives and challenge with both management and fellow Directors."

Boards should explore alternative business models aligned with sustainability goals. Even if they choose to retain the current model, it's imperative to contemplate and propose alternatives considering ESG aspects. This proactive approach helps to anticipate future challenges and mitigate risks, as evidenced by the growing recognition of solar panels' significance over the past decade.

Moreover, it's crucial for Boards to augment their expertise by either reconstituting with members possessing relevant knowledge or engaging external consultants to provide guidance on sustainability and ESG matters. This enhances the Board's visibility of risks and fosters courage in decision-making. Additionally,

investing in training programs and upskilling initiatives focused on sustainability and ESG will empower Board members to fulfill their oversight role effectively.

Furthermore, establishing the right framework enables Boards to position their companies for strategic success and drive long-term value. Moving forward, the question arises: how can the responsibility of the Board and all organizational stakeholders be effectively addressed? While the Board bears primary responsibility for achieving the target of a green company with net-zero emissions through business model transformation, it's essential for all stakeholders, including employees and vendors, to share in this responsibility.

Some scholars advocate for a greater focus on middle management, as they have regular interactions with both top and lower levels of the organization. Leveraging the potential of young staff at the middle level can facilitate the establishment of sustainable practices within the company. However, business transformation entails significant costs and challenges. External communication with stakeholders regarding each product or service is paramount, with regular discussions focusing on reducing material usage, energy consumption, and costs.

Boards may consider appointing external consultants or engineers to help formulate strategies addressing such issues. Implementation can either be conducted internally, with the sustainability team providing guidance on factors like packaging costs, energy consumption, and pollution reduction, or led by the R&D team, leveraging their first-hand knowledge of company challenges.

Additionally, both statutory and internal auditors have pivotal roles, as they possess the necessary skills and courage to report on ESG gaps and associated risks to the board.

In summary, effective leadership from company Boards is pivotal in driving the sustainability transition, necessitating proactive engagement, expertise augmentation, and strategic planning to navigate the complexities of today's business landscape.

CONCLUSION

The integration of ESG criteria and the implementation of BRSR are reflective of a broader shift towards sustainable capitalism and responsible business practices. Boards play a crucial role in steering their companies towards sustainability. By effectively managing ESG responsibilities, Boards can ensure compliance with regulatory demands and drive innovation, securing a competitive advantage in a rapidly changing business environment. Thus, leadership in ESG integration is not merely a compliance requirement but a strategic imperative for enduring success.

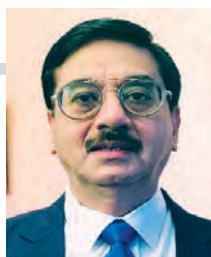
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BRSR : A Broad Overview

SEBI has mandated filing of Comprehensive version of BRSR for the top 1000 listed companies (by market capitalization) with effect from the financial year 2022-2023. However, all the Indian Companies having businesses in Europe or outside India shall have to comply with International ESG reporting requirements. BRSR adopts the United Nations Sustainable Development Goals (UN-SDGs) and is compared to other global ESG reporting frameworks such as Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), etc.



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INTRODUCTION

The importance of Environmental and Social Governance is gaining momentum for the Board leaders in today's business environment. There is a continuous requirement for a shift in focus of businesses from "Profit, Profit, Profit" to "Profit, People & Planet".

Environment (E) deals with Organization's impact on Planet, Social(S) deals with Organization's impact on People and Governance(G) focuses on how well a Company is governed.

Securities and Exchange Board of India (SEBI) created first regulatory disclosure framework, the Business Responsibility Report (BRR) in response to the National Voluntary Guidelines (NVG) on Social, Environmental, and Economic Responsibilities of Business in 2012. However, in 2018 it was found that the BRR Reports lacked quality, making the reporting untrustworthy. Consequently, Business Responsibility and Sustainability Reporting (BRSR) reporting framework came into being in 2019.

APPLICABILITY OF BRSR REPORTING

SEBI has mandated filing of Comprehensive version of BRSR for the top 1000 listed companies (by market capitalization) with effect from the financial year 2022-2023. However, all the Indian Companies having businesses in Europe or outside India shall have to comply with International ESG reporting requirements.

BRSR adopts the United Nations Sustainable Development Goals (UN-SDGs) and is compared to other global

ESG reporting frameworks such as Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), etc.

Reporting under BRSR comprises of three mandatory sections as under:

1. Section A: General Disclosures- cover the basic set of Company information.
2. Section B: Management and Process Disclosures – focus on Policy and Management processes; Governance, Leadership and Oversight.
3. Section C: Principle-wise Disclosures- comprise of the nine principles covering ESG areas and is aimed at helping businesses demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The disclosures in section C are under two categories – Essential Indicators which are mandatory and Leadership Indicators that are voluntary.

OVERVIEW OF PRINCIPLES OF BRSR REPORTING

- **Principle 1(P1)** deals with Ethics and states that the businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable in line with Sustainable Development Goal 16 (SDG 16).
- **Principle 2 (P2)** deals with Safe and Sustainable Products and Services and states that businesses should provide goods and services in a manner that is sustainable and safe and recognizes the proposition of SDG 12.
- **Principle 3 (P3)** deals with Wellbeing and states that the businesses should respect and promote the well-being of all employees, including those in their value chains without any discrimination and is aligned to SDG 8.
- **Principle 4 (P4)** deals with Stakeholders and states that the businesses should respect the interests of and be responsive to all its stakeholders.
- **Principle 5 (P5)** deals with Human Rights and states that the businesses should respect and promote human rights.

- **Principle 6 (P6)** deals with Environment and states that the businesses should respect and make efforts to protect and restore the environment and is aligned with SDGs 11, 13, 14 and 15.
- **Principle 7 (P7)** deals with Public Policies and states that the businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- **Principle 8 (P8)** deals with Inclusive Growth and states that the businesses should promote inclusive growth and equitable development.
- **Principle 9 (P9)** deals with Consumers and states that the businesses should engage with and provide value to their consumers in a responsible manner.

The applicability of above nine principles to ESG is summarized as under:

Particulars	Applicable Principles
Environment (E)	P2, P6
Social (S)	P3, P5, P8
Governance (G)	P1, P4, P7, P9

Disclosure Requirements in BRSR have been summarized and key disclosure points have been covered in this article for sake of brevity. Relevant references have been extracted from BRSR for FY 2022-23 of HUL, ITC, Wipro, Tata Steel and Asian Paints.

Section A: General Disclosures mandate disclosure on 24 parameters and is divided into seven sections covering information as under:

- Section I: Details of Listed Company (covers 13 parameters like Company Name (*check if there is change in name*), CIN, Year of Incorporation, Paid up Capital, Name and Contact of person for BRSR queries, Reporting Boundary (i.e on Standalone or Consolidated basis) and recently added Name & Type of Assurance(i.e. *whether Limited or Reasonable assurance* etc.)
- Section II: Company's Products/Services requires disclosure on:
 - ♦ Company's business activities that account for over 90% of its Sales which HUL in its BRSR for FY 2022-23 has covered as under:
 - Description of Main activity- *Manufacturing - FMCG.*
 - Description of Business Activity- *say Soaps, Detergents, Cosmetics & Toiletries, Packaged Foods.*
 - Entity Turnover – *say 100%.*
 - ♦ Products/Services sold that account for over 90% of its Sales which HUL has disclosed as under:
 - *Products/Services –Beauty & Personal Care; Home Care; Food & Refreshments*
 - *NIC Codes –say 20231 for soaps, 20236 for shampoos etc.*
 - *Total Turnover contributed (for each Product category)-for Beauty & Personal Care 36.7%; Home Care 35.4%; Food & Refreshment 24.8%*
- Section III covers disclosures on Operations where the information on the Number of locations where plants and/or operations/offices of the entity are situated (National & International) and the Markets served by the entity by Number of Locations (National & International); What is the contribution of exports as a percentage of the total turnover of the entity and a brief on types of customers is to be given.
- Section IV requires disclosure on the Employees and Workers (including differently abled) giving the number and percentage of Male & Female, Permanent and Other than Permanent as at the end of Financial Year. The disclosure further requires information on the Participation/ Inclusion/ Representation of women on the number on the Board of Directors and as Key Managerial Personnel and percentage of such total and also the Turnover rate for Permanent Employees and Workers (Male & Female) for 3 financial years including current year.
- In Section V, the information about Holding, Subsidiary and Associate Companies (including joint ventures) and the percentage of shares held by listed entity and whether any of these entity(s) participate in the business responsibility initiatives of the listed entity needs to be given.
- Section VI requires disclosure on CSR giving details about applicability of section 135 of Companies Act, 2013, Turnover and Net worth (in Rs.).
- Section VII is on Transparency and Disclosures Compliances and requires information to be provided on the Complaints/grievances on any of the principles (one to nine) under the National Guidelines on Responsible Business Conduct for the Current and Previous Financial Year on-
 - Each Stakeholder group from whom complaint is received-(i.e. from Communities, Investors other than shareholders, shareholders, employees and workers, value chain partners and others-to be specified),
 - Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide web-link for grievance redress policy,
 - Number of complaints filed during the year,
 - Number of complaints pending resolution at close of the year &
 - Remarks.

- The disclosure under this section also requires information on Overview of the entity's material responsible business conduct issues - where material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, are to be provided as per the specified format covering the details as under. Relevant extracts from BRSR of HUL are shared in *italics* against each disclosure:

- ◆ Material issue identified – *Climate Change, Packaging & Waste*
- ◆ Indicate whether risk or opportunity (R/O) - *Risk*
- ◆ Rationale for identifying the risk / opportunity – *“Climate change is a principal risk to us, which has the potential to impact our business in the short, medium and long term. We face potential physical environment risks from the effects of climate change on our business, including extreme weather and water scarcity. Potential regulatory and transition market risks associated with the shift to a low-carbon economy include changing consumer preferences, increase in product cost, future Government policy and regulation. Responsible business practices are critical to generating long term value.”*
- ◆ In case of risk, approach to adapt or mitigate – *“We have set out a clear pathway to tackle climate change, as listed below:*
 - *Zero emissions in our operations by 2030;*
 - *Halve Green House Gas (GHG) impact of our products across the lifecycle by 2030;*
 - *Net Zero emissions for all our products from sourcing to point of sale by 2039;*
 - *Replace fossil-fuel derived carbon with renewable or recycled carbon in all our cleaning and laundry product formulations by 2030.*

Across the portfolio, our brands are working towards reducing the environmental impact, including at the consumer use stage”

- Financial implications of the risk or opportunity (positive or negative implications to be indicated) – *“ Programmes to mitigate risk emanating from climate change can lead to incremental costs in the short-to medium-term, which can be partly compensated by increased efficiency in the long term. Importantly, these programmes would strengthen business resilience and protect long term value.”*

Section B : Management and Process Disclosures are aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the National Guidelines on Responsible Business Conduct(NGRBC) Principles and Core Elements. The key disclosure requirements are discussed in two sub-sections as under:

I. Policy & Management Process

- Item1(a,b &c) of BRSR format requires disclosure on whether entity's policy/policies cover each principle and its core elements of the NGRBCs.; Has the policy been approved by the Board and providing weblink of policies if available?
 - ◆ Here the Company is required to put in place policies for each Principle which may cover the following policies as illustrated:
 - P1: Code of Business Conduct and Ethics Policy(COBCE); Anti-Corruption & Anti Bribery Policy; Policy on Prevention of Insider Trading (Share Dealing Code), Corporate Governance Code, Policy on Related Party Transactions, Whistle Blower Policy, Code of Conduct for Board and Members of Senior Management.
 - P2: Suppliers Code of Conduct; Product Responsibility Policy; Quality Policy; Ecological Sustainability Policy.
 - P3: Safety & Health Policy; Equal Opportunity Policy; Prevention of Sexual Harassment Policy (POSH); Disability Accommodation Policy; Remuneration Policy; COBCE.
 - P4: Stakeholders Management Policy; CSR Policy, Corporate Governance Code; Inclusion & Diversity Policy.
 - P5: Prevention of Sexual Harassment Policy (POSH); Policy to Support Survivors of Abuse; Whistle Blower Policy; Board Diversity Policy; COBCE.
 - P6: Environment, Health & Safety Policy; COBCE; Ecological Sustainability Policy.
 - P7: Anti-trust and Fair Competition; COBCE.
 - P8: Supplier Diversity & Inclusion Policy; COBCE; CSR Policy.
 - P9: Cyber Security Policy, Data Privacy Policy, Quality Policy.
- Item no. 6 of BRSR format requires disclosure on the Specific commitments, goals and targets set by the entity with defined timelines, if any.
 - ◆ There are three parts to commitment/goals- short term, medium term or long term. For example, a Company commitment to achieve 25% gender

diversity by 2025 is a short term goal. Similarly, another company has committed that by 2030 they will achieve 20% less carbon emission, is medium term goal and another Company sets target for net zero carbon emission by 2070 which is long term goal. Ideally, Companies should try to set short term goals under ESG since they are visible and positively reflect the Company(s) seriousness.

- ◆ Further, for a Company in IT or service industry, manpower is of utmost importance and therefore they may set goals around Social. Similarly, for a Manufacturing company Environmental goals will be of importance and Banking Industry will focus on Governance.
- ◆ Let us now understand the specific requirements of disclosure under this point with Illustration as under

(*2): Environmental Goals as extracted from BRSR of Tata Steel are:

- ◆ *Climate Change a) 2045: Net Zero emissions for the Tata Steel Group.*
- ◆ *Product Sustainability a) 2025: Cover 100% of steelmaking and downstream sites under Life Cycle Assessment in India,*
b) 2030: Disclose environment performance of 100% of products.
- ◆ *Water a) 2025: Achieve specific freshwater consumption of 2.0 m³ per tonne of crude steel across all steelmaking sites in India,*
b) 2030: Achieve specific freshwater consumption of < 1.5m³ per tonne of crude steel across all sites in India.

Social Goals as set by Wipro for Principle 3 on Wellbeing are under:

- ◆ *Adopt a holistic lifecycle approach that emphasizes employee safety, physical health and mental well-being.*
- ◆ *Attract and retain talent by building “a great place to belong” ecosystem.*
- ◆ *Increase gender representation at an overall and leadership level.*
- ◆ *Achieve 38% gender diversity at an overall level in FY’24.*
- ◆ *Achieve 21% gender diversity and leadership level in FY’24.*

Governance Goals

- ◆ *Extract from BRSR of Tata Steel- “Responsible Steel TM Certification a) 2025: Achieve ‘Certified Site’ certification for all existing steelmaking sites in India,*

Environmental and Social Governance and BRSR is gaining momentum for the board leaders in today’s business environment.

b) 2030: Achieve ‘Certified Steel’ certification for all sites in India”.

- ◆ *Extract from Wipro’s BRSR-*

100% of employees to complete training on Wipro’s Code of Business Conduct every year; 100% of all suppliers adhere to Wipro’s code of supplier conduct.

II. Governance, Leadership & Oversight:

- The disclosure requirements under Item 8 requires the details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies) and under Item 9 on whether the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues and if yes, provide details.
- The designated senior management person or committee responsible for ESG is responsible for implementation and oversight of the Business Responsibility policy(ies) and not the entire Board unless there are events of gas emissions like in case of Union Carbide.
- HUL has addressed these well, giving names if their directors/committee members responsible, relevant extract is as under:
 - ◆ *Relevant Extract from HUL’s BRSR - “Our CEO & MD is responsible for implementation and oversight of the Business Responsibility & Sustainability policies. The ESG Committee of the Board is responsible for oversight on sustainability-related matters. The ESG Committee of the Board comprises five Directors (four Independent Directors and one Executive Director).”*
- Item 11 requires disclosure on whether the entity carried out independent assessment/ evaluation of the working of its policies by an external agency and if yes, provide name of the agency
 - ◆ *Extract from Wipro’s BRSR “There are multiple independent reviews of our policy through certifications, disclosure standards and identified areas. These include ISO certifications like Health and Safety, Environmental Management including Energy, Information security, disclosure standards on GHG emissions reporting and in specific areas like accessibility.*

Section C: Principle-wise Performance Disclosures

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

- A. Principles relating Governance(G): Principles and relevant Essential Indicators(EI) relating Governance are covered by four principles viz. P1 on Ethics, P4 on Stakeholders, P7 on Public Policy and P9 on Consumers.

Governance is the most complex and weakest link among ESG because of the interference of CEO and Management of the Company which is further illustrated by the cases as under:

- ◆ The merger of Zee and Sony was called off because of governance issues although it had eight (8) Independent Directors out of Board of nine (9) directors.
- ◆ Sam Altman case of Open AI has become sham which has shown that an influential CEO's power can overwhelm the Board's Independence. In this case, in a statement Board of Open AI said that Sam was not consistently candid in his communication and they sacked Sam Altman. However, Microsoft Inc. which had major stake in that company came forward and sacked the entire Board.
- ◆ Similarly, in case of Enron had eleven (11) Independent Directors out of the total Board comprising of fourteen (14) Directors and even then the fraud happened.

Now let's discuss disclosures required for each principle and key essential and leadership indicators.

1. Principle 1(P1) (Ethics): Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
 - P1 EI 1 is on providing ongoing training on ESG issues to Board members, KMPs, Employees other than Board of Directors & KMPs and Workers and their implications on the business. It also requires that Board members are well informed about emerging sustainability trends and the best practices.
 - ◆ The report requires disclosure on Total number of training and awareness programmes held; Topics / principles covered under the training and its impact and percentage of persons in respective category covered by the awareness programmes.

- ◆ ITC in its BRSR for FY 2022-23 has given following disclosures on P1 EI:

For BOD & KMPs – “The Directors of the Company are briefed on the sustainability initiatives of the Company from time to time. The Directors are also updated on changes/ developments in the domestic/global corporate and industry scenario including those pertaining to statutes/legislation & economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions.

During the financial year 2022-23, the Directors and KMP of the Company were briefed/updated on the following: a) Business Plan of the Company for the ensuing years. b) CSR initiatives of the Company. c) Diversity and Inclusion at ITC. d) E-Commerce and New Routes to Market. e) Talent Retention and Engagement at ITC. f) Update on IT Business. g) Field visit to Sehore, Madhya Pradesh, to experience the ITC-MAARS Project and other social investment projects.

- ◆ *In addition to the above, the Directors of the Company attended a ‘Strategy Session’ where the Company’s overall strategy, including ITC Sustainability 2.0 vision and goals, were discussed/reviewed*
- ◆ *For Employees other than BoD and KMPs and for Workers- “Health and Safety,** ITC Code of Conduct, Policy on Prevention of Sexual Harassment at the workplace, and Wellness programmes.”*
- P1 EI 4: requires disclosure on whether the entity have an anti-corruption or anti-bribery policy(ACABP) and if yes, then details in brief and web-link to the policy if available to be provided.
- P1 EI 5: requires disclosure on the number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption
 - ◆ Many Companies cover this ACAB policy under Business Code of Conduct Policy but for disclosure the same should be carved out and referred to separately here.
 - ◆ Tata Consultancy Services (TCS), India's largest IT services company, in June 2023, came under heat after a scam involving bribes-for-jobs was uncovered wherein few senior executives at the IT company were taking bribes from staffing firms in exchange for providing jobs to their candidates and same was going on at the company for years.

Fraud cases were detected at TCS even in earlier financial years and they made disclosures under P1 E4 as under:

(*2)“Yes. The Tata-Code-Of-Conduct (TCoC) contains guidelines on anti-bribery and anti-



corruption. TCS is committed to upholding the highest moral and ethical standards, and does not tolerate bribery or corruption in any form. The policy is available on the company website at: <https://on.tcs.com/Tata-Code-Of-Conduct>.

Bribery and corruption (as covered in TCOC)
- Our employees and those representing us, including agents and intermediaries, shall not, directly or indirectly, offer or receive any illegal or improper payments or comparable benefits that are intended or perceived to obtain undue favours for the conduct of our business.

Remember-Violation by even a single employee of any law relating to anti-bribery, anti-corruption, anti-competition, data privacy, etc. could result in severe financial penalties and cause irreparable reputational damage to the company."

TCS has made disclosure under P1 E5(relevant extract shared below):

(*2) "Employees: 1 (under fraud) in FY2022-23 and 3(under fraud) in FY2022-23

- P1 EI 6: Disclosure on details of complaints with regard to conflict of interest requires companies to report the number of complaints received relating conflict of interest of Directors and KMPs.
 - ◆ The question that arises is whether the related party transactions even if at arm's length be considered under Conflict of Interest. Although there are divergent views on this issue, however

related party transactions in case of Interglobe Aviation are clear conflict of interest.

"In this case one of the promoter Rakesh Gangwal accused another promoter Rahul Bhatia of indulging in 'questionable' related-party transactions between InterGlobe Aviation and Rahul Bhatia's group entities for services ranging from ticketing to crew accommodation to simulation training. Gangwal had also alleged several irregularities in Inter Globe Aviation's related-party transactions, ranging from lack of competitive bidding to lack of audit committee approval in some cases and backdating of contracts in others."

2. Principle 9 (P9): Consumers-(Complaints, Product Recall etc): Businesses should engage with and provide value to their consumers in a responsible manner.

- P 9 EI 1 requires disclosure on the mechanisms in place to receive and respond to consumer complaints and feedback.
- ◆ The consumer complaints should be addressed at the earliest before consumer thinks of taking a legal course.
- ◆ Asian Paints in their BRSR have covered this point well as under:

"The Company treats customer complaints with utmost importance and believe that it needs to be agile, transparent and solution-oriented to resolve them efficiently and satisfactorily.

The Company ensures to keep the customer informed loop throughout the entire process of complaint resolution and focus on resolving retail customer complaints within five working days, which includes calling the customer within four hours, connecting with the customer within two days, and providing the final resolution to the customer. These timelines are relevant to our décor category's customer/ applicator/trade expectations. The Company also maintains multiple points of communication with the customer, that is through SMS/Email/WhatsApp, to keep the customer informed of all actions taken on the complaint."

- P9 EI 2 requires disclosure on the Turnover of products and/ services as a percentage of turnover from all products/service that carry information about - Environmental and social parameters relevant to the product, Safe and responsible usage and Recycling and/or safe disposal.
 - ♦ Giving 100% disclosure is the safest instead of mentioning Nil or Not Applicable here, since product passes through ESG cycles.
 - P9 EI 3 requires disclosure on number of consumer complaints in respect of a) Advertising, b) Cyber-security, c) Delivery of essential services, d) Restrictive Trade Practices, e) Unfair Trade Practices, f) Others.
 - ♦ Disclosure on Delivery of essential services is more relevant for milk and dairy products company or companies like Blinkit, Zepto etc.
 - ♦ Restrictive Trade Practices (now covered under Competition Commission of India-CCI) covers disclosures on consumer complaints relating to difference in quantity or weight in packs or of duplicate packs.
 - ♦ *Refer a complaint against ITC on Sunfeast Marie Light Biscuits case wherein the quantity and weight were found to be less than as stated on pack, and as a result the Company had to pay compensation of Rs 1 lakh to the Consumer by court's order for packing one biscuit less in a pack.*
 - P9 EI 4 requires disclosure on instances of Product Recall on account of safety issues – both voluntary as well as forced and reasons thereof.
 - ♦ The process to recall Products must be established.
 - ♦ Forced recall is generally by Regulatory agencies while voluntary recall is by Company itself.
 - ♦ *There can be instances of part recall of product wherein the product is recalled, the issues therein are addressed and then product is sent back, like in case of Maruti's Grand Vitara wherein there was a defect in rear seat belt bracket.*
 - ♦ *Similarly, cases relating recall of cars due to faulty air bags or faulty clutch or electric scooter due to fire etc. or other consumer durable goods require disclosure.*
 - ♦ *There are instances of full Product recall like a case of Maggi Noodles which had to be recalled fully due to presence of lead content higher than permitted.*
 - P9 EI 5 (Cyber Security) requires disclosure by the entity if there exists a framework/ policy on cyber security and risks related to data privacy and to provide a web-link of the policy if available.
 - ♦ There are threats of hacking of customer data, cyber frauds etc. for which Company needs to establish a robust system to detect IT related issues. The policy and processes put in place by the company need to be disclosed along with weblink to same.
3. Principle 7 (P7) Public Policies: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P7 EI 1 (a & b): Disclosure here requires an entity to disclose the number of affiliations it has with trade and industry chambers/ associations and the top 10 trade and industry chambers/ associations, the entity is a member of/ affiliated to.
 - ♦ It is better for an entity to be a part of one or more trade bodies where they can represent.
 - P7 EI 2: Disclosure under this requires an entity to provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.
4. Principle 4 (Stakeholders): Businesses should respect interests of and be responsive to all its stakeholders.
- P4 EI 1 requires disclosure relating description of the processes for identifying key stakeholder groups of the entity and listing stakeholder groups identified as key for the entity and the frequency of engagement with each stakeholder group giving information about channels of communication; frequency; purpose and scope of engagement.
 - HUL in its BRSR for FY2022-23 have disclosed as under:
 - ♦ *"At Hindustan Unilever, we take pride in our business being a force for larger good. We believe in creating long-term value by caring for all our stakeholders comprising of our consumers, customers, employees, shareholders, business partners, and above all, the planet and society."*

- ◆ *“For Planet & Society group of stakeholders, the channels of communication which is ongoing includes Field visits, CSR projects and engagements, brand activations and campaign, community needs assessment, and website. Further its purpose & scope covers- Climate actions; environmental protection and regeneration; a waste-free world; positive nutrition; health and well-being; equity, diversity, and inclusion; the future of work; and water stewardship”*

B. Principles relating Social(S): Principles and relevant Essential Indicators(EI) relating Social are covered in three principles viz. Principle 3 (P3) on Wellbeing; Principle 5 (P5) on Human Rights and Principle 8 (P8) on Inclusive Growth and CSR.

5. P3 Well-being: Businesses should respect and promote the well-being of all employees, including those in their value chains. It covers internal people issues.

- P3 EI 1 and the disclosure requires the Company to report on the measures taken by it in providing Health Insurance, Accident Insurance, Maternity Benefits, Paternity Benefits, Day Care facilities to Permanent as well as non-permanent Employees and Workers (both Male & Female). The number and percentage are to be given for each benefit.
 - ◆ It has been observed that the Companies take insurance cover on its Employees only but not on the workers since workers are covered under ESI. However, as a good practice the insurance coverage even on the workers despite them being covered under ESI is recommended so as to ensure that they are insured even when they are outside office.
- P3 EI 2 requires disclosure on percentage of Employees and Workers covered under Retirement Benefits covering PF, ESI, Gratuity & Other for current and previous years.
- P3 EI 3 requires disclosure if the premises / offices of the entity are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016 and if not, whether any steps are being taken by the entity in this regard.
 - ◆ Some companies like ITC have *“Elevators enabled with Braille signages for persons with visual difficulty, • Ramps, tactile pavers and handrails to facilitate movement of persons with motor disability, • Accessible parking places, • Accessible washroom”*.
 - ◆ *“HUL has also implemented various measures to provide accessible infrastructure, including ramps, tactile flooring, induction loop system for hearing impaired, lowered*

reception desk for wheelchair access, elevator voice annunciator, evacuation chair, braille signages, all gender accessible toilets, accessible parking, fire alarm flasher, automated sliding doors, and accessible guest room in several factories and offices.

- ◆ *Additionally, they are preparing the remaining factories and offices for accessibility infrastructure and aim to achieve certification for 100% of their sites with the Minimum Mandatory Standards required under the Persons with Disabilities Act.”*
- P3 EI 4 requires disclosure as to whether the entity has an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016 and if so, a web-link to the policy to be provided.
 - ◆ This has been adequately disclosed by most of the Companies.
 - ◆ As per global index at least one physically handicapped person should be employed out of 100 – i.e 1%.
 - ◆ Diversion, Inclusion & Equity(DIE) covers gender related issues where in case of service industry 20% to 33% women should be employed while in case of manufacturing industry no such percentage is recommended considering its heavy duty nature.
- P3 EI 6 requires disclosure on the mechanism available to receive and redress grievances for the permanent and non-permanent employees and workers and the details of the mechanism to be given in brief.
- P3 EI 10 requires disclosures on Health and safety management system in place and the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity and also whether there exist processes for workers to report the work related hazards and to remove themselves from such risks. The disclosure further requires an entity to disclose whether the employees/ worker of the entity have access to non-occupational medical and healthcare services.
 - ◆ This is a very important disclosure and therefore requires an entity to put in place Environment Health and Safety (EHS) guidelines for workers and employees.
- P3 EI 11 requires disclosure on the details of safety related incidents for employees and workers for current and previous financial years, in a specified format that requires information of the Safety Incident/Number Category relating to the Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked); Total

recordable work-related injuries; No. of fatalities; High consequence work-related injury or ill-health (excluding fatalities).

- P3 EI 12 requires disclosure on the measures taken by the entity to ensure a safe and healthy work place.

- ♦ Wipro in its BRSR for FY 2022-23 have disclosed this point as under:

“We conduct periodic and annual assessments of our campuses/offices, employees, stakeholders and service providers as a part of this process.

- *A Food Safety Standards Authority of India (“FSSAI”) license is mandatory for vendors operating within Wipro owned locations in India.*
- *Environment, Occupational Health & Safety (“EHS”) management systems in our campuses conform to international standards such as 14001& 45001 and are certified by accredited third party agencies.*
- *As an ISO 45001:2018 certified organization, we conduct a Hazard Analysis and Risk Assessment annually or anytime there is a change in process, new equipment, or service, and build risk mitigation plans as an ISO 45001:2018-certified firm.”*

6. Principle 5 (Human Rights): Businesses should respect and promote human rights.

- These are External People Issues and include Child labour, Forced labour, discrimination, Right of person with disability etc.

- HUL in its BRSR for FY2022-23 have disclosed as under:

“We strongly uphold the principle of human rights and fair treatment within our organisation as well as while engaging with our business partners and stakeholders outside our organisation. We stay committed to help build a more inclusive world where everyone matters”.

- P 5 EI 4 requires the Company to disclose a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business.
- In certain Companies, Chief Human Resource Officer(CHRO) is designated for this, who is responsible. However, at times Companies mention that Committee is responsible despite the fact that they have a CHRO for the job. In such situation the Company is spreading the risk and responsibility on the committee of directors which is not recommended.

- P5 EI 5 requires disclosure on the internal mechanisms in place to redress grievances related to human rights issues.

- *Tata Steel in its BRSR for FY2022-23 has very well disclosed as under:*

“The Company complies with SA8000 standards and has put in place a robust corporate governance model with defined roles and responsibilities at the Board, Management Level Committees as well as at the Employee level.

The Apex Business & Human Rights Committee has been formed to oversee human rights commitments of the Company. Tata Steel has put systems in place to encourage the reporting of concerns related to Human Rights.

In addition to Tata Steel’s own internal processes, employees and suppliers are encouraged to use Tata Steel’s Confidential Reporting System to report any concerns. This is an independently run service which enables concerns about any aspect of Tata Steel’s operations to be reported on a confidential (and/or anonymous) basis. The service, called “Speak Up”, is available on Tata Steel’s website and a Telephone helpline is also available (<https://www.tatasteel.com/corporate/our-organisation/ethics/>).

On receipt of any concern through email, letter, web helpline or orally, it is registered by the Ethics Department of Tata Steel. The investigation team conducts investigation by gathering, validating, analysing the data and provides their observations and recommendations. The investigation report is further reviewed by the Chief Ethics Counsellor or other appropriate authority and the recommendations are acted upon. The Ethics Counsellor regularly provides an update to the Tata Steel Board’s Audit Committee on the status of various grievance redressal mechanisms.

Tata Steel also obtains declarations from all the value chain partners regarding SA8000 and other ISO requirements. Moreover, all of Tata Steel’s value chain partners have to affirm compliance with the Tata Code of Conduct.

- P5 EI 7 requires disclosure on the mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

- ♦ *Tata Steel has disclosed this as under (relevant extract only):*

“As part of Whistle-blower Policy and Prevention of Sexual Harassment Policy, Tata Steel is committed to the protection of identity of the complainant and all such matters are dealt in strict confidence, with appropriate measures taken to maintain such confidentiality.

As part of its Code of Conduct, the Company does not tolerate any form of retaliation against anyone reporting legitimate concerns. Anyone involved in targeting such a person is subject to disciplinary action.”

- P5 EI 8 requires disclosure on whether human rights requirements form part of your business agreements and contracts.
 - ♦ The Company should conduct need based or annual due diligence on human rights before entering into any contract or agreement with third party (especially in case of manufacturing companies). This will enable the Company to take informed decisions and negate the possibilities of any lapses.
 - ♦ For ex, if a canteen contractor hires workers/ employees below 18 years then it will be violation of human rights and the contract terms.
 - ♦ *Tata Steel in Leadership Indicator 2 (LI 2) of their BRSR have very well covered details of scope and coverage of human rights due diligence as under:*

“Tata Steel has formed an internal committee for Human Rights due-diligence and the process is under planning. In FY2023-24, Tata Steel plans to conduct a 3rd party Human Rights due diligence of the value chain to identify vulnerable areas, potential human rights issues, and their remediation along with global benchmarking for best practices. Tata Steel has, in any case, implemented the guidelines under SA8000 at all its key location.”
 - P 5 EI 10 , LI 4 requires disclosure of Company and its value chain partners on various human rights parameters.
 - ♦ This involves conducting in-house or external assessment on various parameters like child labour, sexual harassment, wages discrimination etc. Such assessment will ensure compliance with various labour regulations and shall facilitate gap assessment.
7. P8 (Inclusive Growth) : Businesses should promote inclusive growth and equitable development.
- P8 EI 1 requires disclosure on the details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.
 - ♦ Social Impact assessment relates to the Infrastructure Projects and should not be confused with CSR projects which are covered under Impact assessment. Many companies are wrongly reporting on this point in their BRSR.
 - P8 EI 2 requires disclosure on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by the entity.
 - ♦ It involves resettlement and rehabilitation of communities that are economically, socially and environmentally impacted by the Company’s operations.
- C. **Principles relating Environment (E)** : Principles and relevant Essential Indicators(EI) relating Environment are covered in two principles viz. Principle 2 (Safe & Sustainable Products) and Principle 6 (Environment).
- The concept Environment is covered by five elements (panch-butas) which are Fire, Water, Energy, Emission and Biodiversity.
 - Important things to be kept in mind relating Environment are as follows:
 - i. Green House Gas(GHG) Emissions
 - ii. Air Quality
 - iii. Energy Management
 - iv. Water Management
 - v. Waste Water Management
 - vi. Waste Material Management
 - vii. Hazardous material management
 - viii. Ecological Impacts
8. Principle 6: Businesses should respect and make efforts to protect and restore the environment.
- Company’s environment practices need to be defined, complied with and monitored to ensure compliance with environmental regulations and to minimize its ecological footprints.
 - HUL in its BRSR for FY 2022-23 have disclosed as under:

“Driven by our passion to care for our planet, we have set out on a mission to grow our business whilst reducing our environmental footprint. We are doing this by reducing GHG emissions in our factory operations, maintaining zero non-hazardous waste to landfill, conserving water in our own operations and incorporating sustainable packaging for our products. These initiatives, including sustainable sourcing of raw materials extend into our value chain creating a win for all in the ecosystem.”
 - P 6 EI 5 requires disclosure about the air emissions (other than GHG emissions) by the entity in a specified format.



- P 6 EI 10 requires disclosure by the entity if it has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required and whether the conditions specified in approvals have been complied with.
 - ♦ Tata Steel has gone a step ahead and disclosed even about its operating sites/ facilities situated in Netherlands and UK that are around ecologically sensitive areas.
- P6 LI 5 further requires voluntary disclosure with respect to the ecologically sensitive areas reported at EI 10 above, details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.
 - ♦ The Company needs to disclose the pollution if any in water disposal from manufacturing operations in ecological sensitive areas and preventive steps undertaken by it.
- P6 EI 6 requires disclosure of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the specified format- i.e. emissions are from entity's owned or controlled assets.
 - ♦ Here the focus is on Climate change & sustainability to enable the Company in setting up sustainability goals, reduction in GHG emissions and better environmental performance.
- P6 EI 7 requires to disclosure if the entity has any project related to reducing Green House Gas emission and if Yes, then details to be provided.
 - ♦ HUL in its BRSR for FY 2022-23 have very well disclosed as under:

"In alignment with the Paris Agreement - 2015, we embraced the most important aspect of 'Care for Environment and Planet' and thus embarked on a journey to halve greenhouse gas impact of our products across the lifecycle by 2030 and net zero emissions for all our products from sourcing to point of sale by 2039.

As on March 2023, the renewable energy percentage (for both Electrical and Thermal combined) is 93% for our own manufacturing sites.

100% of our electricity is from renewable sources with a combination of solar/wind and IREC green certification. We have started buying renewable energy through solar power plants and invested in windmills to reduce the real time requirement of grid power.

We have also embarked on a journey to substitute the fossil fuel requirement by green fuels and already eliminated coal from our operations.

We have introduced Biomass instead of Coal, Bio fuel in place of Furnace Oil and High Speed Diesel (HSD).

We have also adopted the usage of various energy saving projects, such as heat pumps, energy efficient motors, Variable Voltage and Frequency Drive (VVFD) usage etc. to reduce the overall requirement of energy in the factories.

We have significantly reduced our per tonne GHG emission by 97% and energy consumption by 44% in our own manufacturing operations in FY 2022-23 compared to 2008 baseline."

- P6 EI 8 requires disclosure related to waste management by the entity, in the specified format covering the following:
 - ♦ Total Waste generated – i.e Wastes- from plastic, e-waste, biomedical, construction/ demolition, battery, radio active, other hazardous and non-hazardous wastes.

- ♦ For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes).
- ♦ For each category of waste generated, total waste disposed by incineration, landfilling and other disposal methods.
- P6 EI 9 requires disclosure on the waste management practices adopted by the entity, strategy adopted to reduce usage of hazardous and toxic chemicals in products and processes and the practices adopted to manage such wastes.
 - ♦ While normal wastes can be used in any appropriate way but hazardous wastes require lot of care.
 - ♦ *HUL has disclosed that their factories have identified innovative ways to reuse various non-hazardous waste streams and maintain the status of zero non-hazardous waste to landfills across their operations. They have achieved this by maximising the reuse and recycling of all non-hazardous waste in environmentally friendly ways, such as reusing jumbo bags, carbon cartons, and process waste, such as soap; reusing sludge waste as boiler fuel; upcycling plastic; and using food waste for animal feed.*

Additionally, their R&D teams are improving materials selection and product design to reduce waste at the source.
- P 6 EI 12 requires Company to disclose the compliance with applicable environmental regulations in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder and if it is not compliant then the details of all such non-compliances are to be provided in a specified format.
 - ♦ The show-cause notices received by the Company need to be looked into for disclosure under this point.
 - ♦ It is to be noted that Pollution Control Board in India is now online and keeps track of compliances by the Companies.
- 9. Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.
 - ♦ *HUL has very well disclosed this in their BRSR as under:*

“Being pioneers and the largest player in Research & Development in the Indian FMCG industry, our global technologies’ led innovations continue to break barriers to create next-generation products, processes, and packaging that address environmental challenges and delight our ever-evolving consumers.”
 - P2 EI 1 requires disclosure on the percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.
 - ♦ This requires disclosure on R&D and capex only for environment or social impact related projects. For example, if a Company is undertaking an initiative to identify alternate solar as source of energy as their power consumption is high. So any expenditure incurred on research conducted for this and capex incurred on developing alternate source of energy will be disclosed here.
 - ♦ HUL has made following disclosure in their BRSR:

R&D related: During the year, we have undertaken various sustainability projects to increase energy efficiency, water conservation, plastic reduction, social responsibility under PwD, reduction in salt and sugar in products and sustainable sourcing of raw materials.

Capex related: During the year, we have undertaken capital expenditure on various sustainability projects to increase energy efficiency, eliminate coal usage in our operations, installation of solar plant & windmills, water conservation & harvesting, and occupational health & safety improvement programmes.
 - P2 EI 3 requires disclosure on the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.
 - ♦ *ITC achieved Plastic Neutrality in FY 2021-22 by implementing an integrated solid waste management programme that incorporates unique and multi-dimensional initiatives including the Company’s flagship waste management initiative ‘ITC WOW – Well Being Out of Waste’. In FY 2022-23.*

ITC has been recycling more than 99% of the solid waste generated through its operations including plastic waste for more than a decade.
 - P2 EI 4 requires disclosure on whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities- if yes, whether the waste collection plan is in line with the EPR plan submitted to Pollution Control Boards and if not, provide steps taken to address the same.

- ♦ This is for plastic related issues. If the Company uses Plastic then it must register itself under EPR.
- ♦ The Company using plastic need to either recycle equivalent plastic used or buy plastic credit from certain approved agencies. The plastic credit note so issued can be then given to the Pollution Control Board.
- P2LI 1 requires voluntary disclosure if the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry) and if yes, details in the specified format to be provided.
- P2LI2 requires voluntary disclosure on any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, along-with action taken to mitigate the same.
 - ♦ This disclosure covers significant concern relating the Company's products. For example in case of Stovekraft if the hotplate is not disposable then that concern needs to be mentioned at the bottom/back of product itself.
- P2LI3 requires voluntary disclosure on the percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).
 - ♦ A Company namely Stovekraft into kitchen appliances / durables offers discount to customers on buy-back of its own kettles wherein they recycle and reuse the plastic, aluminium & other parts of the used kettle to make a new one.
 - ♦ United Breweries reused its own used glass bottles containing its registered trademark.
- P2LI 5 requires voluntary disclosure on the reclaimed products and their packaging materials (as percentage of products sold) for each product category.
 - ♦ United Breweries recycled > 95% of Beer Glass bottles out of which 60% were reclaimed by the Company and balance 35% recycled in market for making glass. The Company also recycled > 95% Beer cans.

BOARD'S RESPONSIBILITIES

With increasing buzz on ESG, the Boards are changing focus to "Doing the Right Thing(s)".

The chief board responsibilities include strategy formulation, policymaking, monitoring and supervising, and accountability.

Environmental, safety, and social issues such as stakeholder engagement, risk assessment and management, community development, and emergency

preparedness and response are all part of strategy formulation.

Policymaking is a critical management task, with the Board responsible for ensuring policy adequacy and appropriateness.

Compliance with external and internal policies requires monitoring and supervision.

Company Directors must be aware of various statutory, administrative, and other legally binding requirements when carrying out their duties which calls for accountability when a code is violated.

The Directors are often faced with the question, should they strive to achieve carbon neutrality at the cost of detriment to the financial profits? Or they should adopt measures that enhance the firm profits as well as achieving total carbon neutrality? The latter definitely sounds challenging since it involves decision and balancing act between Ideology and Economics.

It is becoming a norm in the boardroom to employ a director who is well versed with the environmental and social causes.

CONCLUSION

E stand for Extinction. Globally it is said that if the Companies do not follow ESG guidelines by 2030 then they are likely to face extinction.


S in ESG also stands for Survival. If by 2027-28 the Company doesn't fall in line with ESG, then Board room discussions will centre around Survival.

G in ESG also means Going Concern and if the Company doesn't adhere to governance, then by 2025 it can get into going concern problem as it may not get further business.

The Paris Agreement is a legally binding international treaty on climate change, adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris on 12 December 2015. Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels." To limit global warming to 1.5°C, greenhouse gas emissions must peak before 2025 at the latest and decline 43% by 2030.

Thus, the time is limited for the ESG issues to be addressed and therefore the Corporates need to be highly conscious about sustainability and focus from mere profit orientation to Profit, People and Planet. The Sustainable business creates values for investors, customers, host communities and environment by operating at the intersection of Profit, People and Planet.

REFERENCES:

***References have been drawn from BRSR reports for FY2022-23 of Hindustan Unilever Ltd(HUL), ITC Ltd, Wipro Ltd, Asian Paints Ltd, Tata Steel Ltd, TCS Ltd and also from the learnings out of ESG course.* 

Viksit Bharat Going Global: Paradigm Shift in Landscape of ESG & BRSR and Changing Role of Company Secretaries

The plan VIKSIT BHARAT was announced by the Hon'able Finance Minister Smt. Nirmala Sitharaman during the release of the interim budget 2024. India was positioned in its centenary 2047, as a developed economy, equipped with industries of demand to meet the more than the domestic needs in a frame of another 25 years. The growth in all sectors be it steel, insurance, pharmaceutical, automobiles, airlines, education, tourism and hospitality and above all, the blueprints of digitization should be embraced to reap the benefits of fully developed nation.



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In the words of Swami Vivekananda, "To make a great future India, the whole secret lies in organization, accumulation of power, co-ordination of wills".

INTRODUCTION

VIKSIT BHARAT @2047 is a notable initiative taken by the Government of India with a wholesome objective of transforming the nation in its centenary into a developed nation with all pervasive awareness and sowing of the seeds started minorly in the past and the present takes the pride for its remarkable strategic actions. India, primarily an agricultural country has its footprints in every sphere of its development since its inception and the present bell is ringing for its inclusive

growth in priority sectors and on-priority sector, with predominance in the priority sector. Efforts were made to strengthen the "Modi Kavach of social justice" which emphasizes on the development of stress-free, poverty free facilities for *admi* all around. The country with its new tagline of "Highest populated country in the world" became a hotspot of challenge for its inclusive growth.

Time came for introducing the topographical change in the existing demographics of the country. The country presently owning the status of the fifth largest world economy can climb up the ladder to touch the heavenly planned success point of third largest world economy on or before 2047 or even improving towards the LARGEST economy of the world and for which dreams should come true. Modi 3.0 will leave no stone unturned to transform the nation from a thickly populated-thinly rich country to thickly populated and thickly rich nation. (livemint.com, 2024)

Glimpses of schemes:

Ayushman scheme, 80% discounts on medicines, PM Samman Nidhi scheme for farmers, houses for the poor, improved water connections, building of restrooms are some of the schemes to alleviate the poverty and induce better ways of living for all.

At the backdrop:

Taking a look back, it is the nostalgia that hunts into the varied spectrum of Indian development and snippets of those are captured below in a tabular fashion:

Table below shows the development of India since its inception

Year	Name of the milestone
1700	India contributed 22.6% to the world economy.
1852	Contribution became only 3.8%.
1947	The then first Finance Minister RK Shanmukham Chetty exerted importance of starting up the private sector entities and also pave the way for the beginning of the industrialization for substituting the imports.

1965	Mark of the era of Green Farming Revolution. Under the leadership of Lal Bahadur Shastri and under the supervision of M S Swaminathan the country, made major movements in re shaping the agriculture with prominence in high yielding variety of seeds, improved agricultural tools. Spectacular growth in farmers' income was observed.
1969	Nationalization of banks took place. To look after the welfare of the nation and for rejuvenating the ailing financial system 14 banks were nationalized and that made the GDP to rise up to ₹ 5844.8 crores.
1980	Restrictions were lifted up and the need for the privatization was duly felt to fit the requirement of the vast population.
1981-1990	Sound economic growth at a rate of 7.5% annually and the thrust in growth momentum continued in the name of performing economy. Population growth was arrested though not free from criticisms.
1991-2007	Stamped as an era of License Raj and also augmented the boisterous implementation of LPG in the regime of the PM Chandrashekhar. The period was well known for the fiscal troughs and the change management started in the hands of the then Finance minister Manmohan Singh with a simultaneous change in the prime ministership to P.V. Narasimha Rao. Further, the period gained recognition for getting more avenues in earning, increased employment opportunities, soaring investments. This period also earned the name " <i>Silicon-valley of India</i> " for Bangalore as the companies mushroomed around the corners of the city.
2008	LPG led growth took a down turn and India faced the burning sensation in the curves of unemployment, dropped growth rates. Golden peacock IT Hub retrenched 5 lakhs employees, automobile sector cut down close to 4.79% employees, textile industries by 1.29% and jewellery industries by 11.9%. This post Millenium period became a major wake up call for India and they realized their over dependence on foreign inflows and that triggered the need to jump start the industrialization at a rapid rate.
2016	<i>Demonetization:</i> The period is known for the paralysis in the Indian economy for a short while. PM Narendra Modi's first ever effort to curb the circulation of black money in the system was the talk of the town and transforming the nation into a digitized economy with negligible to zero cash transactions faced mixed responses from diverse mob. The period was a curse as the initial appraisal of the initiative of cleaner economy highlighted that 99% money turned white as the tangibility lacked.
2020-2021	<i>Pandemic period:</i> The nation lost its money, honey and humans all together. Industries fell down, job losses became rampant, India experienced a V shaped growth trajectory with the onset and continuance of Covid-19.

2022	<i>Improvement spree:</i> The signature of improvement coupled with the hopes and plans, newer initiatives and aiming to touch the most coveted 5 trillion dollar Economy gained consciousness and thus arose the need to substantiate the VIKSIT BHARAT journey.
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MARCH TOWARDS VIKSIT BHARAT

The plan VIKSIT BHARAT was announced by the Hon'able Finance Minister Smt. Nirmala Sitharaman during the release of the interim budget 2024. India was positioned in its centenary 2047, as a developed economy, equipped with industries of demand to meet the more than the domestic needs in a frame of another 25 years. The growth in all sectors be it steel, insurance, pharmaceutical, automobiles, airlines, education, tourism and hospitality and above all, the blueprints of digitization should be embraced to reap the benefits of fully developed nation. (Jain & Mishra, 2024)

Table below shows the sector specific strategic plans:

<i>Name of the sector</i>	<i>Initiatives taken</i>
Fiscal and tax laws	Reduction of fiscal deficit from 5.9% to 5.1% in FY 2025, curb in the market borrowings, strategic investment plans to act as a catalyst for the economic growth. A projected GDP growth rate of 14% though sounds a bit lofty but set the tone for the honourable marchpast for the Atmanirbhar Bharat.
Tourism & Hospitality	With an objective of bringing the unexplored and hidden areas into the main stream of revenue generation, India allocated for a sum of ₹ 75000 crores of interest free loan for the tour operators and developers to stimulate the industry and to harness its growth which was doomed during the black days of the Covid 19.
Airlines industry	To align with international benchmarks and to gain the remarkable heights in the Global Competitive Index (GCI) Government made humungous plans of launching almost 517 new routes which will not only propel the ease and convenience in air-travel but will also anchor the economic development of the nation.
Railways Industry	To facilitate the smooth transition of goods and services across the nation, to ease out the trouble of congested high-density routes, Government aimed at transforming 40000 standard train carriages to high-speed Vande Bharat.
Agriculture	Plan to restore sustainability in the agriculture of the nation by establishing Integrated Aquaparks, in addition to streamlining of the waste management, initiatives being thought of in the name of NANO-DAP, Atmanirbhar Oilseeds Abhiyaan, dairy development, disease control under Pradhan Mantri Sampada Yojana embossed a holistic approach in the upkeep of the agrarian economy.

Healthcare	Inauguration of Ayushman Bharat Scheme, Saksham Anganwadi and Poshan 2.0 in this healthcare units caught the attention of the mass as it is expected to foster the well-being across diverse segments of the population.
Housing	Promises to build houses for the poor and shelter-less is a spectacular move where 2 crores of houses under the scheme of Aavas Yojna was initiated. On the other hand, Smart Cities Mission with the blessings of the technology quadrupled the probability of a developed smart city with greener and sustainable approaches in a daily din and bustle centric life.

The plan towards the dream “developed economy” would be possible with the measures of trimming down the adversities in climate changes. Prosperity of a nation also rests on the possibility of reaching to or close to net zero level which in a densely populated country is a utopian proposition, however the genuine attempts can be made towards carbon reduction by instilling the escalation of the use of the electric vehicles, make a better use of circular economy coupled with the smarter and greener digital applications.

The plan towards the dream “developed economy” would be possible with the measures of trimming down the adversities in climate changes. Prosperity of a nation also rests on the possibility of reaching to or close to net zero level which in a densely populated country is a utopian proposition, however the genuine attempts can be made towards carbon reduction by instilling the escalation of the use of the electric vehicles, make a better use of circular economy coupled with the smarter and greener digital applications. Going global would become bleak if the judicious application of technology is unmet. In the field of profession, impact would be largely visible. A self-reliant Indian economy while resting on its pure efforts of indigenous industries would also find its glorious outcome on the professional fronts. Development of industries would bring a tremendous impact on the demand of the Cost and Management Accountants in the upcoming days as they nurture the manufacture of goods and services with their professional exuberance. Restricted imports would obviate the rate of industrialization to increase and thus the surge in the requirement of the CMAs would become fourfold.

The journey from 1959 till date and onwards are equipped with the learnings of digital audit, use of real time data analytics, cloud-based solutions, predictive cost models to avoid the procrastination of strategic decisions, customization of costing solutions and adoption of ESG model aligning with SDG agendas. CMAs are the model setters for the cost control, cost monitoring and cost management and the same can be programmed by virtue of the utilization of collaborative techno-based tools namely Artificial Intelligence (AI), Machine Learning (ML) and so on but the truth remains that technology can surpass the traditional knowledge or ignorance of applicants but can't replace the professional or accountants. Since 2020, the estimated departure of the professionals: accountants and auditors are being noticed and there arose the dearth of trained professionals. Understanding “No code or Low code tech” will enable the professionals to pursue their work without the intervention of the developer. Due to the episode of climate change the devastation is looming large and would majorly impact the developing and underdeveloped countries with substantial growth in population. Net zero carbon though aimed but sounds

difficult, however the attempts would not fall short to materialize the dream of the climate summits. With the restructuring of the banks, financial systems and with the upcoming implementation of the Expected Credit Loss technique the proactive measures would fall in place and expected to arrest the anomaly of the toxicity of the banking assets to a large extent. With rise in the MSMEs, venture capitalists and other start-ups the seeds capital requirement can be met by the financial institutions and the veracity of the truthfulness of their solvency and realistic capability of paying the returns to the loan providers can be vetted by the CMAs by verifying their product line, product structure, production phase and existing and proposed cost structure. Likewise, the involvements of the professionals would be wide together with marching towards the VIKSIT BHARAT plan. Tangibility of the plan would be best understood if the nation by the blessings of Almighty does not get crippled by the attack of any unknown tremors of pandemic or endemic moves and can succeed in all its endeavours by adopting apt regulatory measures, political stability, smooth continuation of “Ease of doing business”.

CORPORATE GOVERNANCE AND ESG: ITS LANDSCAPE IN PAST, PRESENT AND @ 2047

The landmark of 1970s in US reminds the emergence of corporate governance which off late penetrated into the Indian corporate system slowly and silently. The policy of corporate governance became sound when the economic downfalls, large scale business scandals rose high. Intermittent and interrupted growth was observed due to the fiscal conservatives and proponents of laissez faire economics. Securities Exchange Commission, the country's market watchdog initiated the development of the concept of Corporate Governance in US after the stock market crash of 1929 and Great Depression of 1930s. Apart from US, UK too understood the nitty gritty of the term corporate governance. UK was the first country to bring into force the corporate governance



code which was imitated by many other countries later. In 1990s Cadbury Report was prepared which contained a set of new rules.

The evolution of corporate governance is a testament to the changing landscape of stakeholders’ dreams, societal rules and business regulatory practices. Institutional changes ushered in an era where corporate governance got configured more robustly. The necessity of corporate governance is felt by many today. If a country has to flourish demonstrating its intensified growth in industrialization, rising GDP rate, enhanced usage of modern day’s technology, magnified financial and non-financial services then ethical performance of the companies and firms become the central point of attraction and the same can be fulfilled by instilling the spirits of true corporate governance. Examples of the few renowned companies whose vitalities got slackened are as follows: 2002: WorldCom, 2014: TESCO, 2019: We Work. The wrongs that took place in the above-mentioned companies highlighted the need for the upkeeping and improvement of corporate governance. Today’s corporate governance constitutes major concerns that extends beyond financial scams and shareholders’ interests.

The present landscape of corporate governance is dominated by the intertwined blessings and curse of technology which emphasize on the art of balancing the Environmental, Social and Governance (ESG) aspects. The companies need to produce better and improved transparency and must exhibit the commitment for successful, competitive and social survival in the business world. Diversity and inclusion by reducing the carbon footprints became the linchpin of today’s corporate governance strategies. The rise of ESG brings in a more holistic approach to corporate Governance which focusses on the non-financial aspects.

ESG at present is not a niche concept but the a much-needed framework to implement for a better and conscious global economy. All business units are trying their level best to adopt the technique. Contributing to the organization is a must but for a successful survival it is imperative to think about the world around us for peaceful co-existence. ESG in today’s is embracing circular economy, an exploratory initiative.

AUGMENTATION OF BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING (BRSR): A REPORTING SOFTWARE

ESG compliance is becoming more mandatory and therefore it is gradually looming large but to capture its actual implementation, it is SEBI, on February 2023 in a conceptual paper on ESG released BRSR framework, a mandate for the listed companies to disclose and declare their ESG related inputs. It was appended as an annexure 1 in the consultation paper as “BRSR Core”

Following is the format of BRSR which outlines the segments to be considered for reporting



Overview of category-wise BRSR disclosures is provided below:

General Disclosures (Section A)	Management and Process Disclosures (Section B)	Principle-Wise Performance Disclosures (Section C)
<p>Information about the reporting entity, including details with respect to:</p> <p>(i) Business activities, products, and services.</p> <p>(ii) Operations, contribution of exports, customers.</p> <p>(iii) Employees, including in respect of differently abled persons, representation of women, and turnover rate of employees.</p> <p>(iv) Group companies.</p> <p>(v) Corporate Social Responsibility.</p> <p>(vi) Complaints received from stakeholders on any of the nine NGRBC principles and grievance redressal mechanism in place (if any)</p> <p>As part of the general disclosures, companies are also required to disclose responsible business conduct and sustainability related issues which materially pertain to environmental and social matters – especially those that present a risk or an opportunity to the business along with its positive or negative impacts. In cases of any risk, the measures taken to ensure mitigation of such risks are also required to be mandatorily disclosed.</p>	<p>BRSR lays specific emphasis on the role of corporate governance in achieving sustainable goals.</p> <p>Accordingly, under Section B, companies are required to disclose information on policies and processes relating to the nine NGRBC principles concerning leadership, governance, and stakeholder engagement.</p> <p>The company may voluntarily disclose if it has any specific commitment, goal, or target against any of the NGRBC principles along with the expected outcome of these goals, as well as the timelines for the achievement of such goals; the entities (group companies, joint ventures, value chain partners) covered, along with nature of these goals if they are legally mandatory or voluntary.</p> <p>Furthermore, a statement from the Director who is responsible for preparation of the report is required to be included, highlighting the relevance of sustainability to such company. In addition, the seniority or the authority of the member responsible for implementation and oversight of ESG-related policies also need to be disclosed.</p> <p>In sum, the purpose of disclosures under this section is to understand whether the company has the necessary foundation in place that will enable responsible business conduct.</p>	<p>BRSR requires specific disclosures under all the nine principles of the NGRBC. Entities are required to provide quantitative data points, as well as qualitative responses (where the issues are more subjective), in the manner prescribed by SEBI.</p> <p>Disclosures under Section C have been categorized as essential indicators (mandatory) and leadership indicators (voluntary).</p> <p>Disclosures under the leadership category are expected to be transitioned into disclosures under the essential category by the next cycle of review.</p> <p>It is suggested that entities may treat voluntary disclosures as a pathway to transitioning to a more comprehensive disclosure regime in the future.</p> <p>Disclosures in respect of essential indicators broadly relate to matters of corporate governance, human resources, environment and sustainability, and stakeholders and public policy.</p>

Source: <https://www.mondaq.com/india/corporate-governance/1305828/navigating-brsr-concerns-and-opportunities>

ROAD AHEAD IN CORPORATE GOVERNANCE AND ROLE OF COMPANY SECRETARY

The future rests on the ability to embed the digital tactics, artificial intelligence, big data analytics to strengthen the decision making and compliance procedures in the entities. Efforts to be made to bridge the gap between emerging societal expectation due to mammoth growth in population, industrialization and economy and the ability and attitude to deliver towards the requirement. The interplay of human intelligence and expertise and technological invention makes things broader and deeper.

The Company Secretary, who plays a pivotal role in the governance of corporate is being heavily tasked with the responsibilities of handling the dynamic landscapes of ESG principles and practices and in addition BRSR. The Company Secretaries besides managing the aspects of environment and social agendas also look into the Governance matter as “G” in the corporate governance is the forte of the Company Secretaries. By virtue of ruling the ESG goals, the present Secretaries of the companies play multi-dimensional roles as outlined below:

- Reputation building,
- Risk management,

- Drawing the attention of the investors,
- Practising innovation and creativity,
- Managing costs.

The above areas where the Company Secretaries venture into for efficient management of the organizational administration are also not free from deficiencies. Such deficiencies are:

- Scarcity of resources,
- Resistance to change,
- Lack of standardized ESG reporting framework,
- Non willingness to work for,
- Lack of coordination and cooperation among the departments in the organization.

Company Secretaries need to implement the following methods to arrest the above issues.

- Advocacy for ESG within the organization by spreading awareness all around.
- Collaborate with all other departments to establish a sync with the functions performed.
- Stay informed about latest ESG developments and practices.

ROLE OF COMPANY SECRETARY IN COMPLIANCE

The Company Secretaries must be aware of the latest ESG requirements so as to keep the company of theirs indomitable in terms of compliance. The reporting frameworks are broadly divided into two, namely Global ESG reporting framework and mandatory reporting framework.

The Viksit Bharat @ 2047 embarks on the need of maintaining the apt transparency, true compliance and adequate self-dependent industrialization. For a successful business development, societal norm to be followed and need to be captured in the form of ESG reporting framework and the some of them are: Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) and BRSR. Company Secretaries have the expertise to customize the reporting framework based on a need-based analysis. Some of the ESG reporting have become a mandate for companies. Such reporting frameworks are Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) and Business Responsibility and Sustainability Reporting (BRSR). Company Secretaries need to observe and work closely with the Board and Executive leaders so that can align ESG goals with the mission and vision of the company. Company Secretary will be playing a pivotal role in ensuring the compliance of BRSR core (applicable for to listed 250 companies) and BRSR lite (non-mandatory disclosure requirement for small and unlisted companies)

FUTURE ROLE OF COMPANY SECRETARIES IN LINE WITH THE DIFFUSION OF ESG AND MAINTAIN BRSR IN THE LANDSCAPE

- The future landscape of corporate governance rests on the systematic and strategic handling of ESG reporting to ensure the accurate and transparent reporting.
- To facilitate the smooth reporting, the benefits of technology need to be reaped by adopting the suitable ESG software platforms.
- The Institute of Company Secretary of India has initiated a course on ESG Analysis and therefore the Company Secretaries should keep themselves abreast with the latest ESG practices.
- The stakeholders' queries and practice of ESG in the industries can be streamlined by the performing Company Secretaries who can create the in-house awareness for the employees and all concerned and in turn that leads to better management of the firms.
- Since the regulatory norms are evolving all around, so Company Secretaries need to be informed about the new regulations and compliance.
- Company Secretary will be instrumental in bridging the information gap between the key investors and management of the companies as the former might be interested in assessing the company's commitment to sustainability and the Company Secretary as a major Board member can design the disclosure requirements, fulfilments of the same and thus can prove themselves as a role model of governance and reporting mandates.

CONCLUSION

By embracing the new waves of corporate governance, Company Secretaries can make a substantial impact by virtue of the performance in the organizations. They can foster innovation all around and can also make a significant contribution in the future India @ 2047 by understanding the nuances of the ESG framework, BRSR compliance procedure, technological shift in the administration of the system.

"No matter how complex global problems may seem, it is we ourselves who have given rise to them. They cannot be beyond our power to resolve." - Daisaku Ikeda

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Corporate Governance and Sustainable Development in India – An ESG Perspective

Corporate Governance ensures that companies are managed efficiently and ethically, safeguarding the interests of various stakeholders, including shareholders, employees, customers, and the broader society. In India, where businesses often operate in diverse and complex environments, robust corporate governance practices are essential for maintaining transparency, accountability, and trust. Effective governance mechanisms help mitigate risks, prevent corporate misconduct, and promote fair and equitable decision-making, ultimately contributing to investor confidence and market stability.



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INTRODUCTION

Corporate governance and sustainable development are integral components of India's economic and social progress, playing crucial roles in shaping the nation's business landscape and fostering long-term prosperity. Corporate governance ensures that companies are managed efficiently and ethically, safeguarding the interests of various stakeholders, including shareholders, employees, customers, and the broader society. In India, where businesses often operate in diverse and complex environments, robust corporate governance practices are essential for maintaining transparency, accountability, and trust. Effective governance mechanisms help mitigate risks, prevent corporate misconduct, and promote fair and equitable decision-making, ultimately contributing to investor confidence and market stability.

Sustainable development, on the other hand, emphasizes the responsible use of resources to meet present needs without compromising the ability of future generations to meet their own needs. In India, with its vast population and diverse ecosystems, sustainable development is imperative for addressing socio-economic challenges, reducing inequality, and safeguarding environmental health. By integrating environmental, social, and governance (ESG) considerations into their operations, Indian businesses can drive positive social

impact, mitigate environmental degradation, and create value over the long term. However, the significance of corporate governance and sustainable development in India extends beyond business success to broader societal well-being. These principles not only enhance corporate resilience and competitiveness but also contribute to the achievement of national development goals, including poverty alleviation, inclusive growth, and environmental conservation. Moreover, in an increasingly interconnected global economy, adherence to high standards of corporate governance and sustainability is essential for attracting foreign investment, fostering innovation, and maintaining India's reputation as a responsible global player.

With the above twin objectives, corporate governance and sustainable development serve as pillars of India's economic growth and social progress, promoting ethical conduct, environmental stewardship, and inclusive prosperity. Embracing these principles is not only a business imperative but also a moral and strategic imperative for India's sustainable development journey.

GOVERNMENT'S STAND AND STATUS TOWARDS ESG FRAMEWORK

The Indian government has increasingly recognized the importance of Environmental, Social, and Governance (ESG) factors in driving sustainable development and fostering responsible corporate behavior. While India has made significant strides in economic growth and development, it faces numerous environmental, social, and governance challenges that require concerted efforts from both the public and private sectors.

- Regulatory Framework and Policy Initiatives:** The Securities and Exchange Board of India (SEBI), India's capital markets regulator, has been at the forefront of promoting ESG disclosure and reporting among listed companies. SEBI introduced the Business Responsibility and Sustainability Reporting (BRSR) framework, requiring the top 1,000 listed companies to disclose their ESG performance. Similarly, the Ministry of Corporate Affairs (MCA) has also mandated certain ESG-related disclosures

under the Companies Act, emphasizing the need for companies to consider ESG factors in their decision-making processes and business strategies. Even, the Reserve Bank of India (RBI) has incorporated ESG principles into its banking regulations, encouraging banks to integrate ESG considerations into their risk management frameworks and lending practices.

2. **Green Initiatives and Environmental Policies:** The Indian government has launched several green initiatives and policies aimed at addressing environmental challenges and promoting sustainable practices. This includes initiatives such as the National Action Plan on Climate Change (NAPCC), the National Clean Air Program (NCAP), and the Swachh Bharat Abhiyan (Clean India Mission). India has also committed to achieving its Nationally Determined Contributions (NDCs) under the Paris Agreement, which include targets for reducing greenhouse gas emissions, increasing renewable energy capacity, and enhancing climate resilience.
3. **Social Welfare Programs and Inclusive Development:** The Indian government has implemented various social welfare programs to promote inclusive development and address social inequalities. Programs such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the National Rural Livelihoods Mission (NRLM), and the Pradhan Mantri Jan Dhan Yojana (PMJDY) aim to alleviate poverty, enhance livelihood opportunities, and empower marginalized communities. Initiatives like the Beti Bachao Beti Padhao (Save the Girl Child, Educate the Girl Child) campaign and the Swachh Bharat Mission (Clean India Mission) also focus on social issues such as gender equality, education, and sanitation.
4. **Corporate Governance Reforms:** The Indian government has undertaken various reforms to strengthen corporate governance practices and enhance transparency and accountability in corporate entities. This includes amendments to corporate laws, introduction of corporate governance codes, and establishment of regulatory bodies such as the National Financial Reporting Authority (NFRA) to oversee corporate compliance and governance standards. Efforts have also been made to enhance board diversity, improve audit quality, and address related-party transactions to mitigate governance risks and protect shareholder interests.

In the light of the above, the Indian government's stand towards the ESG framework reflects a growing recognition of the importance of sustainability, social responsibility, and good governance in driving inclusive and sustainable development. Through regulatory reforms, policy initiatives, and green programs, India is striving to balance economic growth with environmental protection, social welfare, and ethical corporate practices, thereby creating a more sustainable and resilient future for its citizens.

SUSTAINABLE DEVELOPMENT GOALS (SDGs) AND ESG INTEGRATION – HOW?

ESG factors, encompassing Environmental, Social, and Governance considerations, align closely with the Sustainable Development Goals (SDGs) set forth by the United Nations. Some of the factors motivates how ESG framework and SDGs intersect.

- I. **Environmental Factors and SDGs:** Environmental factors within the ESG framework correspond to several SDGs related to environmental sustainability, such as:
 - a) **SDG 6 (Clean Water and Sanitation):** ESG factors related to water management, pollution control, and conservation align with efforts to ensure access to clean water and sanitation for all.
 - b) **SDG 7 (Affordable and Clean Energy):** ESG criteria focused on renewable energy adoption, energy efficiency, and carbon emissions reduction contribute to the goal of ensuring access to affordable, reliable, sustainable, and modern energy for all.
 - c) **SDG 13 (Climate Action):** ESG factors related to climate risk assessment, greenhouse gas emissions reduction, and adaptation measures support efforts to combat climate change and its impacts.
- II. **Social Factors and SDGs:** Social factors within the ESG framework are closely linked to SDGs addressing social development, equality, and well-being, including:
 - a) **SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities):** ESG factors related to fair wages, labor rights, and social inclusion contribute to poverty reduction and reducing inequalities within and among countries.
 - b) **SDG 3 (Good Health and Well-being) and SDG 4 (Quality Education):** ESG considerations related to workplace health and safety, employee wellness, and access to education support goals for promoting health and education for all.
 - c) **SDG 5 (Gender Equality):** ESG factors promoting diversity, gender parity, and inclusive workplace practices align with efforts to achieve gender equality and empower all women and girls.
- III. **Governance Factors and SDGs:** Governance factors within the ESG framework are instrumental in achieving SDGs related to accountable and transparent institutions, including:
 - a) **SDG 16 (Peace, Justice, and Strong Institutions):** ESG criteria emphasizing transparency, ethical conduct, and anti-corruption measures contribute to building effective, accountable, and inclusive institutions at all levels.
 - b) **SDG 17 (Partnerships for the Goals):** Strong governance practices, including stakeholder engagement, responsible business conduct, and sustainable investment, facilitate partnerships for achieving the SDGs and mobilizing resources for sustainable development.

ROLE OF ESG PRINCIPLES IN CORPORATE STRATEGIES FOR ACHIEVING SUSTAINABLE DEVELOPMENT

ESG principles play a critical role in corporate strategies for achieving sustainable development by integrating environmental, social, and governance considerations into business practices.

- 1) **Environmental Responsibility:** ESG principles guide companies to adopt environmentally sustainable practices, such as reducing carbon emissions, conserving resources, and minimizing pollution. By incorporating environmental considerations into corporate strategies, companies contribute to mitigating climate change, preserving ecosystems, and promoting sustainable resource management, thereby supporting the environmental dimension of sustainable development.
- 2) **Social Impact:** These principles emphasize the importance of addressing social issues, including labor rights, human rights, diversity, and community engagement. Companies integrate social considerations into their strategies by promoting fair labor practices, fostering workplace diversity and inclusion, supporting community development initiatives, and ensuring product safety and quality. By prioritizing social impact, companies contribute to inclusive growth, poverty alleviation, and social cohesion, advancing the social dimension of sustainable development.
- 3) **Governance Excellence:** They promote transparent, accountable, and ethical governance practices within organizations. Companies strengthen governance frameworks by enhancing board diversity, improving risk management systems, ensuring regulatory compliance, and combating corruption. Effective governance fosters trust, integrity, and responsible decision-making, enabling companies to build long-term relationships with stakeholders and create value sustainably, thus addressing the governance dimension of sustainable development.
- 4) **Risk Management and Resilience:** Integrating ESG principles into corporate strategies helps companies identify, assess, and mitigate risks associated with environmental, social, and governance factors. By proactively managing ESG-related risks, companies enhance their resilience to external shocks, regulatory changes, and market volatility, safeguarding long-term value creation and stakeholder trust.
- 5) **Innovation and Competitive Advantage:** ESG integration stimulates innovation and drives competitive advantage by encouraging companies to develop sustainable products, services, and business models. By aligning corporate strategies with sustainability goals, companies identify new market opportunities, anticipate evolving consumer preferences, and differentiate themselves from competitors. ESG-driven innovation fosters business resilience, enhances brand reputation, and positions companies for long-term success in a rapidly changing global landscape.

Corporate Governance and sustainable development serve as pillars of India's economic growth and social progress, promoting ethical conduct, environmental stewardship, and inclusive prosperity. Embracing these principles is not only a business imperative but also a moral and strategic imperative for India's sustainable development journey.

ESG GOALS AND INDIAN CORPORATE SECTOR – A FEW CHALLENGES/ISSUES

Indian companies encounter some challenges when integrating ESG (Environmental, Social, and Governance) practices into their operations, stemming from factors such as regulatory complexities, resource constraints, and cultural considerations. Some key challenges are:

- 1) **Regulatory Compliance:** Compliance with ESG regulations can be challenging due to evolving and sometimes ambiguous regulatory frameworks. Indian companies must navigate multiple regulatory bodies and varying disclosure requirements, which can increase compliance costs and administrative burdens.
- 2) **Data Availability and Quality:** Limited availability and reliability of ESG-related data pose significant challenges for Indian companies. Data collection processes may be fragmented, and standardized reporting mechanisms may be lacking, making it difficult for companies to measure and report their ESG performance accurately.
- 3) **Resource Constraints:** Many Indian companies, especially small and medium-sized enterprises (SMEs), face resource constraints, including financial limitations and limited expertise in ESG management. Investing in ESG initiatives may require significant upfront costs, which could strain financial resources, particularly for cash-strapped companies.
- 4) **Awareness and Capacity Building:** There may be a lack of awareness and understanding of ESG principles among Indian companies, particularly among smaller firms and in sectors traditionally less focused on sustainability. Building internal capacity and fostering a culture of ESG awareness and accountability may require substantial time and effort.
- 5) **Stakeholder Engagement:** Effective stakeholder engagement is crucial for successful ESG integration, but companies may struggle to engage with diverse stakeholders, including investors, customers, employees, suppliers, and local communities. Developing meaningful and transparent communication channels with stakeholders requires dedicated resources and commitment.
- 6) **Supply Chain Management:** Managing ESG risks and opportunities across complex supply chains presents

challenges for Indian companies, particularly in sectors with extensive supplier networks. Ensuring ethical sourcing, labor standards, and environmental practices throughout the supply chain requires collaboration and coordination with suppliers, which may be difficult to achieve.

- 7) **Cultural and Societal Factors:** Cultural norms, societal expectations, and historical practices can influence companies' attitudes towards ESG integration. Traditional business practices and a focus on short-term profitability may hinder the adoption of long-term sustainability goals, requiring a shift in mindset and corporate culture.
- 8) **Measuring Impact and ROI:** Demonstrating the tangible benefits and return on investment (ROI) of ESG initiatives can be challenging, particularly in the short term. Companies may struggle to quantify the financial value of intangible ESG outcomes, such as reputation enhancement, employee satisfaction, and risk mitigation.

CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT IN INDIA – A FUTURE AHEAD

- 1) Indian companies will increasingly recognize the importance of ESG factors in driving long-term value creation and stakeholder trust. There will be a greater emphasis on integrating ESG considerations into corporate strategies, decision-making processes, and reporting frameworks to align with global best practices and investor expectations.
- 2) The regulatory landscape governing corporate governance and sustainability in India will continue to evolve, with policymakers introducing stricter regulations and disclosure requirements. This may include mandating ESG reporting for a broader set of companies, enhancing board diversity norms, and strengthening enforcement mechanisms to ensure compliance.
- 3) Sustainable finance instruments, such as green bonds, social bonds, and sustainability-linked loans, will gain traction in India's financial markets. Investors will increasingly allocate capital to companies with strong ESG performance, driving demand for ESG-related financial products and services.
- 4) Technological innovations, such as artificial intelligence, blockchain, and big data analytics, will play a significant role in advancing corporate governance and sustainability practices in India. Companies will leverage technology to enhance transparency, traceability, and accountability across their operations, improving ESG performance and risk management.
- 5) Collaborative initiatives between government, industry, civil society, and academia will emerge to address complex sustainability challenges facing India. Public-private partnerships will play a crucial role in driving collective action on issues such as climate change, social inequality, and environmental conservation.
- 6) Companies will place a greater emphasis on stakeholder engagement and dialogue to understand and address




the diverse interests and expectations of stakeholders. Enhanced stakeholder engagement processes will foster transparency, build trust, and enable companies to identify emerging ESG risks and opportunities.

- 7) Indian companies will increasingly align their business strategies with the Sustainable Development Goals (SDGs) to contribute to national development priorities and global sustainability objectives. Companies will identify SDGs relevant to their operations and integrate them into their core business strategies, products, and services.
- 8) There will be a cultural shift towards sustainability, with consumers, employees, and investors placing greater importance on ethical and sustainable business practices. Companies that demonstrate a genuine commitment to ESG principles will gain competitive advantages in attracting and retaining talent, customers, and investors.

CONCLUSION

ESG integration is paramount for fostering long-term value creation and societal well-being. By prioritizing environmental stewardship, social responsibility, and ethical governance, companies can mitigate risks, enhance reputation, and drive innovation. This not only generates sustainable financial returns but also contributes to a more equitable, resilient, and prosperous society. ESG integration is not just a business imperative but a moral obligation, ensuring that companies thrive while positively impacting the planet and communities they serve.

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Infusing Impact Leadership Among ESG Professionals - Need of the Hour

Impact leadership is an essential force in driving meaningful change within the realm of Environmental, Social, and Governance (ESG) practices. As industries and societies grapple with complex sustainability challenges, infusing impact leadership among ESG professionals is not merely beneficial—it's paramount. Impact leaders play a crucial role as change agents who have the ability to transform sensitization around vital issues into actionable empowerment. These leaders are adept at navigating the nuances of social, environmental, and corporate governance, turning awareness and concern into strategic initiatives that galvanize change.



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INTRODUCTION

“Sometimes the way to gauge impact leadership is to ask if leaders are leading us to where we want to go or to the future we want”

- Helle Bank Jorgensen, the founder, and CEO of Competent Boards

THE DRIVING FORCE OF ESG: UNVEILING THE ESSENCE OF IMPACT LEADERSHIP

Impact leadership is an essential force in driving meaningful change within the realm of Environmental, Social, and Governance (ESG) practices. As industries and societies grapple with complex sustainability challenges, infusing

impact leadership among ESG professionals is not merely beneficial—it's paramount. Impact leaders play a crucial role as change agents who have the ability to transform sensitization around vital issues into actionable empowerment. These leaders are adept at navigating the nuances of social, environmental, and corporate governance, turning awareness and concern into strategic initiatives that galvanize change. By embodying the principles of responsible leadership, they inspire others and build a culture that values the long-term health of our planet and its inhabitants over short-term gains. Such leaders are instrumental in creating a ripple effect that empowers teams and organizations to adopt sustainable and ethical practices, thereby enacting positive change that resonates throughout the entire ESG ecosystem. As these change agents rise to the challenge, they not only shape the future of the ESG landscape but also influence the broader narrative of how businesses can create a more just and thriving world.

INTEGRATING IMPACT LEADERSHIP INTO ESG

1. **Escalating Global Challenges:** With increase in climate change, social inequity, and economic disparities, the role of ESG professionals becomes pivotal in leading organizations through transformative practices that address these pressing challenges.
2. **Rising Stakeholder Expectations:** Investors, consumers, and employees increasingly demand transparency, accountability, and commitment to ethical standards. ESG leaders who can effectively communicate and drive sustainable initiatives are critical in meeting these expectations.
3. **Regulatory Evolution:** As governments worldwide tighten ESG-related regulations and reporting requirements, professionals skilled in navigating legal frameworks and aligning business strategies are essential.
4. **Cultural Intelligence:** As global challenges require global solutions, leaders must possess a keen cultural intelligence that respects diversity and drives the creation of cohesive, inclusive teams that harness the strength of varied perspectives.

5. **Long-Term Value Creation:** The long-term viability of a company depends on sustainable practices that promote environmental stewardship, social well-being, and robust governance. Impact leaders are uniquely equipped to integrate these elements into the heart of business models. Leading by Example: Demonstrating a commitment to ESG values in their own work and inspiring others to follow suit.

CRAFTING FUTURE-FIT IMPACT LEADERSHIP

Impact leaders in the ESG domain are tasked with adopting five challenging yet interconnected mindsets to stay ahead of transformative global trends. Cultivating a disposition that is “ruthlessly caring,” “confidently humble,” “politically virtuous,” “ambitiously appreciative,” and “responsibly daring,” is essential for being “future-fit.” Alongside these mindsets, true change agents also require in-depth understanding of their business, proven decision-making abilities, the capacity to integrate ideas within the broader business strategy, consistent dedication, and the courage to appropriately challenge higher-ups—all integral to leading with influence and purpose in an evolving corporate world.

NEW CHALLENGES : KEY FOCUS AREAS FOR IMPACTFUL ESG LEADERSHIP

As ESG becomes increasingly integral to business strategy, leaders are tasked with ensuring that their impact metrics remain relevant and adaptive to the ever-changing landscape. To support continued progress in impact generation, leaders can focus on several key areas:¹

1. **Intersectionality:** Leaders dedicated to ESG must craft their strategies with the concept of intersectionality at the forefront. Recognizing the interconnectedness of challenges, such as those outlined in the UN’s 17 Sustainable Development Goals (SDGs), is crucial. For instance, initiatives aimed at poverty reduction are inherently linked with efforts to mitigate hunger and enhance educational opportunities, demonstrating that social issues cannot be effectively addressed in isolation. A holistic approach is essential in fulfilling organizational ESG responsibilities.
2. **Partnership:** The evolution and expansion of impact efforts can only be achieved through concerted partnership and collective action. Embracing the sentiment of the U.N. Foundation that change is a product of collaboration, initiatives like the 1t.org project exemplify the power of public-private partnerships. Bringing together a diverse coalition of organizations, each with unique strengths and resources, can drive ambitious projects such as conserving one trillion trees by 2030. This model of collaboration is imperative for every sector to fulfil the SDGs.



3. **Accountability:** For sustainability efforts to be genuinely impactful, they must be rooted in accountability and transparency. Leaders have a responsibility to uphold these values, employing standardized metrics to avoid the pitfalls of greenwashing or mere marketing. While the landscape of voluntary frameworks for measuring stakeholder value is sprawling, efforts are underway to create harmonized metrics. Yet, a universally accepted ESG standard for corporate disclosure remains elusive, leaving investors, consumers, and jobseekers without a comprehensive means to assess corporate ESG performance. The convergence of ESG reporting standards will eventually provide stakeholders with the visibility necessary to gauge the true impact of a company’s actions.

In essence, effective Impact Leadership in ESG demands cultivating professionals through specialized education and practical leadership training geared toward sustainability. Continuous professional development that encourages innovative thinking is essential, as is cross-sector collaboration to expand expertise and strategic application. Mentorship from seasoned leaders is also key, offering guidance and fostering leadership tailored to ESG challenges. Lastly, none of these efforts can flourish without the endorsement of a strong corporate ethos. Organizations themselves must embody and champion ESG principles, encouraging a vision-centric approach in all business decisions and practices. By creating an organizational culture that genuinely prioritizes ESG values, professionals within can find the support and motivation necessary to drive impactful leadership actions.

EMBEDDING IMPACT LEADERSHIP WITHIN ORGANIZATIONAL FRAMEWORKS

“Every company and every industry will be transformed by the transition to a net zero world. The question is, will you lead, or will you be led?”

- Larry Fink, Chairman & CEO, Black Rock

¹ Article : 3 ways global leaders can prioritize ESG impact - Suzanne DiBianca Chief Impact Officer, Salesforce

In an increasingly interconnected world, the creed “**Designing Tomorrow Together**”² becomes the heartbeat of impactful change and sustainable growth. Impact Leadership thrives on this collaborative spirit, where ESG professionals and stakeholders alike come together to forge pathways that secure a thriving future for all. This collaborative approach is imperative for ESG matters, as environmental, social, and governance challenges transcend individual organizations and require the collective effort and ingenuity of diverse minds and sectors.

United in their ambition and dedication, Impact Leaders understand that to design a brighter tomorrow, there cannot be solitary pursuits of excellence. Instead, it involves building bridges across industries, engaging communities in dialogue, and fostering a culture of shared responsibility and innovation. It is through this unity and shared vision that the promise of a sustainable and equitable world becomes not merely a distant dream but an achievable reality, meticulously crafted and nurtured by the hands of many. “Designing Tomorrow Together” thus becomes an Impact Leadership mantra, a beacon that lights the way towards a future designed with purpose, care, and collaborative insight.

At Cyient, we follow the **AGILE principle**³—standing for Ambition, Growth mindset, Inclusivity, Leading by example, Empowerment. Interestingly, this serves as the bedrock for cultivating Impact Leadership among ESG professionals. It’s about nurturing a culture where ambition fuels the pursuit of sustainability, a growth mindset fosters continuous learning, inclusivity broadens perspectives, leading by example sets a powerful precedent, and empowerment encourages decisive action. By embedding these values within the organizational fabric, ESG leaders are equipped to drive transformative change and deliver on the promise of a more sustainable future for all stakeholders. We firmly believe in Values FIRST “**Values FIRST**”⁴, a cornerstone encapsulating Fairness, Integrity, Respect, Sincerity, and Transparency, which informs the ethos of impact leadership within the organization. This principle serves as a compass that guides ESG leaders in their decision-making processes, ensuring that their actions not only drive sustainable practices but also ethical and equitable business conduct, fostering a culture of trust and accountability essential for long-term positive impact.

Recognizing the transformative power of impact leadership, Cyient had undertaken a significant restructuring of its executive team to embody this ethos at the highest levels. Cyient restructured its executive leadership to harness the power of technology and fuel its growth momentum. The strategic reshuffle was aimed at optimizing the company’s capacity for driving industry leading ESG initiatives. This decisive move underscored Cyient’s commitment to integrating impact leadership at its core, propelling the organization towards delivering technological solutions that are advanced and responsible.

^{2,3,4} Cyient Sustainability Report 2022-23

As ESG becomes increasingly integral to business strategy, leaders are tasked with ensuring that their impact metrics remain relevant and adaptive to the ever-changing landscape.

As a global engineering and technology solutions company, our associates innovate solutions to accelerate the convergence of intelligent engineering and technology and solve critical problems that matter the most to our customers. Led by our people-centric values of FIRST, we have successfully attracted, developed and retained some of the brightest minds in the industry. We invest in the power of ideas and imagination to help our customers transform and thrive by tapping the ever-emerging opportunities of the digital world. Empowerment and enablement are key to our successful retention policy. Underlying our endeavors is a commitment to leverage the power of technology to design transformative social solutions that broaden opportunities for the inclusive growth and prosperity of our communities, partners and the larger ecosystem. World-class learning programs equip our associates with relevant skills so they can scale their capabilities to build fulfilling careers and lives with Cyient. Our focus on strengthening our pool of future leaders through industry-best training and development frameworks contributes to a robust leadership bench and succession planning. By thoughtfully crafting policies and aligning them with actionable steps, we create a workspace that fosters a sense of pride among our associates. For our sustainability initiatives, please refer Sustainability Report_2023.pdf (cyient.com)

Cyient has adopted a holistic sustainability framework underlined by a robust policy to foster long-term sustainable value generation for stakeholders and navigate the path toward a carbon-neutral future. Our sustainability framework plays a key role to future-proof our business against the growing risks of climate change. It is founded on the principles of Responsibility, Equity, and Accountability with 13 key focus areas. The objectives outlined within the framework are closely aligned with our material issues, global frameworks and trends, and industry drivers. They are designed to contribute to United Nations Sustainable Development Goals (SDGs). Our executive leadership’s unwavering commitment and support empower us to implement the framework’s goals to deliver desired impact adhering to global and national standards, regulations, and best practices.

Throughout our evolution journey, we have taken definitive steps to ensure our actions align with our strategic agenda and sustainability goals. Cyient’s sustainability journey has been marked by continuous progress and a

deep-rooted commitment to creating a better future. Among the various initiatives undertaken by us, the CyientIQ Innovation League - Global Hackathon 2023 stood as the ultimate innovation challenge of the year, encapsulating the principles of impact leadership central to ESG ambitions. This invigorating event gathered the most brilliant minds from diverse sectors to address the pressing challenges of our era. With themes that resonated deeply with ESG values—Designing Digital Enterprises, Building Intelligent Products and Platforms, and Solving Sustainability Challenges—last year's Hackathon emerged as a beacon of innovation where the fusion of technology and ingenuity paved the way for a brighter and more sustainable future. Participants, embracing their roles as impact leaders, engaged in creative problem-solving that upheld the ideals of technological sophistication, ethical integrity, and environmental conservation, thereby epitomizing the spirit of pioneering solutions with a conscience that are crucial for driving ESG initiatives forward.

CONCLUSION

In today's fast-evolving business landscape, the vitality of integrating Impact Leadership into the fabric of Environmental, Social, and Governance (ESG) roles is paramount. ESG professionals, positioned as the vanguard of progress, possess the capability not only to steer but to sculpt the sustainable future of their organizations. They embody the nexus of forward-thinking and action-oriented leadership that transcends traditional business objectives, aligning with the imperatives of a world increasingly defined by environmental concerns and social consciousness.

These change leaders are charged with the pivotal task of weaving sustainability into the core strategy of their organizations. They must ensure that business operations not only comply with current regulations and standards but also proactively contribute to the well-being of the planet and its inhabitants. This approach necessitates a keen understanding of the interdependence between economic growth and social and environmental responsibility. By embracing this integrated perspective, Impact Leaders can identify opportunities where sustainability can be transformed into competitive advantage, driving innovation and fostering long-term viability.

Investing in these change-makers is more than a mere endorsement of sustainable practices—it is recognition of the critical role they play in preserving organizational relevance in a world grappling with climate change, resource scarcity, and shifting societal values. Businesses that prioritize the development of Impact Leadership capabilities are positioning themselves at the forefront of the sustainability revolution. They are preparing to not just ride the wave of change but to command it, setting standards and influencing policy and industry practices that reach far beyond their immediate operational scope.

The nurturing of such leadership is multi-dimensional. It involves continued education on the latest developments in sustainability, the cultivation of ethical decision-making skills, and the fostering of innovative mindsets that can approach old problems in new ways. Organizations must also create cultures where such qualities are rewarded, and adaptability is encouraged, allowing leaders the freedom to experiment and implement breakthrough solutions.

By embracing and championing Impact Leadership, organizations commit to a future where success is measured by more than financial returns—where the true metric of accomplishment is the enduring and beneficial mark they leave on the world. Now is indeed the time for organizations to support and develop leaders who can mould the sustainable future that society demands, and the planet requires.

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Unlocking ESG Potential - BRSR as a Key Reporting Framework in India

ESG considerations are better positioned to navigate the evolving business landscape and create value for all stakeholders. ESG factors are considered important for assessing an entity's sustainability and ethical practices. It has become a critical framework for evaluating the sustainability and ethical impact of investments, businesses, and organizations.



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INTRODUCTION

ESG reporting, also known as Environmental, Social, and Governance reporting, is a framework used by companies and organizations to communicate their performance and impact in areas beyond just financial metrics. Companies that prioritize ESG considerations are better positioned to navigate the evolving business landscape and create value for all stakeholders. ESG factors are considered important for assessing an entity's sustainability and ethical practices. It has become a critical framework for evaluating the sustainability and ethical impact of investments, businesses, and organizations. The relevance of ESG has grown significantly in recent years due to several key factors:

- **Sustainability Concerns:** Growing awareness of environmental issues such as climate change, pollution, and resource depletion has led to a heightened focus on the environmental aspects of ESG. Investors and stakeholders are increasingly concerned about the long-term sustainability of companies and their impact on the planet.
- **Social Responsibility:** The "S" in ESG represents social factors, which encompass a wide range of issues, including labour practices, diversity and inclusion, human rights, and community engagement. In an era of increased social consciousness, consumers, employees, and investors are demanding greater transparency and accountability from businesses in these areas.

- **Governance and Ethical Behaviour:** Effective governance is crucial for the long-term success and stability of any organization. The "G" in ESG emphasizes corporate governance, ethical behaviour, and transparency. Good governance practices reduce the risk of corporate scandals, fraud, and mismanagement, which can have significant financial and reputational consequences.
- **Regulatory Pressure:** Governments and regulatory bodies are increasingly mandating ESG reporting and disclosure requirements. This has forced companies to take ESG factors seriously and integrate them into their strategies and operations to remain compliant.
- **Investor Preferences:** Institutional investors, including pension funds, asset managers, and private equity firms, are incorporating ESG considerations into their investment decisions. This shift has led to the creation of ESG investment funds and indices, attracting capital to companies with strong ESG profiles.
- **Risk Mitigation:** ESG factors can help companies to identify and mitigate risks that may not be apparent through traditional financial analysis. Environmental risks, for example, can have a direct impact on a Company's supply chain, regulatory compliance, and reputation.
- **Competitive Advantage:** Companies with strong ESG performance may have a competitive advantage in attracting customers, employees, and investors who value sustainability, ethical business practices, and good governance.
- **Long-Term Value Creation:** Integrating ESG principles can contribute to long-term value creation by fostering innovation, improving operational efficiency, and reducing costs associated with environmental and social liabilities.

INTERNATIONAL ESG FRAMEWORK

Environmental, Social, and Governance (ESG) disclosure platforms play a crucial role in helping companies report their sustainability efforts and performance to investors, stakeholders, and the public. These platforms provide standardized frameworks and metrics for ESG reporting, making it easier for organizations to communicate their ESG initiatives. Four key disclosure platforms on ESG are as follows:

- **Global Reporting Initiative (GRI):** The GRI is one of the most widely used ESG reporting frameworks globally. It provides comprehensive guidelines for sustainability reporting, covering a wide range of topics, including environmental, social, and governance aspects. Companies can use GRI standards to disclose their ESG performance in a structured and consistent manner.
- **Sustainability Accounting Standards Board (SASB):** SASB focuses on industry-specific ESG disclosure standards. It provides guidelines tailored to various industries, helping companies report on material ESG issues that are relevant to their sector. SASB standards are designed to provide investors with decision-useful information.
- **Carbon Disclosure Project (CDP):** CDP is specifically focused on environmental disclosure, particularly related to carbon emissions and climate-related risks and opportunities. It requests information from companies and cities regarding their environmental performance and encourages transparency in emissions and environmental management.
- **Task Force on Climate-related Financial Disclosures (TCFD):** TCFD, established by the Financial Stability Board, provides recommendations for disclosing climate-related financial information. It encourages companies to disclose their climate risks, opportunities, and strategies in a consistent and transparent manner to help investors assess climate-related risks in their portfolios.

ESG FRAMEWORK IN INDIA

SEBI introduced the revised ESG framework in the year 2021 prescribing the Business Responsibility and Sustainability Report (“BRSR”) as the new reporting format, to better reflect the scope of reporting requirements. The BRSR reporting format is based on the 9 principles as laid down in the National Guidelines for Responsible Business Conduct (“NGRBC”) issued by Ministry of Corporate Affairs, Government of India in 2019. SEBI has also constituted an ESG advisory committee (“EAC”), to assist them with strategic advice on ESG related matters.

Environment Factors considered under BRSR are as follows:

- Goods and services provided by business should be sustainable and safe,
- Respecting interest of and be responsive to all its stakeholders,
- Protecting and restoring the environment,
- Being transparent while engaging in influencing public and regulatory framework.

Social Factors considered under BRSR are as follows:

- Respecting the well-being of all employees and those in the value-chain,

- Promoting human rights,
- Inclusive growth and equitable development,
- Providing value to the consumers,
- Conducting training awareness and programs.

Governance Factors considered under BRSR are as follows:

- Being ethical, transparent and accountable,
- Acting responsibly and with integrity,
- Compliance through review of structural framework and processes,
- Framing internal policies and standard operating procedures,
- Reporting of risks.

EVOLUTION OF ESG REPORTING IN INDIA

Non-financial reporting has grown in popularity throughout the world as more businesses become aware of the negative consequences of their activities on the environment and climate change. The increased emphasis on non-financial reporting has caused a shift in Company strategies toward a more sustainable approach. Several organizations, including the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD), have begun to work on developing standardized reporting formats for corporations’ non-financial disclosures. In response to rising investor pressure for increased transparency and non-financial reporting, the Securities and Exchange Board of India (SEBI) introduced the requirement of ESG reporting in India in 2012. The Business Responsibility Report (BRR) was their form of ESG reporting, and it was compulsory by SEBI that the top 100 listed firms in India by market capitalization submit a BRR. The goal of this disclosure was to allow businesses to interact and communicate with their stakeholders in a more engaging and relevant way. The BRR was designed to encourage firms to go beyond statutory financial compliance and include reporting on social and environmental implications as well.

Due to increased scrutiny on sustainable reporting and greater investor awareness, SEBI extended the number of Companies that were required to publish BRRs to the top 500 listed companies in India by market capitalization beginning from FY 2015-2016. In response to growing worldwide concerns about ESG reporting and sustainable development, the National Guidelines on Responsible Business behaviour (NGRBC) were established in 2019 to help firms embrace the notion of responsible behaviour beyond the limitations of regulatory compliance. Soon after, SEBI mandated that the top 1000 listed businesses on the stock exchange by market capitalization provide BRRs as part of their annual report instead of top 500.

However, there was a need to modify BRR to align it with NGRBC and therefore, in May 2021, SEBI introduced a new ESG reporting structure titled ‘Business

Responsibility and Sustainability Reporting (BRSR)' and made it mandatory for the top 1000 listed companies in India based on market capitalisation, to report their sustainability performance as per the BRSR format from FY 2022 – 2023 onwards and maintain transparency with their key stakeholders.

STRUCTURE AND FORMAT OF BRSR

The primary goal of the BRSR reporting framework is to act as an internal tool for organizations who want to align with the NGRBC. The reporting structure is divided into three sections:

- **Section A: General Disclosures**

This section's goal is to gather fundamental information and data about the listed Company, such as their products and services, operations, staff, transparency and disclosure standards and compliances, subsidiary Companies, holdings, and joint ventures, and so on.

- **Section B: Management and process disclosures**

Under this section, the Company has been mandated to publish information on policies and practices related to the NGRBC principles of leadership, governance, and stakeholder engagement in their organisation. Companies have also been asked to provide links to their websites where these policies are available, if possible. The information required in this part is mostly concerned with concerns of oversight, governance, leadership, and management procedures.

- **Section C: Principle-wise performance disclosures**

This section requires the Company to show their intention and commitment to responsible business behaviour via actions and outcomes. Companies must report on KPIs in accordance and alignment with the nine principles of NGRBC's relating to responsible business conduct. Further, Companies are required to report on two parameters for each principle, which are:

- ♦ **Essential indicators (mandatory):** These are the indicators which the Company mandatorily needs to report, which include environmental data such as energy, emissions, water, and waste; trainings conducted; community initiatives undertaken by the Company and social impact created by the Company.
- ♦ **Leadership indicators (voluntary):** Currently, the Companies are not mandatorily required to report on these indicators. However, there is a general expectation that businesses would comply with the leadership indicators as well in order to increase openness and accountability. It includes reporting on scope 3 emissions and energy usage breakdowns, as well as assessing the health and safety of value chain partners. The leadership indicators are concerned with delivering a more comprehensive view of the Company's activities in terms of long-term viability.

SEBI introduced the revised ESG framework in the year 2021 prescribing the Business Responsibility and Sustainability Report ("BRSR") as the new reporting format, to better reflect the scope of reporting requirements. The BRSR reporting format is based on the 9 principles as laid down in the National Guidelines for Responsible Business Conduct ("NGRBC") issued by Ministry of Corporate Affairs, Government of India in 2019. SEBI has also constituted an ESG advisory committee ("EAC"), to assist them with strategic advice on ESG related matters.

9 PRINCIPLES OF BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

The BRSR framework aims to encourage Companies to adopt sustainable business practices and disclose information related to their environmental, social, and governance (ESG) performance. The nine principles of BRSR are as follows:

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

The principle aims to adopt, implement, and make disclosures about Company performance in a fair manner. The principle emphasizes the use of ethical business practices across the value chain of the company and is put into practice using the company governance structure by defining economic, social, and environmental responsibilities.

Key Components of Principle 1 are:

- Under this indicator, detailed disclosure on fines, penalties, punishments, awards, compounding fees, and settlement sums paid in proceedings by the entity or by directors or KMPs to the regulator during the fiscal year is to be reported.
- Disclosure on steps taken to establish or review internal controls and for handling corruption and bribery complaints like reports of an anti-corruption training sessions is provided.
- Report on conflict of interest and corrective actions at each reportable level; providing information on the number of complaints received regarding conflicts of interest involving the directors or KMPs.
- Description on the procedures used to manage conflicts of interest involving board members can be disclosed under this indicator.



PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.

The notion highlights that while creating and producing their products, businesses should prioritise resource efficiency and safety. The items must be made in a way that minimises and mitigates their negative impacts on the environment and society while also contributing value, starting with their conception and continuing until their final disposal. As a result of this concept, businesses are compelled to understand all material sustainability issues that arise across the whole life cycle and value chain of their products.

Key components of Principle 2 are:

- Included in this indicator are - details of resource allocation by capital investments and the R&D budget to enhance the effects that a company's products have on society and the environment.
- Specification of strategy for calculating and reducing the company's products unfavourable effects, if any on the environment and society at large.
- Guidelines for sustainable sourcing by determining the sources of sustainable inputs and additionally report details of the products acquired sustainably and otherwise.
- Details of EPR applicable and waste collection that is submitted to the Pollution Control Board.
- Disclosure of the proportion of recycled input materials used in manufacturing including the quantity of reclaimed products and their packaging material used in the process as an input.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their

value chains.

The principle highlights concept and all procedures and guidelines that uphold equality, respect for human dignity, and well-being for each and every employee who contributes to a company's value chain or works for it directly, without discrimination or disregard for differences, and ensures that they all have access to fair and respectable employment opportunities. The aim of the principle is to ensure that the Company considers wellbeing of the employee and that of his or her family members. The data that must be submitted under this part is largely quantitative and is kept by the corporations for their various offices, factories, and divisions. The Compliance Officer, or the person authorised to oversee the application of the Principle, shall be responsible for following up with the relevant authorised person at various units, plants, and offices to inform them of the importance of maintaining accurate records and documentation with the assistance of the Company's HR. It is important to note that while the leadership indicators require companies to go above and beyond and provide the same information and details in relation to their value chain partners, whereas the essential indicators only require companies to disclose information regarding employee and worker safety, health, working conditions, and payment of wages and benefits.

Key components of Principle 3 are:

- Included in this indicator are specifications of actions taken and policies framed to promote the health and welfare of workers and employees.
- Details of retirement benefits, for the present and prior fiscal year that are given to workers and/or employees for the current and the prior fiscal year.

- Disclosure of details to assure regarding the action taken by businesses for their offices and premises to make it accessible to workers and employees with disabilities.
- Information on the percentages of permanent employees who returned to the workplace and those who took parental leave.
- Details of training imparted to the employees and workers on health and safety measures and on skill upgradation.
- Reporting on performance and career development reviews of employees and worker by establishing a process to receive and address grievances from permanent employees and other workers.
- Details of life insurance and compensatory package to permanent and contractual employees.
- Providing details of the number of employees/workers having suffered high- consequence work-related injury/ ill health / fatalities, who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.
- Report on transition assistance program and its frequencies to facilitate continued employability by formulation of the program based on the requirements of the reporting entity.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

This theory recognises that Companies work within an eco-system that includes certain stakeholders, such as shareholders and investors, and that their operations have an influence on the environment, natural resources, ecosystems, and communities. The guiding concept emphasises that businesses have a duty to maximise the beneficial impacts on their stakeholders while minimising and reducing the adverse repercussions of their operations, policies, and practises.

Key components of Principle 4 are:

- Details on identifying key stakeholders based on the total number of stakeholders identified and categorization as groups to identify priority of engagement.
- Report on understanding the level and scope of engagement required with each type of stakeholder and whether they belong to a vulnerable/marginalized group.
- Report on formulation of processes for consultation between stakeholders and the Board on economic, environmental, and social topics- and subsequent feedback that are received during the activity.
- Details of concerns of vulnerable/ marginalized group of stakeholders addressed by establishing the framework for utilizing the inputs collected during

policy formulation and determine the arrangements required to address the worries of marginalized or vulnerable stakeholders.

PRINCIPLE 5: Businesses should respect and promote human rights.

The principle acknowledges and recognises that the business activities have influence on the environment, natural resources, ecosystems, and communities as well as the fact that businesses operate in an ecosystem with a variety of stakeholders, including shareholders and investors. It emphasises the need for Companies to control and minimise any bad consequences on its stakeholders while maximising the good effects of their operations, practises, and products. Identification of the risks and concerns and implementation of the necessary remedial measures are key components of evaluation. While self-evaluation by a company is a must, the organisation may demonstrate its leadership qualities if it also evaluates the human rights of the other parties in its value chain. In order to improve compliance with human rights, this would also entail revisions or modifications to the Company's current policies, procedures, systems and the manner in which the Company operates.

Key components of Principle 5 are:

- Details of training on human rights issues and policies to the employees and stakeholders in current and previous fiscal year.
- Details of minimum wage paid to employees and workers under the terms of the labour code. The information on the salaries, remuneration, and wages paid to directors, KMPs, employees, and workers. Calculation of the median salary, remuneration, and salary paid for reporting are also reported.
- Details of grievance mechanism for HR issues that is established internally to address complaints about human rights violations.
- Information on the percentage of the company's offices and factories that were evaluated for: sexual harassment, employment discrimination, forced or involuntary labour, child labour, wages, and other issues are reported as well.
- Disclosure of the corrective measures that have been taken or are being considered to address major risks or concerns identified by the assessments
- Details of Business Process Modification to address human rights grievances/ complaints including any alteration in business procedure as a remedial action.
- Details of human rights due diligence by defining the extent and use of such due diligence.
- Reports on evaluations of VCPs on the following topics: sexual harassment, workplace discrimination, child labour, forced labour/involuntary labour, wages, and other topics.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

The principle emphasises on the fact that serious and methodical efforts should be undertaken to solve issues including pollution, biodiversity protection, sustainable resource use, and climate change by the organisations. Additionally, it provides priority to environmental problems that are interrelated at the local, regional, and international levels. Businesses are pushed by the guiding principle to adopt environmental policies and practises that lessen or eliminate the adverse effects of their operations across the value chain. It also influences businesses to always behave in line with the precautionary principle.

Key components of Principle 6 are:

- Details of energy consumption, GHG emission, water, air, waste, etc by calculating the company's total energy consumption and total energy intensity for the current fiscal year and the prior fiscal year.
- Details of obtaining environmental approvals or permissions if the business has operations or offices in or close to environmentally sensitive areas.
- Report on environmental impact assessments of projects, the company is working on based on the laws that are in effect during the current fiscal year.
- Details of energy consumed from Renewable Energy and non-renewable energy consume for the current fiscal year and the prior fiscal year.
- Details related to water discharged including, information on the use, leakage, and treatment of water/other liquids.
- Details of water withdrawal, consumption, and discharge in areas of water stress (in kilolitres).
- Source-wise scope 3 emissions details in the format specified in guidelines given by BRSR.
- Details of evaluation of the company's value chain to identify the materials that can cause environmental harm.
- Disclosure on development of a framework to implement strategies to prevent or reduce the adverse effects in case of any disaster.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

This principle recognises that Company operations are subject to regional, national, and global regulatory and policy frameworks that control their development and set clear boundaries. The concept recognises that businesses have a right to contact with governments in order to have their grievances addressed or to have their ideas considered while public policy is being developed.

Public policy advocacy must also promote the common good in accordance with the law. The principle also states that there should be appropriate interaction of business with the general public. As per this principle, an organization's obligation to the general public, whom it influences in some way or another, is higher than its responsibility to the stakeholders with whom it is directly or indirectly involved. The corporates often don't interact directly with the public, with the exception of a few significant commercial firms. They would rather be a part of significant groups, institutions, or trade and industry chambers. Therefore, it is important to look into the institutions with which a company is affiliated in order to ascertain the level of influence they have over the public as well as how that power is being used.

Key components of Principle 7 are:

- Details of the chambers and associations with which to affiliate based on the industry in which the entity conducts business.
- Report on corrective actions taken in case of anticompetitive behaviour.
- Details of public policy positions advocated by the entity by identifying the areas of improvement based on existing laws and guidelines.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

In keeping with the government's interests and ambitions, the concept emphasizes the national development agenda while highlighting the challenges to the nation's social and economic advancement. This is significant in regions with a high prevalence of social instability and low levels of human development. The notion emphasized the value of partnership between business, government, and civil society in this growth strategy. This concept supports the interconnectedness of economic success, inclusive growth, and fair development.

Key components of Principle 8 are:

- Details of SIA undertaken during land acquisition that includes disclosure of frequency of assessments and resulting corrective measures that were taken by the businesses, if they were needed.
- Details on projects for which rehabilitation and resettlement are ongoing projects of the entity in an eco-sensitive area.
- Report on community grievance mechanism for resolution of local community complaints.
- Details of percentage and types the materials that should be purchased from MSMEs and small enterprises.
- Disclosure on identification of Beneficiaries of CSR Projects and the actions taken to mitigate negative social impacts to them.

- Details on ongoing CSR projects in aspirational districts and procurement from marginalized/vulnerable groups.
- Details of benefit and corrective action taken from intellectual properties owned based on conventional knowledge by entity.

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner.

According to the basic assumption of the principle, a business's primary objective is to offer secure goods and services to its clients, creating value for both sides in the process. Businesses make an effort to provide their customers with goods that are secure, competitively priced, easy to use, and safe to discard in acknowledgment of the fact that consumers have a broad range of alternatives for the goods and services they use. Businesses, along with other significant players, are crucial in minimizing the harmful effects that over consumption of their products has on society as a whole.

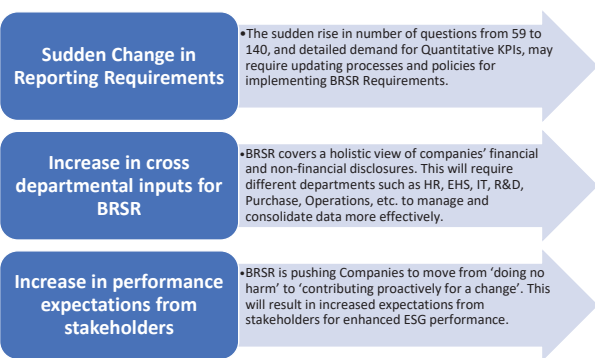
Key components of Principle 9 are:

- Details of the procedures for receiving and handling customer complaints and feedback.
- Details of instances of product recalls which were voluntary or compulsory.
- Report of attention on the cyber-related threat to data privacy by the employees and stakeholders.
- Details of number of consumer complaints received in current fiscal year and previous fiscal year on advertising, data privacy, cyber security, provision of basic services, restrictive trade practices, unfair trade practices, and others.
- Disclosure about method and extent of product information on a product is required by local laws to consumers in case of discontinuation of product.
- Information of number and percentages of data breaches of customer information in identifiable categories.

CHALLENGES COMPANIES FACE IN ADOPTING ESG PRINCIPLES

The problem of establishing the proper reporting framework has been a significant component of sustainability reporting for enterprises in India. With a consistent, transparent reporting format that all organizations must use in the future, BRSR reduces that difficulty. The major goal of the BRSR is to assist businesses in aligning their operations with the NGRBC. This directly contributes to the importance of openness and accountability in a company's operations.

Some of the key observation regarding the challenges that is being faced by Companies in adopting ESG parameters in their operation are as follows:



To embrace the bigger overall advantage brought about by BRSR, businesses should actively accept and conquer these obstacles rather than seeing them as a barrier. The main goal of SEBI's evaluation of the BRSR is to give businesses starting their path towards sustainability a platform to assess if their sustainability goals are in accordance with their rate of business expansion. To assist organisations understand their position and identify their gaps with respect to the industry best practises connected to sustainability being followed by leaders in their particular sectors, the BRSR is separated into two sections: the 'Essential' and 'Leadership' indicators. BRSR should be viewed as the next development in ESG reporting moving ahead as it will serve as an effective means of disseminating a company's non-financial disclosures. According to SEBI's vision for the goal of BRSR, publishing a report should be viewed as a requirement for compliance.

It is now more important than ever for businesses to publicly acknowledge their social and environmental obligations through non-financial disclosures in addition to yearly financial reports. It is envisaged that banks, credit rating companies, and other financial institutions would employ sustainability disclosures as they gain prominence to evaluate a Company's or business's legitimacy in addition to financial data.

FEW EXAMPLES OF ADOPTION OF ESG PRINCIPLES

In order to develop sustainable business models and provide long-term value for their stakeholders, Companies are placing a growing emphasis on environmental, social, and governance (ESG) factors. The outcomes are outstanding as a consequence of the proactive measures taken by many businesses to incorporate ESG concepts into their decision-making processes. Here are a few case studies of businesses that are using ESG strategies to positively impact society:

• Tesla's Electric Vehicles

Leading electric car producer Tesla is promoting the shift to a more environmentally friendly transportation system. In comparison to conventional gasoline-powered cars, the firm has created a variety of electric vehicles that are intended to be more



ecologically friendly and energy-efficient. To make it simpler for consumers to use electric vehicles, Tesla has also invested in building a network of charging stations. Tesla is assisting in lowering carbon emissions and building a cleaner, more sustainable future by providing an attractive alternative to conventional vehicles

- **Starbucks' Ethical Sourcing**

Starbucks, a multinational coffee corporation, has elevated ethical sourcing to the top of its agenda. To guarantee that its coffee is produced in a way that is both ecologically and socially ethical, the firm works closely with growers and suppliers. In order to better the lives of coffee growers, Starbucks has also created programmes that provide them access to loans and technical support. Starbucks is exhibiting its dedication to ethical business practises by encouraging sustainable agriculture and aiding neighbourhood groups.

- **UltraTech's low carbon strategy**

According to the Dow Jones Sustainability Indices (DJSI), UltraTech is one of the top 10 global firms in the industry area "Construction Material." In order to fulfil SDG 13 (the climate change target) based on COP21 of the United Nations Framework Convention on Climate Change, UltraTech has included low carbon strategy into its business plan. Cement is a carbon-intensive sector and initiatives like installing a voltage variable frequency drive and upgrading the cooler has helped in reducing the carbon usage.

- **Asian Paint's Project NEW**

Asian Paints have launched a Project titled NEW (N- natural resource conservation, E- energy and emission reduction, W- waste reduction) that focuses on environmentally friendly production facilities and activities with the aim of reducing operational impact and fostering biodiversity. Project NEW mandates that manufacturing managers adopt initiatives at all locations. Rapid and efficient deployment is ensured by regular evaluations with management.

- **HDFC Bank Sustainable Livelihood Initiative**

One of the major private sector banks in India, HDFC Bank, has achieved substantial ESG progress by emphasising financial inclusion, sustainability, and governance. Under its Sustainable Livelihood Initiative, the bank has funded more than 7.6 million rural families and given over 850,000 individuals access to vocational training. HDFC Bank has also promised to reduce its carbon emissions intensity by 30 to 35 percent by 2030.

CONCLUSION

The Business Responsibility and Sustainability Reporting (BRSR) framework emerges as a pivotal tool in harnessing the Environmental, Social, and Governance (ESG) potential within India's corporate landscape. As the nation strides towards sustainable development goals, BRSR offers a structured approach for Companies to disclose their ESG performance transparently. By aligning with global sustainability standards, BRSR not only enhances corporate accountability but also fosters investor confidence and stakeholder trust. Embracing BRSR signifies a commitment to responsible business practices, driving long-term value creation while contributing to the broader societal and environmental well-being. As more companies integrate BRSR into their reporting frameworks, India is poised to emerge as a frontrunner in sustainable business practices, catalyzing positive impacts on both local and global scales.

To conclude, it can be said that:

"ESG serves as the guiding principle, while BRSR acts as the beacon illuminating the path towards a future where sustainability and accountability are non-negotiable."

REFERENCES:

- https://www.sebi.gov.in/sebi_data/commndocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure1_p.PDF

Overview of the ESG Disclosure Landscape: IFRS & BRSR

Over the last decade, there has been a substantial development in environmental and social awareness, particularly with the growing emphasis on the ESG (Environmental, Social, and Governance) considerations. In contrast to previous decades when industries flourished without much regard for environmental and social well-being, today's society is more conscious and actively advocates for cleaner, safer, and sustainable practices. This has led to a notable surge in accountability, driven by various stakeholders, all advocating for greater responsibility and sustainability.



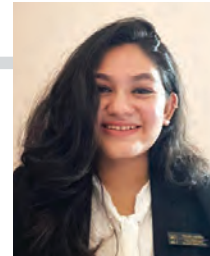
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INTRODUCTION

Over the last decade, there has been a substantial development in environmental and social awareness, particularly with the growing emphasis on the ESG (Environmental, Social, and Governance) considerations. In contrast to previous decades when industries flourished without much regard for environmental and social well-being, today's society is more conscious and actively advocates for cleaner, safer, and sustainable practices. This has led to a notable surge in accountability, driven by various stakeholders, all advocating for greater responsibility and sustainability.

ESG principles extend beyond traditional business models and require companies to perform not just financially but across other non-quantifiable standards such as environment, social, and governance practices. The presence of multiple sustainability reporting standards such as SASB, GRI, and TCFD has led to confusion and inconsistent disclosure in the ESG landscape.¹ Initiatives for standardisation of the same have resulted in the formation of Sustainable Disclosure Standards, by International Financial Reporting Standard (IFRS), issued in June 2023.² The two disclosures are the "General requirement for Disclosure of Sustainability-related

Financial Information" (IFRS-S1) and "Climate-related Disclosure" (IFRS-2).³

Being at the forefront of sustainable practices, India has been proactive in the adoption of various ESG disclosures, as witnessed by the introduction of the Business Responsibility and Sustainability Report and BRSR Core. Although ESG considerations may initially appear costly, they can also lead to significant cost reductions. In addition to other benefits, effectively implementing ESG practices can mitigate increasing operating expenses, such as those related to raw materials, water, or carbon. McKinsey's research⁴ indicates that these kind of expenses can have an impact operating profits by up to 60 percent. For instance, FedEx is actively working towards converting its entire fleet of 35,000 vehicles to electric or hybrid engines. Currently, 20 percent of the fleet has been converted, which has resulted in a reduction of fuel consumption by over 50 million gallons⁵.

With the issuance of IFRS S1 and IFRS S2, the ISSB is gearing up to collaborate with jurisdictions and companies, offering assistance for their adoption⁶. Initially, this will involve establishing a Transition

³ IFRS S2, *Climate-related Disclosures*, Jun 2023

⁴ Witold Henisz et al, "Five ways that ESG creates value", *McKinsey Quarterly*, Nov 2019

⁵ Witold J. Henisz, "The costs and benefits of calculating the net present value of corporate diplomacy", *Field Actions Science Reports*, 2016, *Special Issue 14*

⁶ "ISSB issues inaugural global sustainability disclosure standards", *IFRS*, Jun 2023

¹ Jennifer Laidlaw, *New global sustainability board aims to cut through disclosure confusion*, *S&P Global*, 2021.

² IFRS, *ISSB issues inaugural global sustainability disclosure standards*, 26 Jun 2023

Implementation Group aimed at aiding companies in implementing the Standards. Additionally, the ISSB plans to launch initiatives focused on enhancing capacity to ensure smooth implementation.

Furthermore, the ISSB will maintain its efforts in partnering with jurisdictions seeking to mandate additional disclosures beyond the standard global requirements. It will also continue its collaboration with GRI to streamline reporting processes, particularly when ISSB Standards are utilized alongside other reporting standards, ensuring efficiency and effectiveness.

This Article analyzes the salient features of IFRS disclosure standards and the ESG disclosure landscape in India, comparing and contrasting the same. In the light of this, the Article also highlights the path forward for Indian companies navigating the ESG disclosure landscape.

INTERNATIONAL FINANCIAL REPORTING STANDARDS – SUSTAINABILITY DISCLOSURE STANDARDS

A. IFRS S1 - General Requirements for Disclosure of Sustainability-Related Financial Information

IFRS S1 defines the essential elements of a comprehensive set of sustainability-related financial disclosures and calls for full disclosure of all sustainability-related opportunities and risks that might potentially influence an organization's future. The short, medium, or long-term impact on the organization's funds or capital is referred to as the impact on the entity's prospects. According to IFRS S1, a company must disclose any material information on sustainability-related risks and opportunities that might potentially influence its prospects.⁷

Information is material information “if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.”⁸

The General requirements include Governance, Strategy, Risk Management, and Metrics & Targets. Information under these headings includes:

- a. **Governance:** The body or individual handling sustainability-related risk and opportunities, their responsibilities and skills, management's initiatives, and roles in the process.
- b. **Strategy:** Sustainability risks/opportunities that can affect the entity, impact on the financial prospects, and the resilience of the strategy/model to be implemented.
- c. **Risk management:** Process used by an organisation to assess and monitor the risks and the overall integration of the process to the organization's risk management.
- d. **Metrics and Target:** Metrics under IFRS and the ones that are self-developed by the organization.

GENERAL REQUIREMENTS INCLUDE:

- a. **Statement of Compliance:** Entities must explicitly confirm their adherence to all IFRS Sustainability Disclosure Standards requirements in their sustainability-related financial disclosures.
- b. **Cross References:** Information required by these standards can be referenced within the disclosures, provided that the referenced information is available simultaneously and does not make the overall disclosures less comprehensible.
- c. **Time of Reporting:** An entity must publish both its relevant financial statements and its sustainability-related financial disclosures in the same period. Financial disclosures related to the entity's sustainability must correspond to the same reporting period as the associated financial statements.
- d. **Location of Information:** Disclosure information can be combined with other regulatory or voluntary disclosures if it is distinguishable and does not overshadow the sustainability-related financial disclosures.
- e. **Judgements:** Organisations have to identify in these disclosures significant judgements impacting the disclosed facts.
- f. **Prior Period Errors:** Material errors from prior periods should be corrected by adjusting comparative amounts unless doing so is impractical.
- g. **Measurement Uncertainty:** To gain insights into the significant uncertainties affecting their disclosures, organizations should identify the disclosed amounts that are subject to uncertainty in measurement, the source of the same, and the methods used in measuring. This process enables transparency regarding uncertainties surrounding the reported sustainability-related financial data.
- h. **Sensitive Information:** Disclosing information in the sustainability sector that is illegal under local legislation or sensitive to business may be omitted, but the firm must explain why they are not being disclosed.

B. IFRS S2 Climate-related Disclosures

In these disclosures, an organization has to give details on its vulnerability to climate risks and opportunities. This includes Physical risks, transition risks (risk from transitioning to a lower carbon economy), and climate-related opportunities. Information to be disclosed is similar to IFRS S1, but specific climate-related disclosure includes:

⁷ EY, ISSB issues inaugural IFRS Sustainability Disclosure Standards, Issue 5, Jun 2023

⁸ Paragraph 18, Supra 4

- a. **Climate-Related Risks Classification:** Explanation of whether the identified climate-related risks are categorized as physical risks (direct impacts of climate change) or transition risks.
- b. **Climate-Related Targets Achievement:** Details on how the entity intends to meet any climate-related targets it has established.
- c. **Changes to Business Model and Strategy:** Information about modifications to the organization's business model that are presently occurring or are anticipated, including changes to policy and allocation of assets to handle climate-related risks and opportunities.
- d. **Plans for Transition:** Insights into any transition plans, the organization may have to reach a lower-carbon economy.
- e. **Climate Resilience Assessment:** This includes the entity's evaluation of its ability to withstand and bounce back from climate-related challenges. IFRS S2 provides guidance for analysis of the same like, tailoring the approach to climate-related scenario analysis based on the specific circumstances of the entity, taking into account the extent of the entity's exposure to climate-related risks and opportunities.
- f. **Metrics and Targets under IFRS S2 cover:** This enumerates cross-industry metric categories, which relate to "(1) greenhouse gas emissions; (2) transition risks; (3) physical risks; (4) climate-related opportunities; (5) capital deployment; (6) internal carbon prices; and (7) remuneration"⁹
- g. **Green House Gas Emissions:**
 - **Scope 1 and Scope 2 GHG Emissions:** An organization should distinguish its own GHG emissions from that of its joint ventures and partners when disclosing the same. Organizations are required to submit information about Scope 2 GHG emissions and any contracts connected to the emission source.
 - **Scope 3 Emissions:** In order to make it clear whether emissions are accounted for or not in the stated Scope 3 GHG emissions, organisations must disclose the areas that their Scope 3 GHG emission measurements include.

Additionally, IFRS S2 mandates that an entity must also disclose the methodology used to measure GHG emissions and Information on "financed emissions" for entities involved in banking, insurance, etc.

C. Transition period

Companies can apply both IFRS S1 and IFRS S2 for annual reporting periods starting on or after January 1, 2024, although the precise application date will vary depending on jurisdictional adoption. Early adoption of these standards is permissible. In such instances,

⁹ *Supra 5.*

The International Sustainability Standards Board (ISSB) offers transition relief to entities to afford them additional time for preparation as they harmonize their reporting of sustainability-related financial disclosures with their financial statements.

companies must disclose their early application and apply both standards simultaneously. Alternatively, companies may opt for transition relief concerning sustainability-related disclosures (IFRS S1). If this relief is chosen, the "date of initial application" refers to the commencement of the annual reporting period in which the entity first adopts the standards.

The International Sustainability Standards Board (ISSB) offers transition relief to entities to afford them additional time for preparation as they harmonize their reporting of sustainability-related financial disclosures with their financial statements.

The ISSB has provided some special rules for companies when they start using new sustainability reporting standards:

- a. In their first year using IFRS S1 and IFRS S2, companies don't have to show comparative data about their sustainability-related financial information.
- b. In the first year of using these standards, companies can focus only on reporting climate-related risks and opportunities.¹⁰
- c. When a company first starts using IFRS S1, they can report their sustainability-related financial information after they have published their regular financial statements, following specific timeframes set by IFRS S1.
- d. In the first year of using IFRS S2, a company can keep using a different method to measure its GHG emission if they've been using that method in the year just before adopting IFRS S2. Companies can choose not to disclose their Scope 3 greenhouse gas emissions, including financed emissions.¹¹

ESG DISCLOSURE LANDSCAPE IN INDIA

A. Overview of Business Responsibility and Sustainability Report

In May 2021, SEBI introduced the Business Responsibility and Sustainability Report (BRSR) replacing the Business Responsibility Report. Under BRSR, listed companies are required to disclose performance under the National

¹⁰ *Appendix E, Supra 4*

¹¹ *Appendix C, Supra 5*

Guidelines on Responsible Conduct Principles. The BRSR includes disclosures related to management and processes, as well as disclosures based on principles and performance. Furthermore, the BRSR allows for compatibility in reporting, meaning that organizations that produce sustainability reports following globally recognized reporting frameworks could refer to the disclosures required by the BRSR within their reports. The BRSR covers;

- **ESG Risks and Opportunities:** Overview of material ESG risks, opportunities and approaches to mitigate risk.
- **Sustainability Goals and Performance:** Reporting of sustainability goals, target and organisation's performance in achieving these goals.
- **Environmental Disclosures:** Such as resource consumption, GHG, Circular economy, Waste management, Pollution.
- **Social Disclosures:** This includes welfare programs for workers, Safety Measures, Training, Social Impact Assessment, CSR, Consumer aspects, DEI.¹²

In July 2023 to encourage a balanced approach to ESG, SEBI authorized the regulatory framework for ESG disclosures, ratings, and mutual fund investment.¹³ With this, BRSR core was introduced which includes specific Key Performance Indicators falling under 9 ESG categories for which large, listed companies must disclose information and seek validation in line with the 'BRSR Core' for their value chain activities. The nine ESG Categories are greenhouse gas (GHG) footprint, water footprint, energy footprint, waste management, employee wellbeing and safety, gender diversity, inclusive development, fair engagement with customers and suppliers, and openness of business.

The BRSR Core specifies the data and methodology for reporting & assurance. Starting from the financial year 2023-24, the top 1000 listed entities (by market capitalization) must disclose and seek assurance for their value chain according to the amended BRSR format within their yearly reports.

1. The implementation of BRSR Core requirements is phased:
 - In FY 2023-24, it applies to the top 150 listed entities.
 - In FY 2024-25, it extends to the top 250 listed entities.
 - In FY 2025-26, it encompasses the top 500 listed entities.
 - Finally, by FY 2026-27, it covers the top 1000 listed entities, ensuring broader coverage.

¹² Melissa Cyrill, *India's Updated Sustainability Reporting Format and Rules for ESG Ratings Providers*, India Briefing, Dezan Shira & Associates, Jul 2023

¹³ SEBI, *Consultation Paper on ESG Disclosures, Ratings and Investing*, Feb 2023.

2. Listed entities should report the KPIs for their value chain based on their business interactions with value chain partners, either separately for partners or in an aggregate manner.¹⁴ ESG disclosure of value chain shall apply to the top 250 listed entities (by market capitalization), on a comply-or-explain basis from FY 2024 -25 and FY 2025 -26, respectively.

ESG Rating Providers (ERPs) shall do ESG rating by considering India-specific parameters as India is still in the preliminary stage of ESG implementation. ERPs must provide a distinct ESG Rating category called "Core ESG Rating" that is based on the assured parameters under BRSR Core to increase the credibility of ESG Ratings. It also lists down measures to mitigate against greenwashing and misspelling, by mandating ESG schemes to invest at least 65% of AUM in listed entities; by increasing voting disclosures with an emphasis on ESG theme; and Case studies and fund manager comments that show how the ESG strategy is used in the fund or investment disclosed.¹⁵

According to the BRSR Guidance Note¹⁶, publicly listed companies have the option to prepare and present sustainability reports, which can be included as part of their annual reports. These reports should align with internationally recognized reporting frameworks such as GRI, SASB, TCFD, and Integrated Reporting.

Companies can refer to the disclosures made under these frameworks when fulfilling the disclosure requirements of the BRSR. Importantly, mandatory reporting under the BRSR does not prevent companies from voluntarily adopting the ISSB framework. Embracing these standards voluntarily can facilitate the creation of sustainability disclosures that are globally comparable. Additionally, it can streamline cross-border transactions and enhance the ability of companies to secure sustainable finance.

B. IFRS and BRSR Disclosure: A Comparison

There are various differences between the BRSR disclosure principles and the IFRS disclosures. The BRSR is a requirement set forth by the Securities and Exchange Board of India (SEBI) for listed companies within India whereas the IFRS S1 and S2 are established by the International Sustainability Standards Board (ISSB) and have global applicability, though their adoption may differ across jurisdictions.

Firstly, companies following the BRSR disclosure place an emphasis on reporting ESG performance and practices, including aspects like management processes, sustainability goals, environmental disclosures, and social disclosures. On the other hand, IFRS S1 and S2 specifically address sustainability-related financial disclosures, encompassing areas such as governance, strategy, risk management, and climate-related disclosures.

¹⁴ SEBI *Introduces BRSR Core Regulatory Framework for ESG Disclosures on Value Chain and Assurance for Listed Entities*, Taxmann, 14 Jul 2023.

¹⁵ Ibid

¹⁶ *Guidance Note for Business Responsibility & Sustainability Reporting Format*,



Secondly, with an emphasis on factors unique to India, BRSR offers particular Key Performance Indicators (KPIs) under the BRSR Core for reporting ESG performance. However, recommendations for revealing financial data connected to sustainability, such as governance, strategy, risk management, and measurements, are provided by IFRS S1 and S2. These recommendations are applicable on a worldwide scale.

Thirdly, under BRSR, companies have the flexibility to synchronize their sustainability reports with globally acknowledged reporting frameworks like GRI, SASB, TCFD, and Integrated Reporting. On the contrary, IFRS S1 and S2 offer an independent framework for sustainability-related financial disclosures, although companies have the option to voluntarily integrate them with other reporting standards for a more comprehensive reporting approach.

HURDLES IN NAVIGATING THE ESG LANDSCAPE

While India is swiftly riding the ESG wave, there are various hurdles for implementation of ESG across all companies in the country. These challenges stem from a blend of regulatory, economic, cultural, and infrastructural elements.

Challenges in Supply Chain: Firstly, Reporting ESG metrics for the supply chain poses various challenges. Indian corporations encounter difficulty in conveying the importance of sustainability to many of their small, unlisted supply chain partners. Furthermore, gathering and monitoring ESG metrics throughout the value chain, including Scope 3 emissions, can be complex to navigate. For instance, ITC¹⁷, a renowned conglomerate in the FMCG sector, revealed that effectively gathering ESG metrics from numerous smaller suppliers, such as its agri-business partners and farmers comprises of various strategy formulation.

Prioritization of Immediate Financial Gain: Secondly, various Indian enterprises continue to prioritize immediate financial gains over enduring sustainability. Transforming the corporate mentality from short-term profit optimization to sustainable value generation poses a considerable hurdle. The lack of awareness of the benefits of implementing ESG principles poses as a drawback, especially in smaller or mid-sized companies.

Lack of Appropriate Talent Pool: Thirdly, the analysis of ESG factors by investors and other stakeholders, as well as the integration of ESG principles within companies,

¹⁷ "ESG Reporting in India: A Journey of Challenges and Learnings", Benchmark Gensuite, 7 Nov 2023

demand a substantial talent pool, posing a significant challenge given the relatively nascent nature of this field. Many companies face a shortage of adequately skilled internal personnel to implement ESG initiatives proficiently.

Difficulty in Establishing Systems for Monitoring

NVGRC Principles: Fourthly, the BRSR framework mandates thorough disclosures on the nine NVGRC principles, covering areas such as Business Ethics, Product Sustainability, Employee Well-being, Stakeholder Engagement, Human Rights, Environment, Policy Advocacy, Inclusive Growth, and Customer Value. Research and review conducted by Singhi & Co¹⁸ revealed that nearly half of the 142 questions in the BRSR questionnaire necessitate comprehensive and quantitative responses. Companies are encountering difficulties in establishing efficient systems to monitor and report these metrics effectively.

Commitment of Board: Finally, the commitment of the Board is essential in moving sustainability integration beyond mere compliance to becoming an intrinsic aspect of the company's operations. In recent times, businesses have recognized the significance of incorporating sustainability, driven by growing stakeholder expectations for ESG disclosures. However, attaining thorough ESG disclosures necessitates collaboration across various departments, encompassing strategy, finance, HR, research & development, production, EHS, sales, and marketing. This collaborative effort aims to formulate a comprehensive sustainability strategy and program management that spans the entire enterprise. Consequently, without Boards prioritizing ESG amidst competing demands, effectively implementing it at the operational level remains challenging.

The aforementioned challenges are a mere microscopic view of the paradigm of the hurdles that Indian companies might face during ESG integration. However, they encompass the current landscape in India. Despite encountering obstacles, there is a rising enthusiasm for ESG adoption in India. Companies are progressively recognizing the significance of ESG and the advantages it offers, including enhanced reputation, risk reduction, and access to capital. With the ongoing increase in ESG awareness and adoption across India, the hurdles faced by businesses are expected to decrease.

CONCLUSION

The salient features of IFRS ESG disclosures have brought a new era of transparency and accountability in the global business landscape. Indian companies have always been at the foreground for recognizing the importance of integration of sustainability in business practices. This

has led to ESG disclosures and have taken significant steps to standardize their ESG reporting. The ESG wave has become a global phenomenon with countries around the world increasingly recognizing the need of sustainable business practises. The creation and improvement of ESG reporting frameworks are gaining speed as a result of this acknowledgment.

Influential bodies like the G20, G7, and IOSCO strongly support the ISSB Standards globally, which gives their goal of becoming the new global standard a lot of legitimacy. Many jurisdictions have declared their plans to either incorporate these standards into local rules or create national requirements that are in line with the ISSB norms. These jurisdictions include Australia, Canada, Hong Kong (SAR, China), Nigeria, Japan, Singapore, and the UK.

Although adoption of the ISSB framework is not required for mandatory reporting under BRSR, companies are urged to do so on a voluntary basis. By doing this, it will be easier to produce globally comparable sustainability disclosures, which will help with cross-border transactions and the acquisition of sustainable funding.

Presently, companies in India have a great opportunity to get ready to report using these new standards. It is imperative for them to comprehend the ramifications of the forthcoming sustainability disclosure standards and guarantee that they have established the requisite procedures and oversight mechanisms to produce reliable and punctual data.

Even though assurance standards are outside the purview of the ISSB, businesses should keep a watch on any new developments in this field, as Indian authorities are anticipated to offer additional clarification.

It is crucial that nations engage in ongoing discussion, compare different ESG disclosure standards, and advance jointly in order to promote a more sustainable global economy. Countries can guarantee that disclosures on ESG not only meet the requirements of both stakeholders and investors but also act as a potent tool for promoting favourable ESG outcomes by exchanging experiences, and including the best standards for reporting purposes.

ESG disclosures will be crucial in determining how business and finance develop in the future as the world deals with complicated concerns like climate change, social injustice, and corporate governance problems. Countries may cooperate to create a more resilient and responsible global economy that benefits both the present and future generations by adopting the concepts of openness, accountability, and sustainability.

¹⁸ Ravi Sankar Nori, "Challenges and Opportunities for ESG Integration in India", Singhi & Co



Unlocking the Power of ESG Integration: A Roadmap for Sustainable Growth

As businesses in India embrace sustainability, ESG reporting is becoming more and more significant. Their dedication to responsible practices is demonstrated by the BRSR Reporting framework. It assesses them based on social, governance, and environmental factors, encouraging openness and responsibility. Global ESG trends are aligned with BRSR reporting guidelines, which are mandatory for India's top 1000 companies and supported by SEBI and an ESG advisory committee. Businesses gain from this reporting because it promotes innovation, guarantees compliance, establishes trust, and tracks growth. For Indian businesses, it's a critical step towards a more sustainable and accountable future.



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INTRODUCTION

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

The Environmental, Social, and Governance (ESG) framework is utilized to evaluate how well an organization performs on a range of ethical and sustainable business issues. It also offers a means of quantifying business opportunities and risks in those domains. ESG investing is the practice of some investors in the capital markets using ESG criteria to assess companies and assist in determining their investment plans.

An ESG program's purpose is to guarantee accountability and the implementation of systems and procedures to manage a company's impact, such as its carbon footprint and how it treats employees, suppliers, and other stakeholders, even though sustainability, ethics, and corporate governance are typically thought of as non-financial performance indicators. ESG programs support larger business sustainability initiatives, which put companies in a position for long-term success through ethical corporate governance and sound business practices.

MAIN COMPONENTS OF ESG

As mentioned, ESG comprise the three primary components.



Environmental
Refers to whether the organization is operating as a steward of the environment and covers sustainability issues such as greenhouse gases (GHG), loss of biodiversity, carbon emissions and pollution.



Social
Refers to the impact the organization has on people, culture and communities, and explores areas like diversity, inclusivity, human rights and supply chains, among others.



Governance
Refers to how the organization is directed and controlled and includes topics like executive compensation, board management practices, data, security and fraud.

Source: <https://www.ibm.com/topics/esg-reporting#:~:text=The%20goal%20of%20ESG%20reporting,the%20valuation%20of%20a%20company.>

INTRODUCTION TO ESG REPORTING

A form of corporate disclosure known as ESG reporting provides specifics about an organization's environmental, social, and governance (ESG) commitments, initiatives, and advancements.



Source: <https://irisgst.com/esg-reporting-in-india/>

ESG reporting is a more recent phenomenon that gained popularity in the early 2000s, even though organizations have long been required to report on financial and operational performance attributes. An organization's ethical and sustainable effects on the environment, society, and governance are called ESG.

An organization can give a milestone update on how well it achieves its corporate governance, sustainability, and environmental goals by producing an ESG report. Using ESG data, it seeks to accurately report efforts made and their anticipated effects from a qualitative and quantitative standpoint. An ESG report is a communication tool that can assist an organization in providing information to

employees, investors, and regulatory authorities, much like an annual report or other corporate disclosure forms.

Utilizing data to assess how a company’s ESG initiatives stack up against industry benchmarks and targets is the aim of ESG reporting. Additionally, it offers stakeholders insightful information that can guide decision-making by pointing out potential risks and opportunities that could have an impact on a company’s valuation.

BRSR – A REPORTING FRAMEWORK ON ESG

The Business Responsibility and Sustainability Report (BRSR), a framework for reporting on ESG issues, will be implemented in India in 2023. These new reporting standards are based on the voluntary guidelines that were first published by India’s Ministry of Corporate Affairs in 2009 and further refined in the Business Responsibility Report (BRR) of 2012.



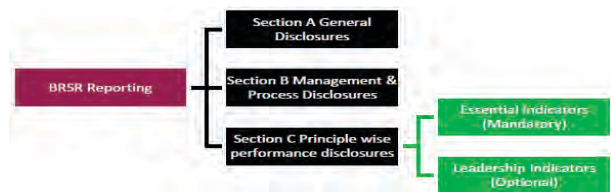
Source: <https://esg360.in/esg/>

The new BRSR has been designed to be compatible with other globally recognized reporting frameworks, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD). The Securities Exchange Board of India (SEBI) is the regulatory body that oversees the country’s securities markets.

The BRSR is the first framework in India that, starting with the fiscal year 2023 (for companies that qualify, April 2022 to March 2023), requires Indian businesses to provide quantitative metrics on sustainability-related factors.

BRSR REPORTING FORMAT

A Committee on Business Responsibility Reporting (the Committee) was established by the MCA in November 2018 to develop standardized reporting formats for both listed and unlisted companies. The Committee will consider global best practices and sustainability goals that have been set by the government.



Source: SEBI circular dated 10 May 2021

Organizations are compelled to engage with stakeholders holistically and surpass regulatory compliances in terms of business measures and reporting, as the disclosures are predicated on a range of ESG parameters. The reporting framework’s objective is to give stakeholders recognizable comparators across businesses based on a range of widely accepted ESG metrics.

IMPORTANCE OF ESG REPORTING FOR ORGANIZATIONS

ESG reporting is a corporate staple in all sectors and legal jurisdictions because it is significant for organizations for a variety of reasons.



Source: <https://www.linkedin.com/pulse/growing-importance-esg-reporting-mark-reddy>

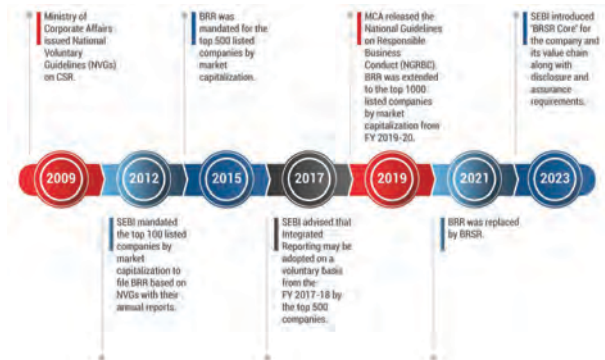
- 1. Transparency:** Concerns about climate change and Corporate Social Responsibility (CSR) mean that businesses need to be open and honest about how they operate. Organizations can report on their ESG efforts and advancements thanks to the transparency that ESG reporting offers.
- 2. Investor demand:** For a considerable amount of time, investors have utilized various metrics to assess the worth and expansion possibilities of a company. An additional important tool for assisting investors in making wise decisions is an ESG report.
- 3. Brand loyalty:** Customers prefer to transact with companies that share their values regarding sustainability and governance. Customers who follow companies that report on their ESG efforts and advancements are probably going to be more brand loyal.
- 4. Compliance:** Globally, there are an increasing number of regulations compelling companies to report on and disclose their ESG, sustainability, and governance initiatives. Organizations can ensure regulatory compliance and make appropriate disclosures with the aid of an ESG report.
- 5. Risk management:** Risk can be posed to organizations by ESG-related issues. By revealing operations and pointing out possible risk areas, an ESG report offers a chance to anticipate these problems before they arise.
- 6. Innovation:** In addition to promoting and enhancing ESG strategies, business benefits can also come from ESG reporting. An organization may be pushed to improve efficiency and pinpoint areas needing improvement by reporting.

- Goal tracking:** An organization can hold itself accountable for its ESG performance claims and strategy by submitting an ESG report. ESG reporting offers an additional means of monitoring goal progress since many targets are longer-term, multi-year strategies that take time to implement.

BEST PRACTICES AND TIPS FOR EFFECTIVE ESG REPORTING

The process of ESG reporting can be difficult and time-consuming. As with any corporate disclosure, all reported information must be accurate and thorough.

Timeline of Sustainability Reporting Evolution in India



Source: <https://incorpadvisory.in/blog/introduction-to-brsr-compliance-a-sebi-mandate/#:~:text=The%20Securities%20and%20Exchange%20Board,22%20being%20a%20voluntary%20year.>

The following are a few best practices and tips for effective ESG reporting:

- Define objectives:** List the objectives the organization hopes to accomplish. Early on in the reporting process, having a clear set of goals is essential.
- Identify stakeholders:** Comprehending the identities of the organization's stakeholders can facilitate goal alignment and ensure the appropriate data is obtained for reporting purposes.
- Research ESG reports from industry leaders:** ESG reports are no longer unique. Organizations can gain a lot of knowledge from leaders in the field.
- Accurate data collection:** Ascertain that the ESG data is reliably and publicly gathered and that it is both accurate and verifiable.
- Provide context:** ESG reporting ought to encompass more than just a tally of numbers and metrics. To put ESG initiatives into perspective, some background information about them is also necessary.
- Use a framework:** Following an established ESG framework is crucial because it offers recommendations and best practices for how the company should format and present the report and its information.
- Review and repeat:** Organisations are required to review, update, and enhance their ESG reports annually.

Utilizing data to assess how a company's ESG initiatives stack up against industry benchmarks and targets is the aim of ESG reporting and the new BRSR has been designed to be compatible with other globally recognized reporting frameworks, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD). The Securities Exchange Board of India (SEBI) is the regulatory body that oversees the country's securities markets.

BENEFITS OF ESG REPORTING

ESG reporting is the process of monitoring metrics and data about the business's ESG policy, offering proof of adherence to the policy and direction for upcoming business choices. To make sure that organizational modifications made under the set ESG policy are followed and provide value to the company, this reporting is essential. Since environmental, social, and governance (ESG) issues can be expensive, a high return on investment fosters change in the future.



Source: <https://m2dot.com/en/data-stories/blog/article/mini-series-how-to-implement-your-esg-reporting>

Beyond the reporting process, tracking ESG metrics is good business for several reasons:

- Regulatory compliance:** Every region in the world has different requirements for ESG disclosure. In contrast to the United States, where the Securities and Exchange Commission (SEC) only requires companies to report on information that may be material to investors, Europe has multiple regulatory bodies that mandate and enforce ESG reporting. Selecting the best ESG reporting framework for the company requires an understanding of the subtleties surrounding ESG reporting.
- Risk management and goal tracking:** A thorough ESG report does more for stakeholders than just show them how well a business is doing with

ESG initiatives. It can also be useful in predicting future ESG hazards. Many corporate governance and sustainable development initiatives span several years, so having a system that monitors ESG metrics through annual reports can be very helpful.

3. Transparency and visibility:

It is expected of today's organizations to give stakeholders more visibility and transparency into business operations so they can assess the benefits and risks of investing. Companies can meet stakeholder demands and enhance their image by monitoring ESG metrics, which may result in higher ESG scores.

KEY CHALLENGES, ORGANIZATIONS FACE WITH ESG REPORTING

Reporting on ESG can present several challenges for organizations. Here are some factors that can make ESG reporting difficult:

- 1. Data availability and quality:** Acquiring trustworthy and pertinent data on ESG metrics can be difficult. It may be necessary for organizations to gather data from a variety of internal and external sources, which can demand a lot of time and resources. It can also be difficult to guarantee data consistency, accuracy, and comparability between reporting periods.
- 2. Lack of standardization:** As there isn't yet a widely recognized standard for ESG reporting, there is a lack of uniformity and comparability amongst companies. It can be difficult to align reporting practices because different frameworks and reporting guidelines may have different requirements and metrics. This may confuse stakeholders and make it more difficult to conduct insightful benchmarking and analysis.
- 3. Materiality assessment:** It can be difficult to judge which ESG issues are important and pertinent to a given company. When performing a materiality assessment, one must take into account how ESG factors will affect the organization's business strategy and stakeholders. Stakeholder engagement and thorough analysis are necessary to pinpoint the biggest ESG risks and opportunities.
- 4. Complexity and scope:** Social issues, governance procedures, and environmental impact are just a few of the many topics covered by ESG reporting. There could be several metrics and subcategories included in each of these areas, which makes it difficult to report fully and control the scope. Prioritizing the most important ESG issues is necessary for organizations, and they must make sure their reporting is targeted and meaningful.
- 5. Data Integration and Reporting Systems:** ESG-related data is often stored across several systems and databases in many organizations, but these systems and databases may not be linked or readily available. Consolidating and integrating data from multiple sources can present logistical and technological difficulties. Simplifying data collection, analysis, and

reporting requires the implementation of effective reporting systems and procedures.

- 6. Evolving regulatory landscape:** Regulations and requirements surrounding ESG reporting are always changing. To keep their reporting current and compliant, organizations must remain aware of emerging frameworks, changes in regulations, and best practices. It can be difficult for organizations to modify reporting procedures to comply with changing standards.
- 7. Assurance and verification:** Organisations may look for external assurance or verification of the data they have reported to increase the credibility of ESG reporting. To guarantee the correctness and dependability of reported information, enlisting the help of third-party assurance providers can be a difficult procedure that requires extra money and coordination.

To tackle these obstacles, one needs to adopt a proactive stance, garner support from upper management, allocate specific resources, and consistently enhance data gathering, reporting structures, and internal procedures.

FUTURE OF BRSR COMPLIANCES IN INDIA

India has a great reporting format called the BRSR framework, which is comparable to international frameworks. Furthermore, given SEBI's ongoing efforts to mainstream sustainability reporting in India, the future of BRSR reporting appears bright. Even though sustainability was first primarily focused on compliance, many businesses are now beginning to understand its importance.

In light of the increased awareness of sustainability, small-listed companies are also disclosing their sustainability performance. They have a considerable amount of time to adjust because the application follows the glide path. In the meantime, SEBI has been modifying the BRSR framework to counteract greenwashing and newly discovered loopholes. A major step towards comprehensive BRSR reporting is the inclusion of value chain disclosures.

BRSR CORE COMPLIANCE TIMELINE

FY	BRSR Reporting	BRSR Core Assurance	Applicability
2023-24	Top 1,000 listed entities	Top 150 listed entities	Mandatory
2024-25	Top 1,000 listed entities	Top 250 listed entities	Mandatory
2025-26	Top 1,000 listed entities	Top 500 listed entities	Mandatory
2026-27	Top 1,000 listed entities	Top 1,000 listed entities	Mandatory

👉 The new framework will be applied to businesses from FY24 in a phased manner 👉 From FY25, the Top 250 companies will have to provide value chain disclosures on a comply or explain basis

Source: <https://www.businesstoday.in/magazine/deep-dive/story/how-sebis-stringent-sustainability-reporting-mandate-is-proving-to-be-a-challenge-for-top-listed-companies-407240-2023-11-28>

Companies must remain alert in light of recent events and monitor any changes to regulations about BRSR compliance. To use BRSR as a useful tool, businesses must enhance their internal systems and data collection tools. Internal teams should interact frequently because gathering data necessitates excellent coordination. They must comprehend the prerequisites for BRSR reporting. To raise awareness, businesses need to conduct ESG training. Companies that want to succeed in sustainable reporting and successfully navigate the changing regulatory landscapes must remain proactive and flexible.

ROLE OF PROFESSIONALS IN ESG

More than ever, the world is experiencing the negative effects of climate change. The pandemic has forced businesses, investors, shareholders, and employees to confront the irreversible effects of environmental damage and has brought important ESG issues to light. Consequently, companies and investors are seeking experts who possess a strong grasp of ESG and its implications for investments and an organization's sustainable development performance.

Following are how ESG certification helps the professionals:

1. Employability:

Every career is going through significant changes as a result of the surge in technological advancements to better align and position itself in the market. Those with an ESG certification emphasize environmental, social, and governance aspects in their skill set, which helps them better understand the real world of investing. It assists professionals in learning about environmental sustainability and acquiring critical abilities that will make them stand out as viable applicants in the fiercely competitive job market. In addition, experts can readily advise prospective employers on managing ESG-related issues or provide a demonstration of their expertise to them.

2. Explore career options:

Professionals can investigate a variety of career options they may not have known about previously with an ESG certification. They can choose to work in a variety of industries, including risk management, energy, government, and finance. Professionals with credentials like CFA, CAIA, FRM, and IMC can also break into the financial industry if they wish to learn more about it. Senior positions and faster career growth can be achieved by professionals who are already in the finance sector. Increasing their general knowledge and comprehension of ESG issues can also be beneficial for professionals in other fields, such as risk management, wealth management, product development, and sales and distribution. In addition to these advantages, professionals can pursue specialized careers such as those of an ESG manager, ESG analyst, ESG sales and delivery manager, sustainability Director, or Director of sustainable finance, among many other roles.

3. Globally certified:

The ability to work for top companies worldwide and receive recognition for one's qualifications is another significant advantage of earning an ESG certification for professionals. Professionals can demonstrate their competency in responsible investing and track their progress toward achieving ESG goals by earning a digital qualification and badge from an accredited institution.

A certificate in ESG investing is available from many different institutions worldwide. However, it relies on the person's preference for the ESG topic they are interested in as well as the requirements needed to obtain the aforementioned certification. Professionals must also take into account other aspects such as time management, whether they wish to enroll in a full-time or part-time course, the course's cost, and the course's current relevance. Professionals will always find value in a certification from a reputable organization, regardless of the certification course they choose.

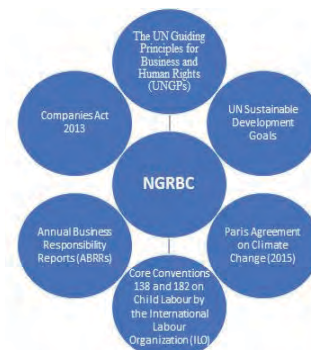
4. Value for money:

A professional's commitment of time, money, and effort to a special course that confers practical qualifications rather than merely theoretical knowledge on the subject is guaranteed by earning an ESG certification. Companies are actively seeking professionals with specialized knowledge in ESG sustainability areas, such as green finance and responsible sustainability investment. This program guarantees that the individual has acquired practical skills that will be useful in the long run, in addition to providing extensive knowledge of ESG investing. It is unquestionably a method to broaden your skill set while keeping governance, social, and environmental objectives in mind—a matter that is increasingly concerning to stakeholders, investors, and businesses alike.

APPLICABILITY OF NGRBC

The National Guidelines on Responsible Business Conduct (NGRBC) is a set of rules and guidelines established by the Government of India's Ministry of Corporate Affairs (MCA). The NGRBC was created to help companies fulfill their regulatory compliance obligations.

The key drivers of NGRBC are as follows:



Source: <https://taxguru.in/sebi/business-responsibility-sustainability-reporting-brsr.html>

All businesses are covered by the NGRBC, regardless of ownership, size, industry, structure, or location. All businesses, including foreign multinational corporations (MNCs), that invest in or conduct business in India are expected to adhere to these rules. Because it is in line with the relevant local and national standards and norms that regulate responsible business conduct, the NGRBC also offers Indian multinational corporations (MNCs) a helpful framework for managing their operations abroad.

PRINCIPLES OF NGRBC

Nine thematic pillars of business responsibility referred to as Principles, make up the NGRBC. All businesses are encouraged to address these principles holistically because they are interconnected, interdependent, and non-divisible.



Source: <https://twitter.com/AbhirupDas/status/1482029244301688840>

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable.

The guiding principle of businesses' governance of their economic, social, and environmental responsibilities, guarantees ethical behavior in all operations, functions, and processes. Businesses will hold themselves accountable for the successful adoption, implementation, and disclosure of their performance since they are seen as essential components of society.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

The guiding principle highlights the need for companies to prioritize resource efficiency and safety when designing and producing their goods. These goods must be produced in a way that adds value throughout their whole life cycle, from design to disposal, by reducing and mitigating their negative effects on society and the environment. Businesses are encouraged by this principle to comprehend all relevant sustainability issues throughout their value chain and product life cycle.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

This principle encompasses all practices and policies about fairness, respect, and well-being and providing

decent work for all workers involved in a company or its supply chain, without discrimination and in a way that promotes diversity. The concept distinguishes between an employee's welfare and that of his or her family.

Principle 4: Businesses should respect their interests and be responsive to all their stakeholders.

This principle acknowledges that companies function within an ecosystem comprising various stakeholders, including shareholders and investors, and that their actions have an impact on the environment, communities, habitats, and natural resources. The idea highlights that companies must optimize the benefits and minimize and alleviate the drawbacks of their operations, practices, and products for their stakeholders.

Principle 5: Businesses should respect and promote human rights.

Human rights are identified by this principle as being inalienable to every person and as being applied equally to everyone. It is believed that these human rights are indivisible, related, inalienable, and inherent. This principle acknowledges the primacy of the State's obligation to protect and uphold human rights and is inspired, informed, and guided by the International Bill of Rights and the Indian Constitution.

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

This principle prioritizes environmental issues that are interrelated on a local, regional, and global scale when addressing issues such as pollution, biodiversity conservation, sustainable resource use, and climate change methodically and comprehensively. The guiding concept pushes businesses to implement environmental procedures and practices that reduce or completely eradicate the negative impacts of their activities along the entire value chain. Additionally, it convinces companies to act under the Precautionary Principle at all times.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

This principle acknowledges that companies function within particular national and international legal and policy frameworks that both set limits and boundaries and direct business growth. The principle acknowledges that businesses have the right to interact with governments to influence public policy or to resolve grievances. Furthermore, public policy advocacy is required by law to advance the public good.

Principle 8: Businesses should promote inclusive growth and equitable development.

The concept outlines the obstacles to the nation's social and economic development and strengthens the national development agenda under governmental priorities and policies. This is important in areas with low human development and social unrest. In this development agenda, the principle referred to the necessity of

cooperation between corporations, governmental organizations, and civil society.

This principle restates the interdependence of business success, equitable development, and inclusive growth.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

The foundation of the idea is the idea that a company's main goal should be to provide its customers with safe products and services so that they can benefit from them both. It acknowledges that customers have the freedom to choose how they want to use goods and services, and businesses work hard to give their customers safe products that are reasonably priced, simple to use, and safe to discard. Together with other important stakeholders, businesses have a big part to play in reducing the negative effects of excessive product consumption that have an impact on people's general well-being and society as a whole.

WAY FORWARD

It is still early for ESG regulations to take off, given the growth of corporate India. Taking into account the significance of these regulations, the government may devise a range of policies and directives to aid in their advancement.



Source: <https://www.businesstoday.in/interactive/longread/the-esg-imperative-indian-businesses-future-ready-265-20-06-2023>

Presently, only a small portion of the nation's registered companies are covered by the SEBI regulations for 2023. The Ministry of Corporate Affairs (MCA) and SEBI will be essential in helping India adopt and capitalize on global trends.

CONCLUSION

In conclusion, as businesses in India embrace sustainability, ESG reporting is becoming more and more significant. Their dedication to responsible practices is demonstrated by the BRSR Reporting framework. It assesses them based on social, governance, and environmental factors, encouraging openness and responsibility. Global ESG trends are aligned with BRSR reporting guidelines, which are mandatory for India's top 1000 companies and supported by SEBI and an ESG advisory committee. Businesses gain from this reporting because it promotes innovation, guarantees compliance, establishes trust, and tracks growth. For Indian businesses, it's a critical step towards a more sustainable and accountable future.

Corporate sustainability in India has been greatly influenced by the BRSR framework, which has pushed businesses to adopt more ethical and sustainable practices and brought them into line with global ESG metrics.

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Estimating the Burn Rate in Start-Up Environment and a Study of Burnout Cost in Recently Listed Companies

Start-ups in the Indian environment operate in a closely competitive space, often backed by venture capitalists. Estimating burnout rates is essential to understand the short-term financial viability of these businesses. It aids in future planning, resource allocation, and operational adjustments. With the surge in Start-ups in India since 2004, it is estimated that 84,000 recognized by the Government of India under the Start-up India initiative, the estimation of burn rates has become even more crucial for driving the Start-up economy forward.



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INTRODUCTION

The burn rate signifies the pace at which an enterprise depletes its reserves. For Start-ups, particularly, it represents how quickly they consume the capital invested by their backers, such as venture capital or seed funds.

The term 'burn' alludes to the expenditure of money, indicating the enterprise's outflow of funds to sustain its operations. Estimating and comprehending the nature, rate, and management of burnouts becomes imperative as it directly impacts the survival and longevity of the enterprise.

Need for Estimating the Burn Rates in Start-Up Environment:

Start-ups in the Indian environment operate in a closely competitive space, often backed by venture capitalists. Estimating burnout rates is essential to understand the short-term financial viability of these businesses. It aids in future planning, resource allocation, and operational adjustments. With the surge in Start-ups in India since 2004, it is estimated that 84,000 recognized by the Government of India under the Start-up India initiative, the estimation of burn rates has become even more crucial for driving the Start-up economy forward. Pricing decisions, costing and management decisions can be ascertained using burn rates, as discussed in this research paper

Traditional Methodologies of estimating the Burn rate or Burn cost:

Traditionally, burning cost is used by insurance companies as the "ratio of incurred losses within a specified amount in excess of the theoretical amount of premium it would take only to cover losses."

However, in the Start-up context, it is now limited to the incubation and scaling stages of enterprises, as they are expected to generate revenue and profits post-gestation period. The formula for calculating burnout cost involves segregating operating and non-operating expenses to understand the costs associated with business operations.

The traditional formulae created for burn cost in an enterprise is as follows:

Total Capital/Monthly operating expenses = Runway

Where, total monthly operating cost is the gross burn rate and when the gross burn rate is reduced by the amount of cost of goods sold leading us to net burn rate. The runway in the burn rate refers to "how much the monthly operating expenses would be covered by the total capital in hand".

Indian funding or financing scenario has traditionally been the following:

1. Bootstrapping
2. Seed Funding, with aid from Government of India/ State
3. Loans from Banks, friends, and families
4. Venture Capital funds
5. Angel Capital funds

Estimating Burnout cost in current financing scenarios

- To estimate burnout costs accurately, it's crucial to differentiate between operating and non-operating expenses. Operating costs refer to expenses directly related to business operations, while non-operating costs are unrelated to core business activities. The

bifurcation between these two heads of expenses is to understand the costs categories involved to plan remedial action based on the burn rates.

- The total of expenses incurred in the operating and non-operating expenses is the total burnout or cost/money lost in operations.
- Deducting revenue from total expenses yields the net cost of burnout, which represents the total losses incurred by the enterprise. Dividing this value by the total investment provides the burnout rate.
- In estimating burnout rates, consideration must be given to both cash and non-cash expenses. While calculating the cash burnout rate is straightforward, including non-cash expenses like depreciation provides a more comprehensive understanding of burnout costs.

Suggested format for Calculating the Burnout Rate

Method -1: Estimating the Burnout rate (without considering cash/non-cash aspects of business)

S. No	Particulars	Value
1	Operating Cost	xxx
2	Non-Operating Cost	xxx
3	Total Burnout in Operations (1+2)	xxx
4	Interest/Finance Cost	xxx
5	Gross Burnout of the Enterprise (3+4)	Xxx
	Less:	Xxx
4	Revenue	Xxx
5	Net Cost of Burnout (3-4)	Xxx
6	Total Investment including share capital, reserves and loan funds	Xxx
7	Burnout Rate ((5/6)*100)	xxx

Method-2: Estimating the Burnout rate (Cash Burnout Rate)*

S. No	Particulars	Value
1	Operating Cost	Xxx
2	Non-Operating Cost	Xxx
3	Less: Non Cash Expenses (Depreciation)	Xxx
4	Total Burnout in Operations (1+2-3)	Xxx
5	Interest/Finance Cost	Xxx
6	Gross Burnout of the Enterprise (4+5)	Xxx
	Less:	
7	Revenue	(Xxx)
8	Net Cost of Burnout (6-7)	(Xxx)
9	Total Investment including share capital, reserves and loan funds	(Xxx)
10	Burnout Rate ((8/9)*100)	xxx

*Assuming costs are incurred in cash.

In this example, the burnout rate is negative (-2.6%), indicating that the revenue generated is higher than the total burnout cost. This could be a positive sign for the enterprise. Adjust the values according to your actual financial data for a more accurate analysis.

CASE STUDY

Estimation of Burnout Rate of recently listed company

About the Company:

The company is an Indian multinational restaurant aggregator and food delivery company, founded in the year 2008. The company provides information, menus and user-reviews of restaurants as well as food delivery options from partner restaurants in more than 1,000 Indian cities, as of 2022.

S. No	Particulars	FY 2021-22 (INR Million)	FY 2020-21 (INR Million)
1	Operating Cost	14,790	5,784
2	Non-Operating Cost	38,928	15,987
3	Total Burnout in Operations (1+2)	73,704	32,017
4	Interest/Finance Cost	55	79
5	Gross Burnout of the Enterprise (3+4)	53,733	21,850
	Less:		
4	Revenue	(36,110)	(17,139)
5	Net Cost of Burnout (3-4)	17,663	4,711
6	Total Investment including share capital, reserves and loan funds	1,67,854	82,428
7	Burnout Rate (5/6)*100	10.52%	5.72%

Total Investment of the company:

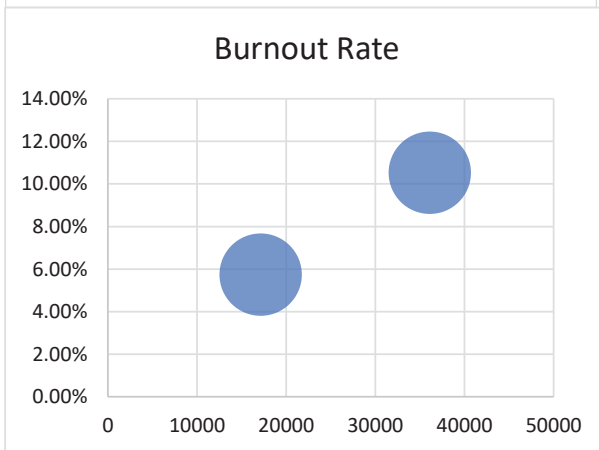
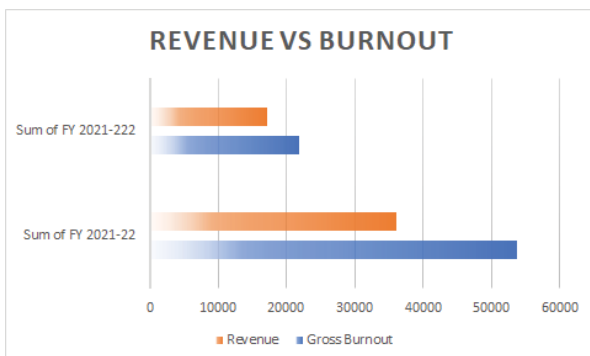
Particulars	Amount in INR Million for FY 2021-22	Amount in INR Million for FY 2020-21
Equity	1,67,672	82,094
Lease Liabilities	182	334
Total	1,67,854	82,428

Analysis of the above computation:

1. Operating and non-operating costs have been classified as per the logic below
 - a. Employee Benefit Expenses – Operating Expenses
 - b. Finance Cost – Non – Operating Expenses
 - c. Depreciation & Amortization Expenses – Non – Operating Expenses
 - d. Other Expenses - Non – Operating Expenses

- Revenue has increased by INR 18,971 million, the operating cost by 155.71% and the non-operating costs by 143.50%
- The revenue increase of INR 18,971 million, has not contributed to decrease in the burnout rate, which has increased from 5.74% to 10.53%.
- On perusal of the cash flow statements of the company, the cash loss made by the company is INR 10,978 million in the FY 2021-22 and INR 8,860 in the FY 2020-21. This denotes that the cash burnout would have been 6.55% and 10.79% respectively.
- This denotes that the reserves available, would be deteriorating by 10.53% every year if the burnout occurs at this pace.

Graphically



- For the First Graph, analysing the gross burnout and revenue, X axis (horizontal line) is denoted by amount in INR and Y (vertical line) axis by the year of analysis.
- For the second graph, analysing the burnout rate in percentage vis a vis the revenue, X axis is denoted by the amounts in INR and Y axis (vertical line) by the burnout rate.

ESTIMATING BURNOUT COSTS IN A START-UP ENVIRONMENT

The company is an Indian online food ordering and delivery platform. Founded in 2014, the company is based in Bangalore and operates in 500 Indian

cities as of September 2021. Besides food delivery, the company also provides on-demand grocery deliveries.

The computation of burnout cost is as follows:

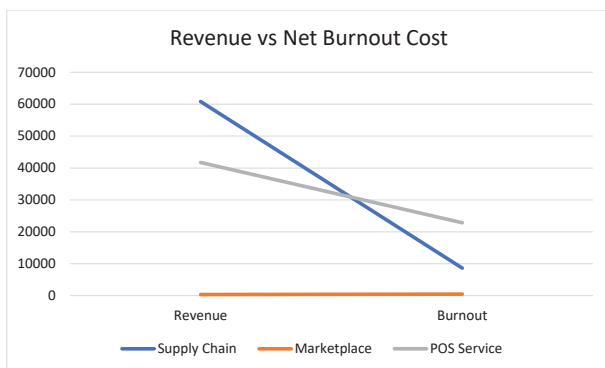
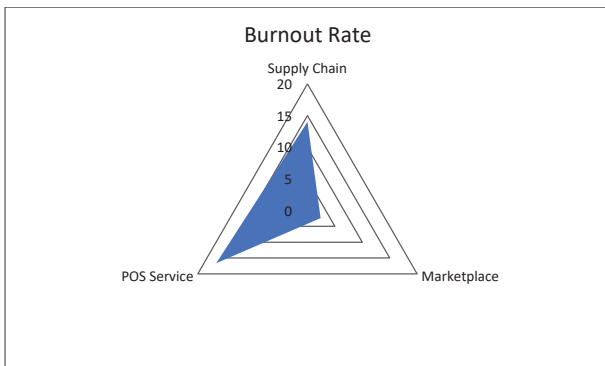
S. No	Particulars	FY 2021-22 (INR Million)	FY 2021-22 (INR Million)
1	Operating Cost	14,790	5,784
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3	Total Burnout in Operations (1+2)	73,704	32,017
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	Less:		
4	Revenue	(36,110)	(17,139)
5	Net Cost of Burnout (3-4)	17,663	4,711
6	Total Investment including share capital, reserves and loan funds	1,67,672	82,094
7	Burnout Rate (5/6)*100	10.53%	5.74%

Estimating the average burnout of newly listed entities:

S. No	Particulars	FY 2021-22 (INR Million)	FY 2021-22 (INR Million)*	FY 2021-22 (INR Million)
	Industry of the entity	Supply Chain Services	Marketplace Services	Point of Sales Services
	Year of listing	2022	2021	2021
1	Operating Cost	55,173.69	650.352	51,350
2	Non-Operating Cost	13,309.25	154.819	12,830
3	Total Burnout in Operations (1+2)	68,482.94	805.171	64,180
4	Interest/Finance Cost	938.91	1.395	381
5	Gross Burnout of the Enterprise (3+4)	69,421.89	806.566	64,561

	Less:			
4	Revenue	(60,808.55)	(341.603)	(41,754)
5	Net Cost of Burnout (3-4)	8613.30	464.963	22,807
6	Total Investment including share capital, reserves and loan funds	61,571.46	19,353.54	1,37,125
7	Burnout Rate (5/6)*100	13.99%	2.40%	16.63%

- When analysing the financials of the newly listed companies over the last couple of years, the average of the company’s burnout is ranging from 2.40% to 16.63% leaving the questions open for further analysis on the burnout theory.
- Graphical representation of the companies’ burnout rate is represented below:



*the company reported the results in INR lacs, which has been converted to INR million for maintaining uniformity.

The further research on the topic, on analysing the burnout in telecom industry, where burnout is prevalent of two major players listed in stock exchange in India has the following results:

Total monthly operating cost is the gross burn rate and when the gross burn rate is reduced by the amount of cost of goods sold leading us to net burn rate. The runway in the burn rate refers to “how much the monthly operating expenses would be covered by the total capital in hand”.

S. No	Particulars	FY 2021-22 (INR Million)	FY 2021-22 (INR Million)*
	Industry of the entity	Telecom Services	
	Year of listing	2022	2021
1	Operating Cost	2,27,872	650.352
2	Non Operating Cost	2,28,575	154.819
3	Total Burnout in Operations (1+2)	4,56,447	805.171
4	Interest/Finance Cost	2,09,734	1.395
5	Gross Burnout of the Enterprise (3+4)	6,66,181	806.566
	Less:		
4	Revenue	(3,83,182)	(341.603)
5	Net Cost of Burnout (3-4)	2,92,999	464.963
6	Total Investment including share capital, reserves and loan funds	61,571.46	19,353.54
7	Burnout Rate (5/6)*100	13.99%	2.40%

Where in the column reference A, where the company had decided to show finance income as deduction from expenditure, for readability the same has been re-classified as income in the computation above.

Relationship of the “Burnout Cost” vis a vis other costs in the general cost accounting frameworks.

There are broadly the following cost types in the cost accounting practise, namely, the prime cost, works cost, cost of production and cost of sales. The costs have the following definitions, namely prime costs consists of direct material, labour costs, adjustments to stock and direct expenses, namely direct employee or any other direct costs.



When the factory expenses added to the prime costs, we get works/factory costs after adjustments, if any to the work-in-progress. When the administration costs are added to the above cost, we get the gross cost of burnout.

The concept of gross cost of burnout refers to the total cost of non-recovery or the total cost of operations and non-operations. This helps in showing the distinctive cost of burnout from operating cost and non-operating costs. Revenue from operations or the total revenue is then deducted from the gross burnout cost so as to really know the “net” rate of the burnout, which means that the revenue, which helps in recovering full or part of the burnout has to be discounted against the costs already incurred to know the real rate of the burnout in the company.

COMPARISON OF BURNOUT RATE VIS A VIS OTHER INDICATORS

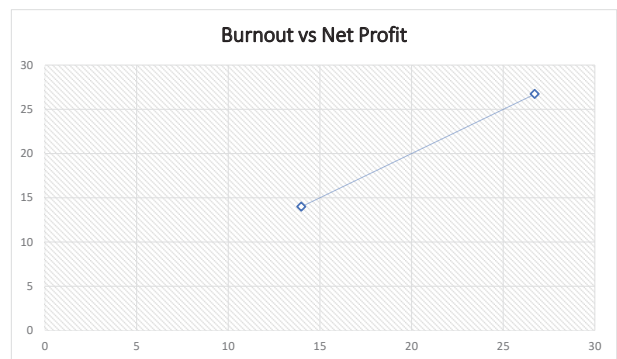
Net Profit ratio is denoted by the Net Profit upon the turnover.

- a. Net Profit refers to the money earned by the entity after all expenses from its total turnover.
- b. While the net profit ratio, denotes the Net profit upon the turnover, it does not necessarily denote the burnout rate.

- c. Net Profit ratio may be negative due to losses, but the burnout ratio is necessarily denoted in positive terms.

Net Profit Ratio vs the burnout rate:

Particulars	Supply Chain Company
Net Profit	(10,980)
Turnover	41,085
Net Profit Ratio	-26.72%
Burnout Rate	13.99%



Graphically, the burnout cost occurs before the burnout cost, necessarily meaning burnout costs are not part of the usual methods of calculation of various ratios and it is imperative that a ratio to understand the burnout that is happening inside the company.

It becomes more important for Start-ups to understand the burnout to plan and forecast their future management of costs. The relationship between net-profit ratio and the burnout is to be deeply understood. The net profit ratio and burnout ratio seem to be same; it is not the case, net profit ratio measures the profit based on the turnover, on the other hand, the burnout ratio measures the cost element of the entity based on the total funds that has been utilised for the entity.

In reality, the net profit ratio and burnout ratio go hand in hand to measure the profit on turnover and the costs involved in running of the enterprise.

ESTIMATING THE BURNOUT RATIO IN OTHER TERMS

As per definition, burn-rate stands for the speed at which an enterprise consumes its reserves. It becomes imperative to understand the number of days by which the reserves are being consumed to establish cost management remedies.

When we take up the example as above,

S. No	Particulars	FY 2021-22 (INR Million)	FY 2021-22 (INR Million)*
	Industry of the entity	Telecom Services	
	Year of listing	2022	2021
1	Operating Cost	2,27,872	650.352
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7	Burnout Rate (5/6)*100	13.99%	2.40%

The burnout is being done at a rate of approximate rate of 14% in the FY 2021-22 which means that, every year 14%

of the reserves is being used for running the company. To convert the rate into number of days, we need to change the formula to accommodate the changes in number of days.

The formula would convert the net cost of burnout into number of days. The formula would be Net Cost of Burnout / 365. The number of days can also be equated to the operating cycle of the company to better understand the need for intervention to ensure going concern of the company.

Net Cost of Burnout in Days for the FY 2021-22 : $61,571/365 = 168.68$ days or 169 Days

It can be understood that the reserves will be depleted within 169 days if the same conditions are maintained by the entity.

CONCLUSION

To conclude, the standardisation of calculation of burnout costs and rate is need of the hour, as India is emerging as a Start-up capital of the world. Estimation and prediction of the burnout rates helps in financial planning, cost management and managing the enterprise in an informed manner.

The reporting of burnout cost is insignificant in Start-up environment specifically as it informs the stakeholders how the company burns the reserves of the entity.

Benchmarking of the ratio, with respect to various industries and standardisation, is a vast area of research which can improve cost management, governance and possibility of cost reduction.

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- iv. *M/s Spinny Annual Report for FY 2021 & FY 2022*
- v. <https://www.startupindia.gov.in/content/sih/en/funding.html>
- vi. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2002100>
- vii. <https://www.investopedia.com/terms/b/burnrate.asp>



RESEARCH PAPER

Invitation For Research Papers In CS Journal – June 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 **Saturday, May 25, 2024** for the **June 2024** issue of Chartered Secretary Journal at 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

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RESEARCH CORNER



- 'CREDIT AUDIT' OF BANKS WITH EMPHASIS ON 'HIGH CARBON INTENSITY' PROJECT FINANCE

'Credit Audit' of Banks with Emphasis on 'High Carbon Intensity' Project Finance

'Credit Audit' involve a methodical and impartial review of a Borrower's Credit History, Financial Stability, and Adherence to Credit Guidelines and Standards. Conducted by External Auditors, Credit Audits evaluate the precision and Quality of the Credit details, detect Potential Risks or Concerns, and offer Suggestions for Enhancement. These Audits play a Critical Role in guaranteeing that Credit Evaluations trust on dependable and pertinent information, and that Credit Procedures adhere to a Uniform and Clear framework.



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INTRODUCTION

The Fundamental Principles of Lending primarily center on the concepts of Safety, Profitability, and Liquidity of Advances by following the Regulatory Guidelines. Loan Accounts are scrutinized with great care by Auditors. The examination of loan accounts is categorized into three components namely Preliminary Check, Disbursement, and Post-Disbursement Inspection / Verification.

'Credit Audit' evaluates the Adherence to Sanctions and Post-sanction Protocols stipulated by the Banks Periodically. Risk is an inherent element of the Bank's Operations. The importance of Proficient Risk Management cannot be overstated in the context of 'Financial Stability' for any Banking Institutions. The Primary Goal of 'Credit Audit' is to enhance the 'Quality of the Commercial Credit Portfolio' continually. Aligned with "Risk Focused Internal Audit" of Banks, it assesses Default Probabilities, Identifies Risks, and proposes measures for Risk Mitigation.

ASSESSMENT OF 'ENVIRONMENTAL RISK' IN CREDIT PROPOSALS OF BANKS

Primary focus on Environment, Society, and Collective advancement is the Central Theme of discussions in various National and International Arenas. India has taken a significant stride by declaring its commitment to

achieving Net-zero Emissions by the Year 2070. Within the framework of the 'Paris Agreement', India is poised to attain dual objectives of:

- (i) Decreasing Emissions Intensity by 33-35% of GDP below the 2005 Benchmark by 2030; and
- (ii) Enhancing the Portion of Non-fossil Energy in overall Power Generation Capacity to 40%.

India's Aim is to Achieve Carbon Neutrality by 2070.

According to MOODY's Report, roughly 25% to 35% of Loans within India's Banking System are directly linked to Carbon-intensive Sectors facing Significant Risks associated with the shift to Low-carbon Economic Models. These encompass Loans to 'Corporate Entities' engaged in Coal-fired Power Production, Coal Extraction, Oil and Gas Sectors, and Diesel-dependent Transportation and Logistics, among others.

Furthermore, about 18% of Loans are directly linked to the Agriculture Sector, which remains vulnerable to Extreme Weather occurrences like Droughts, Floods, and Cyclones. Besides a substantial portion of loans to Carbon-intensive Sectors residing on Banks Balance Sheets, the objective of attaining 'Carbon Neutrality' has yet to become a Top Priority for Indian Banks.

According to a MOODY's Report by Climate Risk Horizons, only 10 out of 34 Indian Banks have commenced disclosing Scope 1 and 2 Emissions as of 2023. Eight of these have also started disclosing certain Scope 3 Emissions. Moreover, No Indian Bank is Currently part of the Net-Zero Banking Alliance, a Component of the Glasgow Financial Alliance for Net Zero, which aims to gather a Critical Mass of Commitments from the Global Financial Sector to achieve the Goal of Net-Zero Carbon Emissions. While the predominant pressure on Indian Banks to address the Net-Zero Transition continues to stem from International Investors, Local Regulators are beginning to acknowledge the significance of the 'Green Economy' in maintaining competitiveness. In alignment with its drive for 'Sustainable Financing', the RBI introduced the Regulatory Framework for 'Green Deposits'. The Framework, effective from June 1, 2023, mandates that Regulated Entities (REs) / Banks establish a Board-approved Financing framework for the Efficient Allocation of Green Deposits.

Financial Institutions / Banks are dedicated to evaluating and reducing Environmental and Social Risks within their Loan Portfolio, particularly in the Corporate Sector. Simultaneously, they will guarantee sufficient 'Credit Flow' to Key Sectors of the Economy, with a focus on Priority Areas. Through their lending operations, the Credit Institutions / Banks will strive to facilitate Fair and Transparent access to Credit for Individuals and Entities, thereby fostering Inclusive and Equitable Growth. Furthermore, they will ensure Compliance of their lending activities with relevant Indian Laws, Regulations, as well as 'International Agreements' concerning the Environment, Society, and Biodiversity endorsed by India. The Credit Institutions / Banks will exercise Caution in Financing activities that have a 'Negative Impact' on the Environment, Violate Human or Animal Rights, or are Illegal under National or International Laws. They intend to establish a Comprehensive List of Prohibited Activities Detrimental to the Environment and Society and refrain from Funding Projects on this list.

Climate-related Risks are those Risks that can Potentially Emerge from Climate Change or from efforts to Mitigate Climate Change, along with their associated impacts and the resulting Economic and Financial Implications. These Risks have the Capacity to affect the Financial Sector particulars the Banks through Two main avenues:

- Physical Risks and
- Transition Risks.

Physical Risks encompass the Economic Expenses and Financial Damages that stem from the escalating Frequency and Severity of Extreme Weather events linked to Climate Change, such as Floods, Heatwaves, Landslides, Storms, and Wildfires (referred to as Acute Physical Risks). The gradual, long-term alterations in Climate like shifts in precipitation, extreme weather variability, Ocean Acidification, Rising Sea Levels, and Average Temperatures (known as Chronic Physical Risks); as well as the indirect consequences of Climate Change like the Loss of Ecosystem Services (e.g., Water Scarcity, Soil Quality Degradation, or Marine Ecosystem Deterioration). The impact of Physical Risks is Contingent on the Geographical Location, given the Diverse Climate patterns exhibited in different Regions. For instance, the occurrence of a Local or Regional Weather event may exert stress on the Expected Cash flows to the Banks from an Exposure. Additionally, Chronic Flooding or Landslides could Pose a Risk to the Value of the Collateral that Regulated Entities have utilized as security against loans.

Transition Risks, on the other hand, pertain to the Risks that arise from the process of transitioning towards a Low-carbon Economy. This adjustment process is influenced by various factors, including alterations in Climate-related Policies and Regulations, the emergence of Innovative Technologies, and Changes in Consumer Sentiments and Behaviours. The Transition Process, which involves reducing Carbon Emissions, can have a substantial impact on the Economy.

"Primary focus on Environment, Society, and Collective advancement is the Central Theme of discussions in various National and International Arenas. India has taken a significant stride by declaring its commitment to achieving Net-Zero Emissions by the Year 2070."

Climate Change possesses distinct Characteristics that necessitate focused attention and a different management approach Compared to Traditional Financial Risks. Its impact is extensive in terms of Scope and Relevance across various Industries, Sectors, and Regions. While there is a High Level of certainty that a combination of Physical and Transition Risks will appear in the future, the exact timing, outcomes, and pathways remain uncertain, leading to uneven distribution of impacts among countries and regions. Consequently, relying solely on Historical Data and Traditional Risk Assessment Methods may not sufficiently capture the future implications of Climate Change. The irreversible Consequences of Climate Change due to the accumulation of Greenhouse Gas Emissions in the atmosphere beyond a specific threshold highlight the Critical need for proactive measures today to mitigate future impacts.

'ESG ASSESSMENT' IS A PART OF 'CREDIT AUDIT'

The Conventional Methodology of the "Credit Audit Process" historically relied on Two Primary evaluations for Approximating Creditworthiness:

- Financial and
- Non-financial.

The Non-financial assessment entails scrutinizing aspects such as Business Operations, Industry Trends, Managerial Practices, among others. These evaluations Aid the Credit Auditor in comprehending the inherent risks associated with the Credit Proposal / Transaction, thus leading to an appropriate Credit Risk Rating / Grading of the Borrowers.

In the contemporary era, there is a heightened Global Awareness regarding Social and Environmental Issues. Various market participants, including Issuers, Intermediaries, and Banks, are under substantial pressure to evaluate the impact of Environmental, Social, and Governance (ESG) considerations on their operations.

The Principles for Responsible Investment (UN-PRI), supported by the United Nations, have also acknowledged that ESG Factors could influence the "Cash Flows of Borrowers and their Probability of defaulting on Debt Repayments".

As occurrences of Climate Change become more frequent, the Risks associated with Climate-related events can no longer be disregarded. These Risks have both Financial and Non-financial repercussions for organizations on a Global Scale. Furthermore, issues related to workforce diversity and other aspects of human capital within business strategies have garnered increased attention. Failure to address these factors adequately can lead to potential Reputational Risks.

The inclusion of ESG Factors in 'Credit Audits' enhances a Financial Institution's / Bank's Capacity to evaluate the downside risk inherent in its Lending Operations concerning the Transitional and Physical Risks associated with Climate Change. Implementing an overlay Strategy for ESG evaluations represents a crucial initial phase in accomplishing this objective. A Credit Audit Scorecard is adaptable and can be tailored to meet the diverse needs of a Bank while remaining responsive to the regulatory frameworks applicable in the specific jurisdiction where each Bank conducts its operations.

Taking into consideration the skillset of "Credit Audit", the assistance of Credit Auditors can prove to be beneficial in enhancing different aspects of the ESG framework and integrating the essential governance and control components. Nevertheless, Credit Auditors may assume responsibility for examining the following areas in ESG:

1. **Assessing Borrower's Current ESG Maturity:** The 'Credit Auditor' can evaluate the current level of maturity of an organization's ESG strategy by benchmarking it against other entities, thereby pinpointing potential areas for enhancement. Credit Auditor can initiate this process by creating awareness about ESG priorities and their implications at the Board and Executive Levels, aiding the Board in formulating its ESG Strategy and Objectives.
2. **Ensuring the Adequacy of Governance Structure and Oversight:** 'Credit Auditor' can scrutinize the Roles and Duties allocated within the Organization to carry out its ESG Strategy and oversee ESG-related issues.
3. **Validating the Objectives of ESG Risk Management:** In terms of monitoring advancements, 'Credit Auditor' can verify that the set Goals are Practical, Measurable, Integrated into the Company's Strategic Goals, and Regularly deliberated upon during Board Meetings.
4. **Collaborating with Enterprise Risk Management (ERM):** It is Imperative for 'Enterprise Risk Management Schemes' to encompass Significant ESG Risks for management to Recognize, Evaluate, and Address them across the Organization. 'Credit Auditor' can aid management by delineating risks and assimilating them into their Risk Registers.
5. **Ensuring the Documentation of ESG Policies and Procedures:** 'Credit Auditor' can Scrutinize ESG Policy Documents and procedural manuals, which facilitate the organization in articulating its Strategy, Objectives, and planned actions to mitigate ESG Risks.
6. **Conducting Risk Assessments:** 'Credit Auditor' can determine the Significance of ESG measures to an organization and whether they align with the expectations of Lenders, Investors, Customers, and Other Stakeholders.
7. **Evaluating the ESG Risk Management Framework:** 'Credit Auditor' can scrutinize a Company's existing frameworks and Standards to confirm their Reasonability, Adherence, Alignment with Industry Best Practices, regulatory requirements, and comparability with similar entities.
8. **Assessing the Design and Operational Efficiency of Control activities:** 'Credit Auditor' can conduct Audits to identify and appraise Critical Controls necessary to mitigate ESG Risks and uncover deficiencies or substantial weaknesses across fundamental business operations.
9. **Reviewing ESG Financial and Non-financial Reporting Metrics:** A pivotal area for 'Credit Auditor' is to scrutinize the Organization's ESG Financial and Non-financial reporting data utilized for Public Disclosures to prevent unfounded assertions that could harm the Organization's reputation.
10. **Collaborating with the Legal and Compliance Department:** 'Credit Auditor' can Collaborate with the Legal and Compliance Units to Validate the Compliance of ESG Reporting Disclosures with relevant Regulations. For instance, 'Credit Auditor' can outline the ESG Disclosure Obligations to ascertain the required Disclosures, the Responsible Agencies (e.g., Regulators, State Governments), and Submission Deadlines.

Prior to undertaking the task of Conducting a "Credit Audit" for Financial Institutions / Banks, it is Imperative for the "Credit Auditor" to familiarize oneself with the details of each Industry / Sector. This includes understanding the 'Primary and Ancillary Manufacturing Processes', as well as the 'Environmental Risks' associated. Additionally, Knowledge of the Guidelines laid out by 'Regulatory Authorities' such as the Pollution Control Board, State or Central Government, and relevant Statutory Acts pertaining to different Industries / Sectors is Crucial.

The following is the detailing their Processes, Environmental Concerns, and Governmental Directives to facilitate Comprehensive Understanding relates to the Risks associated with 'Climate Change' of Cement Industry.

MODEL CHECK LIST ON ESG FOR “CREDIT AUDITORS”

a) Environmental Issues:

- **Regulatory Compliances:** Instances of non-compliance with regulations in relation to environmental considerations, along with the nature of the incidents, implemented improvements, and lessons acquired. Actions taken by regulatory bodies, such as enforcement measures, prosecutions, or imposition of fines.
- **Natural Hazards:** Does the company face exposure to Natural Disasters like floods, earthquakes, or other similar events?
- **Carbon Emissions and Climate Change Exposure:** Is the company operating in a sector with high energy consumption? Is there a monitoring system in place for Greenhouse Gas Emissions, including those from indirect sources like outsourced logistics or end product usage? Is most of the carbon-intensive activities outsourced? What strategies are in place to manage and reduce emissions? Are the operations vulnerable to current or future climate change regulations and associated physical impacts like increased flooding, droughts, or extreme weather events?
- **Air Emissions:** Are Significant air emissions produced by the Company's Operations, such as those from Oil & Gas, Energy Production, Transportation, or Chemical processes?
- **Chemicals and Hazardous Substances in the Supply Chain:** Are hazardous substances or chemicals utilized in the production process? Is the management informed about potential supply disruptions due to regulatory phase-outs of these substances? Is there consideration given to adopting environmentally friendly and safer raw materials in the production process?
- **Waste Management and Product End-of-life:** Does the production process generate substantial amounts of waste or hazardous waste? What initiatives are in place to minimize, reuse, or recycle waste? Are the products designed in a way that reduces their environmental impact at the end of their life cycle?
- **Soil and Groundwater:** Is there a risk of soil contamination from the company's activities? Is the company aware of any historical or ongoing soil or groundwater contamination issues at its site(s)? Are there any plans for conducting investigations or remediation activities?

b) Social Issues:

- **Human Resources:** The Composition of the workforce (including employees, self-employed individuals, trainees, and seasonal workers) is a crucial aspect to consider. It is essential to determine whether all



employees are under a formal contract of employment and to analyse turnover rates and talent retention within the organization. Additionally, diversity issues, such as diversity representation on boards and pay gap disparities, should be addressed.

- **Health and Safety:** An evaluation of whether the company operates in an industry with a high health and safety risk is imperative. It is essential to assess if workers are exposed to a high incidence or risk of diseases and whether the company has faced enforcement actions from regulators due to breaches of relevant health and safety legislation.
- **Community Involvement:** Companies should be assessed based on their community investments, sponsorships, and product donations. It is crucial to determine if formal programs are in place to encourage company engagement with the community, such as volunteering and stakeholder engagement initiatives. Previous negative campaigns by NGOs or the media, as well as instances of community or workforce unrest, should be examined.
- **Consumer Safety and Products Regulations:** Compliance with product- or sector-specific regulations, such as those related to food safety or pharmaceutical Good Manufacturing Practices (GMP), should be scrutinized. Actions taken to ensure the health and safety of consumers need to be assessed.
- **Customer Privacy:** An evaluation of a company's data security policy and IT security management system is essential. The sensitivity of the information held by the company should be carefully considered, along with any instances of cyber security breaches in the past 2-3 Years. Additionally, substantiated complaints regarding breaches of customer privacy and loss of customer data should be examined.
- **Fair Disclosure and Labelling / Fair Marketing:** The requirements pertaining to product and service information, as well as labelling, must be reviewed. Instances of non-compliance

concerning product and service information, labelling, and marketing communications should be investigated.

- **Innovation:** Examination of research and development investment plans, patents, and the development of innovative products and services is crucial.

GOVERNANCE ISSUES

- **Roles and Responsibilities:** Has an ESG Committee or Steering Committee been established to oversee the organization's Environmental, Social, and Governance aspects? Is there a clear commitment and accountability for sustainability at a senior management level within the organization? Has a designated focal point been appointed to handle day-to-day ESG matters effectively?
- **Policies and Procedures:** Have the organization's ESG values and principles been effectively communicated, such as through the Corporate Website? Does the company have specific sustainability or business conduct policies in place? Do these policies address crucial issues like discrimination, child labour, forced labour, health and safety, and environmental concerns? What is the extent of implementation and integration of these policies within the organization's framework?
- **Monitoring and Reporting:** What mechanisms are in place for monitoring and reporting ESG issues and performance to senior management or the Board of Directors? Does the company produce an ESG, CSR, or sustainability report, or incorporate a dedicated section within the annual financial accounts? Is there a distinct sustainability section available on the Corporate Website for public access?
- **Corruption and Business Ethics:** What measures does the organization employ to protect itself against corrupt practices? Are there any instances of corporate governance or ethical allegations, employee claims, breaches, enforcement actions, or litigations related to issues like anti-bribery, corruption, unfair labour practices, human rights violations, or other unethical business behaviours? Does the company engage in financial or in-kind contributions to political entities? Is the organization involved in public policy advocacy or lobbying efforts? Are there any concerns related to anti-trust regulations?
- **Supply Chain:** Are the Primary Suppliers situated in emerging markets that pose significant Social, Human Labour, and Environmental Risks? Does the Industry Sector to which the supply chain belongs carry inherent Social, Human Labour, and Environmental Risks? Has the Company implemented a Responsible Procurement Policy or a Code of Conduct for its Suppliers? To what extent are ESG Criteria integrated into the selection and monitoring processes of Key Suppliers?

CONCLUSION

'Credit Audit System' adheres to the Guidelines set forth by the Reserve Bank of India. It complements the Risk Management Department's initiatives to fortify the Bank's Internal Control framework. This system serves as a component of the Bank's Early-warning mechanism to uncover irregularities and deficiencies. It aids in preventing repeated violations of Internal and Regulatory protocols, thereby reducing Risks and deterring fraudulent activities. The Focus is on thorough scrutiny in Crucial Areas rather than mere Sample Checks.

Sustainable Finance and Climate Risk Management have become a Primary focus for National Authorities, Financial Market Regulators, and Central Banks. Indian Banks must consider the potential impact of Climate Risk on their operations and evaluate the necessity of Additional Capital reserves to mitigate such risks. Banks are required to evaluate the implications of Climate Change Risk and Incorporate it into various aspects such as Governance, Risk Management, Scenario Analysis, and Disclosures, while also assessing their preparedness for Current and Future Climate-related Supervisory requirements. The development of effective assessment techniques to internalize climate change scenarios and comprehend their effects on capital and business operations is crucial for Risk Mitigation. Internationally, leading Banks have commenced conducting Portfolio Stress Tests to analyse the repercussions of escalating climate risk events on their Loan Portfolios. Banks and Financial Institutions in India are in the initial phases of grasping the concepts and tools needed to integrate Climate Risk and sustainability into their Risk Management Procedures.

Credit Auditors have the Capability to offer Impartial and Unbiased assurance, perspectives, and recommendations regarding Environmental, Social, and Governance (ESG) issues within the framework of the 'Credit Audit Process'. This involves the assessment of compliance with Sanctions and Post-sanction Protocols mandated by financial institutions on a regular basis.

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LEGAL WORLD



- AMMONIA SUPPLIES CORPORATION PVT LTD v. MODERN PLASTIC CONTAINERS PVT LTD & ORS [SC].
- MAHA KALI SUJATHA v THE BRANCH MANAGER FUTURE GENERAL INDIA LIFE INSURANCE COMPANY LTD & ORS [SC]
- DELHI METRO RAIL CORPORATION LTD v. DELHI AIRPORT METRO EXPRESS PVT. LTD [SC]
- STATE OF MAHARASHTRA v NATIONAL ORGANIC CHEMICAL INDUSTRIES LTD [SC]
- THE GENERAL MANAGER, M/S BARSUA IRON ORE MINES v. THE VICE PRESIDENT UNITED MINES MAZDOOR UNION & ORS [SC]
- BUCHI RAMARAO VALURI v. COVAI PROPERTY CENTRE (INDIA) PRIVATE LTD & ORS [CCI]
- SOMNATH BANERJEE v APEX LAB & ORS [CCI]



Corporate Laws

Landmark Judgement

LMJ 05:05:2024

AMMONIA SUPPLIES CORPORATION PVT LTD v. MODERN PLASTIC CONTAINERS PVT LTD & ORS [SC].

Civil Appeal No.5152 of 1995

G.B.Pattanaik & A.P. Misra,JI. [Decided on 04/09/1998]

Equivalent citations: AIR 1998 SC 3153; 1998 (7) SCC 105; 1998 (5) SCALE 147; (1998) 94 COM CAS 310.

Companies Act,1956- section 155* - rectification of members register- power of the court- Whether summary -Held,No.

Brief facts:

The short question raised by the appellant was “Whether in the proceedings under Section 155 of the Companies Act, the Court has exclusive jurisdiction in respect of all the matters raised therein or have only summary jurisdiction?”

According to the appellant, there were conflicting decisions of the various High Courts in India which resulted into reference of Appellant’s case to the Full Bench by the Delhi High Court. The Full Bench decided that the jurisdiction is summary in nature, thus rejecting the case of the Appellant that the power of the Court under this is exclusive in respect of all the matters raised therein.

Decision: Partly allowed.

Reason:

The question raised for the appellant is that the Court under this Act cannot direct an applicant to seek his remedy by way of suit but the Court under the Act having exclusive jurisdiction should decide itself.

There could be no doubt any question raised within the peripheral field of rectification; it is the Court under Section 155 alone which would have exclusive jurisdiction. However, the question raised does not rest here. In case any claim is based on some seriously disputed civil rights or title, denial of any transaction or any other basic facts which may be the foundation to

claim a right to be a member and if the Court feels such claim does not constitute to be a rectification but instead seeking adjudication of basic pillar some such facts falling outside the rectification, its discretion to send a party to seek his relief before civil court first for the adjudication of such facts, it cannot be said such right of the court to have been taken away merely on account of the deletion of the aforesaid proviso. Otherwise under the garb of rectification one may lay claim of many such contentious issues for adjudication not falling under it. Thus in other words, the court under it has discretion to find whether the dispute raised are really for rectification or is of such a nature, unless decided first it would not come within the purview of rectification. The word rectification’ itself connotes some error which has crept in requiring correction. Error would only means everything as required under the law has been done yet by some mistake the name is either committed or wrongly recorded in the register of the Company.

In other words, in order to qualify for rectification, every procedure as prescribed under the Companies Act before recording the name in the register of the company has to be stated to have been complied with by the applicant at least that part as required by the Act and assertion of what not complied with under the Act and rule by the person or authority of the respondent company before applicant to claim for the rectification of such register. The Court has to examine on the facts of each case, whether an application is for rectification or something else. So field or peripheral jurisdiction of the Court under it would be what comes under rectification not projected claims under the garb of rectification.

So far exercising of power for rectification within its field there could be no doubt the Court as referred under Section 155 read with Section 2(11) and Section 10, it is the Company Court alone which has exclusive jurisdiction. Similarly, under Section 446 the ‘Court’ refers to the Company judge which has exclusive jurisdiction to decide matters what is covered under it by itself. But this does not mean by interpreting such ‘Court’ having exclusive jurisdiction to include within it what is not covered under it, merely because it is cloaked under the nomenclature rectification does not mean court cannot see the substance after removing the cloak. Question for scrutiny before us is the peripheral field within which court could exercise its jurisdiction for rectification. As aforesaid the very word “rectification” connotes something what ought to have been done but by error not done and what ought not to have been done was done requiring correction. Rectification in other words, is the failure on the part of the company to comply with the directions under the Act. To show this error the burden is on the applicant, and to this extent any matter or dispute between persons raised in such Court it may generally decide any matter which is necessary or expedient to decide in connection with the rectification.

We have gone through the judgment of the High Court. It has rightly held the law pertaining to the jurisdiction of ‘court’ under Sec. 155 and even referred to some of

the documents of the appellant but concluded since they are disputed and said to be forged hence directed for seeking leave if advised for suit. We feel it would have been appropriate if the court would have seen for itself whether these documents are disputed and any document is alleged to be forged whether it said to be so only to exclude the jurisdiction of the court or it is genuinely so. Similarly we feel appropriate while deciding this the court should take into consideration the submissions for the respondents, whether it would come within the scope of rectification or not in the light of what we have said above.

Since the High Court has not examined this case in the aforesaid light, we feel it appropriate to direct the High Court to decide this question in the light of what we have said afresh, without prejudice to any party of any observation made by us above. In case High Court comes to the conclusion that any issue raised does not come within Sec. 155 then we feel it appropriate on the facts and circumstances of this case, as it is pending since 1984, that High Court exercises its discretion under Sec.446(2) to get it adjudicated by the court (Company Judge) itself instead of sending back to the civil to which we order. With the aforesaid findings the appeal is partly allowed. Costs on the parties.



LW 33:05:2024

**MAHA KALI SUJATHA v THE BRANCH MANAGER
FUTURE GENERAL INDIA LIFE INSURANCE
COMPANY LTD & ORS [SC]**

Civil Appeal No. 3821 of 2024

**B.V. Nagarathna & A. G. Masih JJ. [Decided on
10/04/2024]**

**Consumer Protection Act- life insurance policy-
insured having policies with other insurers also-
not disclosed to the insurer- repudiation of claim-
whether correct-Held,No.**

Brief facts:

Father of the complainant obtained two insurance policies from the opposite party. Under the said two policies, in the event of death by accident, twice the sum assured was payable by the insurer. In the application form of the policy, the insured had been asked about the details of his existing life insurance policies with any other insurer, and the insured had answered the same in the negative. The complainant, being the daughter of the policy holder

was nominated to receive the proceeds under both the policies.

On 28.02.2011, the policy holder unfortunately lost his life in a train accident, leaving behind the complainant alone as his legal heir as well as nominee for death benefits. Immediately thereafter, the complainant approached the opposite party and submitted a claim form along with necessary documents. However, the complainant's claims were repudiated by the opposite party on the ground that the policy holder had suppressed material facts in his application form with respect to existing life insurance policies from other insurers.

The complainant was successful before the District Forum and State commission but the National commission upheld validity of the repudiation. Hence, the complainant has challenged the impugned judgment of the NCDRC.

Decision: Allowed.

Reason:

Having heard the learned counsel for the respective parties, the point that arises for consideration before this Court in the present Civil Appeal, is, whether the respondent herein was correct in repudiating the claim of the appellant on the ground of suppression of material information pertaining to the existing policies with other insurers.

The respondent insurance company has produced no documentary evidence whatsoever before the District Forum to prove its allegation that the insured had taken multiple insurance policies from different companies and had suppressed the same. The District Forum had therefore concluded that there was no documentary evidence to show that the deceased-life insured had taken various insurance policies except an averment and on that basis the repudiation was held to be wrong.

Before the State Commission, the respondent had provided a tabulation of the 15 different policies taken by the insured-deceased. However, the said tabulation was not supported by any other documentary evidence, like the policy documents of these other policies, or pleadings in courts, or such other corroborative evidence. Thus, in the absence of any evidence to prove that the insured-deceased possessed some insurance policies from other insurance companies, the State Commission upheld the decision of the District Forum in setting aside the repudiation of the claim by the respondent.

Before the NCDRC, the respondent again provided the aforesaid tabulation of policies of the insured-deceased. The respondents in their affidavit stated that the insured-deceased had taken multiple insurance policies before taking the policy from them. The NCDRC however accepted the averment of the respondents, without demanding corroborative documentary evidence in

support of the said fact. The NCDRC, on the contrary, also held that the fact about multiple policies was not dealt with by the appellant in her complaint or evidence affidavit and this therefore proved that the insured had indeed taken the policies from multiple companies as claimed by the respondents.

The aforesaid approach adopted by the NCDRC is, in our view, not correct. The cardinal principle of burden of proof in the law of evidence is that “he who asserts must prove”, which means that if the respondents herein had asserted that the insured had already taken fifteen more policies, then it was incumbent on them to prove this fact by leading necessary evidence. The onus cannot be shifted on the appellant to deal with issues that have merely been alleged by the respondents, without producing any evidence to support that allegation. The respondents have merely provided a tabulation of information about the other policies held by the insured-deceased. The said tabulation also has missing information with respect to policy numbers and issuing dates and bears different dates of births. Further, this information hasn’t been supported with any other documents to prove the averment in accordance with law. No officer of any other insurance company was examined to corroborate the table of policies said to have been taken by the deceased policy holder, father of the appellant herein. Moreover, the table produced is incomplete and contradictory as far as the date of birth of the insured is concerned. Therefore, in our view, the NCDRC could not have relied upon the said tabulation and put the onus on the appellant to deal with that issue in her complaint and thereby considered the said averment as proved or proceeded to prove the stance of the opposite party. A fact has to be duly proved as per the Evidence Act, 1872 and the burden to prove a fact rests upon the person asserting such a fact. Without adequate evidence to prove the fact of previous policies, it was incorrect to expect the appellant to deal with the said fact herself in the complaint or the evidence affidavit, since as per the appellant, there did not exist any previous policy and thus, the onus couldn’t have been put on the appellant to prove what was non-existent according to the appellant.

The respondents, vide their counter affidavit before this court, have sought to produce some documents to substantiate their claim of other existing insurance policies of the insured- deceased, but the same cannot be permitted to be exhibited at this stage, that too, in an appeal filed by the complainant who is the beneficiary under the policies in question. Any documentary evidence sought to be relied upon by the respondent ought to have been led before the District Forum but the same was not done. It was before the District Forum that the evidence was led and examined and at that stage, the respondent did not take adequate steps to lead any oral or documentary evidence to prove their assertion. Their attempt to annex documents in support of their claim before the State Commission was also declined due to the presentation of unauthenticated documents. Therefore, it can be safely concluded that the respondents have failed to adequately prove the fact that the insured-deceased had fraudulently

suppressed the information about the existing policies with other insurance companies while entering into the insurance contracts with the respondents herein in the present case. Therefore, the repudiation of the policy was without any basis or justification. In light of the above discussion, the impugned order passed by the NCDRC is set aside.

LW 34:05:2024

DELHI METRO RAIL CORPORATION LTD v. DELHI AIRPORT METRO EXPRESS PVT. LTD [SC]

Curative Petition (C) Nos.108-109 of 2022 in Review Petition (C) Nos.1158-1159 of 2021 in Civil Appeal Nos 5627-5628 of 2021

D Y Chandrachud ,Surya Kant & B R Gavai, JJ. [Decided on 10/04/2024]

Arbitration and Conciliation Act,1996 – sections 34 and 37- award allowed mistakenly- curative petition before the Supreme Court- Judgement reversed- whether the award was perverse with patent illegality- Held, Yes.

Brief facts:

The Respondent got an arbitral award for Rs.8000 crore against the Petitioner. The Petitioner unsuccessfully challenged the award before the Single Judge but the Division Bench reversed the decision. In the appeal preferred against the judgement of the Division Bench, the Supreme court upheld and restored the arbitral award. The revision petition was also dismissed. Hence, the present curative petition to review the judgement rendered by the Supreme Court upholding the award.

Decision: Allowed.

Reason:

The issues that arise for our consideration are (i) whether the curative petition is maintainable; and (ii) whether this Court was justified in restoring the arbitral award which had been set aside by the Division Bench of the High court on the ground that it suffered from patently illegality.

Rather than considering the vital evidence of the CMRS certificate towards safety and effective steps, the arbitral tribunal focussed on the conditions imposed by the Commissioner on speed and regarding inspections. While the Division Bench correctly noted that the certificate was relevant for the issue of the validity of termination, this Court held that safety was not in issue, even though DAMEPL insisted on discontinuing operations citing safety concerns. We respectfully disagree with this Court’s re-assessment of the Division Bench’s interpretation. The cure notice was relevant for the reasons stated above. Moreover, the fact that DAMEPL premised it on safety could not have been overlooked by the Tribunal. In doing so, it overlooked vital evidence pertaining to an issue that goes to the root of the matter.

The cure notice was obviously on the record and merited consideration for its contents bearing on vital elements of safety.

The cure notice, which contains statements bearing on the safety of the line and other material indicating that the line was running uninterrupted are matters of record. While the cure notice contains allegations about the line not being operational, there is evidence on the record indicating that the line was in fact running. Even if we were to accept that the finding of the arbitral tribunal that the defects were not completely cured during the cure period is a factual finding incapable of interference, it is clear from the record that DMRC took steps towards curing defects which led to the eventual resumption of operations. The award contains no explanation as to why the steps which were taken by DMRC were not 'effective steps' within the meaning of the termination clause.

In essence, therefore the award is unreasoned on the above important aspects. It overlooks vital evidence in the form of the joint application of the contesting parties to CMRS and the CMRS certificate. The arbitral tribunal ignored the specific terms of the termination clause. It reached a conclusion which is not possible for any reasonable body of persons to arrive at. The arbitral tribunal erroneously rejected the CMRS sanction as irrelevant. The award bypassed the material on record and failed to reconcile inconsistencies between the factual averments made in the cure notice, which formed the basis of termination on the one hand and the evidence of the successful running of the line on the other. The Division Bench correctly held that the arbitral tribunal ignored vital evidence on the record, resulting in perversity and patent illegality, warranting interference. The conclusions of the Division Bench are, thus, in line with the settled precedent including the decisions in Associate Builders (supra) and Ssangyong (supra).

The judgment of the two-judge Bench of this Court, which interfered with the judgment of the Division Bench of the High Court, has resulted in a miscarriage of justice. The Division Bench applied the correct test in holding that the arbitral award suffered from the vice of perversity and patent illegality. The findings of the Division Bench were borne out from the record and were not based on a misappreciation of law or fact. This Court failed, while entertaining the Special Leave Petition under Article 136, to justify its interference with the well-considered decision of the Division Bench of the High Court. The decision of this Court fails to adduce any justification bearing on any flaws in the manner of exercise of jurisdiction by the Division Bench under Section 37 of the Arbitration Act. By setting aside the judgement of the Division Bench, this Court restored a patently illegal award which saddled a public utility with an exorbitant liability. This has caused a grave miscarriage of justice, which warrants the exercise of the power under Article 142 in a Curative petition, in terms of Rupa Hurra (supra).

The Curative petitions must be and are accordingly allowed. The parties are restored to the position in which they were on the pronouncement of the judgement of the Division Bench. The execution proceedings before the High Court for enforcing the arbitral award must be discontinued and the amounts deposited by the petitioner pursuant to the judgment of this Court shall be refunded. The part of the awarded amount, if any, paid by the petitioner as a result of coercive action is liable to be restored in favour of the petitioner. The orders passed by the High Court in the course of the execution proceedings for enforcing the arbitral award are set aside.

LW 35:05:2024

STATE OF MAHARASHTRA v NATIONAL ORGANIC CHEMICAL INDUSTRIES LTD [SC]

Civil Appeal No.8821 of 2011

**Sudhanshu Dhulia & Prasanna B. Varale, JJ.
[Decided on 05/04/2024]**

Maharashtra Stamp Duty Act- increase in share capital- stamp duty payable- upper cap of Rs.25 lakhs – stamp duty paid on the first increase – stamp duty of 25 lakhs paid on the second increase also- refund sought for which was rejected – whether correct-Held,No.

Brief facts:

The issue dealt with in this case is what is the stamp duty payable on the increase of share capital. The Respondent Company was incorporated with an initial share capital of Rs.36 crores. In 1992 it increased its share capital to Rs. 600 crores and accordingly paid a stamp duty of Rs.1,12,80,000/-. Subsequently, the Respondent passed a resolution for a further increase in its share capital to Rs.1,200 crores and paid Rs. 25 lakhs as stamp duty when the State of Maharashtra (Appellant No.1 herein) amended Article 10 and introduced a maximum cap of Rs.25 lakhs on stamp duty which would be payable by a company. However, the respondent requested for the refund of this Rs.25 lakh paid as this was done inadvertently as it was soon realised that stamp duty was not liable to be paid by them since the maximum stamp duty which was of Rs. 25 lakhs payable on Articles of Association as per the provisions of the Stamp Act, had already been paid by them in 1992.

This request was turned down by Appellant No.2. Aggrieved, the respondent filed a writ petition before the Bombay High Court, which after hearing the parties, concluded that Form No.5 is not an instrument as defined by Section 2 of the Stamp Act and that stamp duty can only be charged on Articles of Association, where the maximum duty (Rs.25 Lakhs), payable as per the amendment has already been paid by the respondent and allowed the writ petition and directed the appellants to refund Stamp Duty of Rs.25 lakhs along with interest @ 6% per annum. Hence the Appellant was before the Supreme Court.

Decision: Dismissed.

Reason:

In the case at hand, we are concerned with an instrument which is chargeable to Stamp Duty and finds its origin in the Companies Act. The various provisions of the Companies Act provide the purpose and scope of the instrument. Thus, it has to be said that the Companies Act is the special law and the Stamp Act is the general law with regards to Articles of Association, and the special will override the general.

We may here add that the Legislature has specifically mentioned Articles of Association in Article 10 of Schedule-I of the Stamp Act, where stamp duty is to be charged inter alia on increase in the share capital of a company. Thus, in spite of Section 31(2) of the Companies Act stamp duty will be payable on increased share capital. This is however subject to the maximum, i.e., Rs. 25 lakhs which we shall refer to in a while.

If there is no specific provision for charging the increase, then no stamp duty is payable for any increase in the share capital of a company. The second question is whether the maximum cap on stamp duty is applicable every time there is an increase in the share capital or it is a one-time measure.

It is an admitted fact that when the respondent increased its share capital from Rs. 36 crores to Rs. 600 crores it paid a stamp duty of Rs.1,12,80,000/- and that time there was no provision for a maximum cap or upper ceiling on the amount payable. On 02.08.1994, the State Legislature amended Article 10 of Schedule-I of the Stamp Act and the amended provision, which was applicable when the respondent passed a resolution to increase its authorised share capital to Rs. 1200 crores.

The fact that the maximum cap of Rs.25 lakhs would be applicable as a one-time measure and not on each subsequent increase in the share capital of a company is fortified directly by the Maharashtra Stamp (Amendment) Act, 2015 which amended the charging section for Articles of Association i.e., Article 10 of the Stamp Act.

We also do not agree with the appellant that stamp duty paid before the amendment cannot be taken into account. It is true that the amendment does not have retrospective effect, however since the instrument 'Articles of Association' remains the same and the increase was initiated by the respondent after the cap was introduced, the duty already paid on the same very instrument will have to be considered. It is not a fresh instrument which has been brought to be stamped, but only the increase in share capital in the original document, which has been specifically made chargeable by the Legislation.

For the reasons stated above, we dismiss this civil appeal and uphold the order of the High Court of Bombay.

Accordingly, we direct the appellants to refund Rs. 25 lakhs paid by the respondent along with interest @ 6% per annum.



LW 36:05:2024

THE GENERAL MANAGER, M/S BARSUA IRON ORE MINES v. THE VICE PRESIDENT UNITED MINES MAZDOOR UNION & ORS [SC]

Civil Appeal No. 4686 of 2024 [@ SLP (C) No. 5947 of 2021]

Hima Kohli & Ahsanuddin Amanullah,JI. [Decided on 02/04/2024]

Change of date of birth- employee deliberately given wrong date at the time of joining- later gave another date of birth – retired on the basis of earlier date of birth- whether correct-Held, Yes.

Brief facts:

The respondent no.3 at the time of employment given his date of birth as 27.12.1948. Later he changed it to 12.03.1955, again without providing any documentary proof, which was entered in the records of the appellant who effected the change without any scrutiny. On 29.11.2001, based on his declaration at the time of initial employment the Competent Authority of the appellant determined the date of birth of the respondent no.3 as 27.12.1948, which made him come within the statutory employment age limit and above the minimum age i.e., 18 years, required for such employment. On 09.10.2003, a dispute regarding the respondent no.3's date of birth was referred by the "appropriate Government"1 to the CGIT for adjudication. In the meanwhile, on 31.12.2008, the respondent no.3 superannuated from service, having attained the age of 60 years, based on his initially recorded date of birth [27.12.1948].

On 24.01.2018, the CGIT passed its Award and held that the appellant's determination of the respondent no.3's date of birth based on the initial Descriptive Roll was unjustified and thus, awarded him 50% back wages from his retirement in 2008 until his supposed date of superannuation in 2015, based on the date of birth disclosed in the STC i.e., 12.03.1955. The appellant filed a Writ Petition before the High Court of Orissa at Cuttack on 19.05.2019 challenging the Award passed by the CGIT on 24.01.2018. The order of the High Court dismissing the same on 04.02.2021, is impugned in the present appeal.

Decision: Allowed.

Reason:

Having considered the matter in its entirety and the submissions made, this Court is of the opinion that the Award of the CGIT as well as the impugned judgment rendered by the High Court cannot be sustained.

It is not in dispute that while submitting the Descriptive Roll, the respondent no.3 had himself declared his age as 24 years without any documentary proof and since the date of submission of such Descriptive Roll was 27.12.1972, his date of birth was recorded by the appellant as 27.12.1948. This position continued for almost a decade viz. till 1982, when the respondent no.3 submitted a declaration, on the merger of HSL with SAIL, wherein his date of birth was disclosed as 12.03.1955, though even at such time, again, no documentary proof was furnished by him. The respondent no.3 submitted the so-called proof, which was the STC dated 12.01.1972, only after the issuance of letter dated 24.11.1998, whereby he was required to submit documentary proof of his date of birth. Pausing here, the Court would note that by reckoning his date of birth as 12.03.1955, the respondent no.3 would be much below the age of 18 years at the time of initial employment, which was the minimum requirement in law. Thus, it is clear that had the respondent no.3 declared his so-called correct date of birth, obviously he would not have been given the employment.

From this point of view, it is clear that the disclosure of the originally given date of birth by the respondent no.3 was a well-thought out plan hatched by him, at the relevant time. His conduct cannot be simply brushed aside on a plea that there was an error on the part of the appellant in recording his date of birth. Another doubt cast on the conduct of the respondent no.3 is him not acting on time, which raises a question about the bonafides of his claim of having been born on 12.03.1955. In fact, even after giving a declaration on 14.08.1982, on the merger of HSL with SAIL, the copy of the STC was never provided to the appellant, which was done only in response to the letter dated 24.11.1998, requiring him to submit documentary proof of his date of birth. Examined thus, the following is evincible: (a) the Competent Authority noticed discrepancy in the date of birth in the records of the appellant and, upon due scrutiny, opined that the declaration of date of birth made by the respondent no.3 at the first point of time, i.e., 27.12.1948, should be taken as his date of birth, as till 1998 no documentary proof was given, and; (b) the respondent no.3 would not have been able to legally come into employment on 27.12.1972, had he disclosed his date of birth as 12.03.1955. No fault can be found with the appellant on this score. It is a just and reasonable conclusion by the appellant's Competent Authority. Moreover, reckoning his date of birth as 27.12.1948, the respondent no.3 has been permitted to work for 36 years, which by itself is a

sufficient period of employment. Hence, on this count too, we are unable to show any indulgence to the respondent no.3.

Moreover, the principles of estoppel would come into play in the present case. The respondent no.3, having stated on 27.12.1972, that his date of birth was 27.12.1948, cannot be permitted to raise the claim of his date of birth being 12.03.1955, that too on 14.08.1982, i.e., almost after a decade (counting from 27.12.1972 to 14.08.1982). Even the STC was submitted after the appellant requested the respondent no.3 for documentary proof on 24.11.1998.

In view of the aforesaid, this Court finds that the much-delayed disclosure of the date of birth as 12.03.1955 by the respondent no.3, coupled with his initial declaration and the admitted position that based on such initial declaration, he had received employment, as otherwise based on 12.03.1955, he could not have been legally appointed due to being under-age, there is no manner of doubt that the respondent no.3, irrespective of his real date of birth, for the purpose of employment under the appellant, cannot be allowed the purported rectification/correction of date of birth to 12.03.1955. He would have to, necessarily, be content with his service and benefits accounted taking his date of birth as 27.12.1948.

For reasons aforesaid, the appeal stands allowed. The Award of the CGIT dated 24.01.2018 and the impugned judgment stand set aside. The respondent no.3 is held to have been rightly retired in terms of his date of birth reckoned as 27.12.1948. Needless to state that the further direction to award 50% back wages to the respondent no.3 from the date he was retired till the (notional) superannuation on 31.03.2015, also stands set aside.



Competition Law

LW 37:05:2024

BUCHI RAMARAO VALURI v. COVAI PROPERTY CENTRE (INDIA) PRIVATE LTD & ORS [CCI]

Case No. 30 of 2023

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 05/04/ 2024]

Competition Act,2002- section 3- anti competition restrictions- purchase of residential flat-

whether falls within the scope of section 3- Held, No.

Brief facts:

The Informant was primarily aggrieved with having to accept catering and housekeeping services of Covai Services, by virtue of the conditions imposed in the agreement for sale as well as the service agreement entered into by him on 10.07.2018. The Informant also aggrieved by the unilateral changes in allotment of housekeeping staff and increase in MMC, which are alleged to be the result of anti-competitive conduct of Opposite Parties.

Decision: Dismissed.

Reason:

The Commission notes that in Bangalore Metropolitan Region, there are many other real estate developers, apart from OP-3, offering similar services i.e., development and sale of apartments catering to the needs of senior citizens. From the information available in public domain, it is apparent that such developers include TATA Housing Development Company Ltd., Sushruta Vishranthi Dhama Ltd., Columbia Pacific Communities, M/s Bahri Estates Pvt. Ltd., Sukhshanti Retirement Homes, Parkside Homes at Brigade Orchards, Vedaanta@ Godrej E-City etc., which pose competitive constraints to OP-3. Accordingly, OP-3 does not appear to hold position of strength so as to enable it to operate independently of the competitive forces prevailing in the relevant market delineated supra. In view of the same, there is no need for further examination of the alleged abusive conduct of OP-3.

The Informant has also alleged that by making Covai Service a service provider for the allottees of Urbana Irene, a tie-in-arrangement has been forced on the Informant, in terms of Section 3(4) of the Act. The Commission notes that for applicability of Section 3(4) of the Act, the entities in question must operate at different stages or level of the production chain in different markets in respect of production, supply, distribution, storage, sale or price of, or trade in goods or provisions of services. The Commission also notes that the agreement alleged to be in contravention of Section 3(4) of the Act is between Urbana Developers and the Informant and that the Informant is the owner of the residential flat i.e., end consumer. Given that the impugned agreement is between an enterprise and an end consumer, the same is not covered within the ambit of Section 3(4) of the Act. The same ratio has been followed in an earlier case titled as 'South City Group Housing Apartment Owners Association and Larsen & Toubro Ltd. & another' (Case No. 49 of 2011).

In view of the foregoing, the Commission is of the opinion that there exists no prima facie case and the Information filed is directed to be closed forthwith under Section 26(2) of the Act. Consequently, no case for grant of reliefs

as sought under Section 33 of the Act arises and the same is also rejected.

LW 38:05:2024

SOMNATH BANERJEE v APEX LAB & ORS [CCI]

Case No. 01 of 2024

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 25/04/ 2024]

Competition Act, 2002- section 3- anti competition restrictions- vertically related players- communications soliciting business- whether agreement-Held, No.

Brief facts:

The Informant was primarily aggrieved by non-marketing of its patented dietary supplement sold under the brand name 'Protestin' due to the alleged non-cooperation of the Opposite Parties. The Informant has stated that the alleged conduct of Opposite Parties is in contravention of Section 3(4) read with Section 3(1) of the Act.

Decision: Dismissed.

Reason:

The Commission observes that Section 3(4) of the Act requires existence of an agreement between vertically related players and that the said agreement has caused or is likely to cause appreciable adverse effect on competition in markets in India.

The Commission has perused certain emails sent by the Informant to several entities including some Opposite Parties and is of the view that these emails appear to have been sent for the purpose of soliciting business for his product and do not reveal existence of any agreement or arrangement as envisaged under the provisions of Section 3(4) of the Act.

The Commission is of the considered view that in absence of any apparent anti-competitive conduct, the decision of purchase or sale of a product and quantity thereof is driven by the commercial considerations of the market players. Therefore, it may not be desirable for the Commission to intervene in such cases where anti-competitive behaviour is not discernible.

Based on facts and circumstances of the present matter, the Commission observes that no such agreement has been shown to exist between the Opposite Parties that may be held to be anti-competitive in terms of the provisions of Section 3(4) of the Act. Accordingly, the Commission is of the view that there does not appear to be contravention of Section 3(4) read with Section 3(1) of the Act and the matter be closed under Section 26(2) of the Act forthwith. Consequently, no case for grant of reliefs as sought under Section 33 of the Act arises.

4

FROM THE GOVERNMENT



- EXTENSION OF TIMELINE FOR PUBLIC COMMENTS ON CDCL REPORT & DRAFT BILL ON DIGITAL COMPETITION LAW
- NOTICE BY REGISTRAR FOR REMOVAL OF NAMES OF A LIMITED LIABILITY PARTNERSHIP FROM THE REGISTER [PURSUANT TO SECTION 75 OF THE LLP ACT, 2008 AND SUB-RULE (1)(B) READ WITH SUB- RULE (2) OF RULE 37 OF LLP RULES, 2009]
- IN THE MATTER OF 9 LIMITED LIABILITY PARTNERSHIPS (LIST ENCLOSED AS ANNEXURE I) AND THE LIMITED LIABILITY PARTNERSHIP ACT, 2008 AND RULES MADE THEREUNDER
- IN THE MATTER OF STRIKING OFF OF LLP UNDER SECTION 75 OF THE LLP ACT, 2008 READ WITH RULE 37 OF THE LLP RULES, 2009
- NOMINATION FOR MUTUAL FUND UNIT HOLDERS – EXEMPTION FOR JOINTLY HELD FOLIOS
- EASE OF DOING BUSINESS - FUND MANAGER FOR MUTUAL FUND SCHEMES INVESTING IN COMMODITIES AND OVERSEAS SECURITIES
- RELAXATION IN REQUIREMENT OF INTIMATION OF CHANGES IN THE TERMS OF PRIVATE PLACEMENT MEMORANDUM OF ALTERNATIVE INVESTMENT FUNDS THROUGH MERCHANT BANKER
- FRAMEWORK FOR CATEGORY I AND II ALTERNATIVE INVESTMENT FUNDS (AIFs) TO CREATE ENCUMBRANCE ON THEIR HOLDING OF EQUITY OF INVESTEE COMPANIES
- FLEXIBILITY TO ALTERNATIVE INVESTMENT FUNDS (AIFs) AND THEIR INVESTORS TO DEAL WITH UNLIQUIDATED INVESTMENTS OF THEIR SCHEMES
- EASE OF DOING BUSINESS: TEXT ON CONTRACT NOTE WITH RESPECT TO FIT AND PROPER STATUS OF SHAREHOLDERS
- CROSS MARGIN BENEFITS FOR OFFSETTING POSITIONS HAVING DIFFERENT EXPIRY DATES
- CIRCULAR ON STANDARDIZATION OF THE PRIVATE PLACEMENT MEMORANDUM (PPM) AUDIT REPORT
- ENTITIES ALLOWED TO USE E-KYC AADHAAR AUTHENTICATION SERVICES OF UIDAI IN SECURITIES MARKET AS SUB-KUA
- GUIDANCE NOTE ON OPERATIONAL RISK MANAGEMENT AND OPERATIONAL RESILIENCE
- FAIR PRACTICES CODE FOR LENDERS – CHARGING OF INTEREST

- IMPLEMENTATION OF SECTION 51A OF UAPA,1967: UPDATES TO UNSC'S 1267/ 1989 ISIL (DA'ESH) & AL-QAIDA SANCTIONS LIST: AMENDMENTS IN 01 ENTRY
- VOLUNTARY TRANSITION OF SMALL FINANCE BANKS TO UNIVERSAL BANKS
- LIMITS FOR INVESTMENT IN DEBT AND SALE OF CREDIT DEFAULT SWAPS BY FOREIGN PORTFOLIO INVESTORS (FPIs)
- FOREIGN EXCHANGE MANAGEMENT (FOREIGN CURRENCY ACCOUNTS BY A PERSON RESIDENT IN INDIA) (AMENDMENT) REGULATIONS, 2024
- FOREIGN EXCHANGE MANAGEMENT (MODE OF PAYMENT AND REPORTING OF NON-DEBT INSTRUMENTS) (AMENDMENT) REGULATIONS, 2024
- ALTERATION IN THE NAME OF "AB BANK LIMITED" TO "AB BANK PLC" IN THE SECOND SCHEDULE TO THE RESERVE BANK OF INDIA ACT, 1934
- UNAUTHORISED FOREIGN EXCHANGE TRANSACTIONS
- MASTER CIRCULAR - BANK FINANCE TO NON-BANKING FINANCIAL COMPANIES (NBFCs)
- MASTER DIRECTION – RESERVE BANK OF INDIA (ASSET RECONSTRUCTION COMPANIES) DIRECTIONS, 2024
- FORMATION OF NEW DISTRICT IN THE STATE OF ASSAM – ASSIGNMENT OF LEAD BANK RESPONSIBILITY
- IMPLEMENTATION OF SECTION 12A OF THE WEAPONS OF MASS DESTRUCTION AND THEIR DELIVERY SYSTEMS (PROHIBITION OF UNLAWFUL ACTIVITIES) ACT, 2005: DESIGNATED LIST (AMENDMENTS)
- MASTER CIRCULAR – DEENDAYAL ANTYODAYA YOJANA - NATIONAL RURAL LIVELIHOODS MISSION (DAY-NRLM)
- MASTER CIRCULAR - CREDIT FACILITIES TO SCHEDULED CASTES (SCs) & SCHEDULED TRIBES (STs)
- KEY FACTS STATEMENT (KFS) FOR LOANS & ADVANCES
- HEDGING OF GOLD PRICE RISK IN OVERSEAS MARKETS
- CIMS PROJECT IMPLEMENTATION - SUBMISSION OF STATUTORY RETURNS (FORM A, FORM VIII AND FORM IX) ON CIMS PORTAL
- ALTERATION IN THE NAME OF "SONALI BANK LIMITED" TO "SONALI BANK PLC" IN THE SECOND SCHEDULE TO THE RESERVE BANK OF INDIA ACT, 1934
- EXCLUSION OF "KAPOL CO-OPERATIVE BANK LIMITED" FROM THE SECOND SCHEDULE TO THE RESERVE BANK OF INDIA ACT, 1934
- MASTER CIRCULAR - INCOME RECOGNITION, ASSET CLASSIFICATION, PROVISIONING AND OTHER RELATED MATTERS - UCBs
- MASTER CIRCULAR - PRUDENTIAL NORMS ON INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING PERTAINING TO ADVANCES
- MASTER CIRCULAR – HOUSING FINANCE
- MASTER CIRCULAR - HOUSING FINANCE FOR UCBs
- MASTER CIRCULAR - PRUDENTIAL NORMS ON CAPITAL ADEQUACY - PRIMARY (URBAN) CO-OPERATIVE BANKS (UCBs)
- MASTER DIRECTION ON COUNTERFEIT NOTES, 2024 – DETECTION, REPORTING AND MONITORING
- MASTER CIRCULAR – BASEL III CAPITAL REGULATIONS
- MASTER CIRCULAR ON CONDUCT OF GOVERNMENT BUSINESS BY AGENCY BANKS - PAYMENT OF AGENCY COMMISSION
- MASTER CIRCULAR - DISBURSEMENT OF GOVERNMENT PENSION BY AGENCY BANKS
- MASTER CIRCULAR ON SHG-BANK LINKAGE PROGRAMME
- MASTER DIRECTION ON PENAL PROVISIONS IN REPORTING OF TRANSACTIONS / BALANCES AT CURRENCY CHESTS
- MASTER CIRCULAR - GUARANTEES, CO-ACCEPTANCES & LETTERS OF CREDIT - UCBs
- MASTER DIRECTION ON FRAMEWORK OF INCENTIVES FOR CURRENCY DISTRIBUTION & EXCHANGE SCHEME FOR BANK BRANCHES INCLUDING CURRENCY CHESTS
- MASTER DIRECTION – SCHEME OF PENALTIES FOR BANK BRANCHES AND CURRENCY CHESTS FOR DEFICIENCY IN RENDERING CUSTOMER SERVICE TO THE MEMBERS OF PUBLIC
- MASTER CIRCULAR - GUARANTEES AND CO-ACCEPTANCES
- MASTER CIRCULAR – LEAD BANK SCHEME
- MASTER CIRCULAR ON BOARD OF DIRECTORS - UCBs



Corporate Laws

01 Extension of timeline for Public Comments on CDCL Report & Draft Bill on Digital Competition Law

[Issued by the Ministry of Corporate Affairs [No.-06/11/2022-Comp-MCA] dated 09.04.2024.

Ministry of Corporate Affairs (MCA) had invited comments of stakeholders on the Report of Committee on Digital Competition Law (CDCL) as well as Draft Digital Competition Bill placed on the website of MCA under e-Consultation module by 15.04.2024.

2. Considering the requests received from various stakeholders, the last date of submitting the comments/suggestions is extended till 15th May, 2024.
3. Stakeholders may please note that apart from e.consultation module, the comments/suggestions may also be submitted at email - comments.cdcl@gov.in.

02 Notice by Registrar for removal of names of a Limited Liability Partnership from the Register [Pursuant to Section 75 of the LLP Act, 2008 and sub-rule (1)(b) read with Sub- Rule (2) of Rule 37 of LLP Rules, 2009]

[Issued by the Ministry of Corporate Affairs [ROCB/LLP Strike off/sec.75-Rule 37(2)/2024/96 to103] dated 05.04.2024.

In the matter of 190 Limited Liability Partnerships (List Enclosed) And In the matter of Limited Liability Partnership Act 2008 and Rules made thereunder

- (1) Notice is hereby given that 190 LLPs (List Enclosed) have made application in Form 24 to the Registrar, for striking off their names from the Register, pursuant to sub-rule (1)(b) of Rule 37 of LLP Rules, 2009, read with Section 75 of the Limited Liability Partnership Act, 2008.
- (2) Pursuant to sub-rule (2) of Rule 37 of LLP Rules, 2009, the list of 190 LLP names is hereby placed on the Website (www.mca.gov.in) for information of the general public for a period of one month.
- (3) Notice is hereby given that unless a cause to the contrary is shown within the time of One month, the names of the 190 LLPs (mentioned in the enclosed List) shall be struck off from the Register and the said

LLPs names will be published on the Official Gazette and shall be dissolved on such Gazette publication.

SANJAY SOOD

Registrar of Companies, Karnataka

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

03 In the matter of 9 Limited Liability Partnerships (List enclosed as Annexure I) and The Limited Liability Partnership Act, 2008 and Rules made thereunder

[Issued by the Ministry of Corporate Affairs [No. ROC-cum-OL/UK/LLP/STK/2024/9] dated 08.04.2024.

1. Notice is hereby given that 9 LLPs (List Enclosed) have made an application in Form 24 to the Registrar, for striking off their names from the register, pursuant to sub-rule (1) (b) of Rule 37 of LLP Rules, 2009, read with Section 75 of The Limited Liability Partnership Act, 2008.
2. Pursuant to sub-rule (2) of Rule 37 of LLP Rules, 2009, the list of 9 LLP Names is hereby placed on the website (www.mca.gov.in) for information of the general public for a period of one month.
3. Notice is hereby given that unless a cause to the contrary is shown within the period of one month, the names of these 9 LLPs (as mentioned in the enclosed list) shall be struck off from the Register and the names of these LLPs will be published in the Official Gazette and shall stand dissolved on such Gazette Publication.

IMRAN AHMAD SIDDIQUI

Registrar of Companies-cum Official Liquidator

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

04 In the matter of striking off of LLP under Section 75 of the LLP Act, 2008 read with Rule 37 of the LLP Rules, 2009

[Issued by the Ministry of Corporate Affairs [Public Notice No.ROC/LLP/Sec.75/2024/16] dated 03.04.2024.

- I. Notice is hereby given that the below mentioned LLPs 11(Eleven) numbers have made application in Form 24 for striking off their names from the Register in pursuance to the Section 75 of the LLP Act, 2008 read with the Rule 37(1)(b) of the LLP Rules, 2009.

And therefore, the Registrar proposes to remove/ strike off the names of above-mentioned LLPs from the Register and dissolve them unless a cause is shown to the contrary, within one month from the date of this notice.

2. Any person objecting to the proposed removal/striking off name of LLPs from the register of LLPs may send his/her objection to the office address mentioned here in above within one month from the date of publication of this notice.

S. No.	Name of LLP	LLPIN	SRN
1.	PANPOSH SHOO VAHINI LLP	AA0-4320	M28414072
2.	DEEVYAYAN MINERALS LLP	AAA-3221	M28457720
3.	OMNIPRESENCE E-MART LLP	AAR-9249	M28512448
4.	LAXMI ALLIED INSURANCE MARKETING LLP	AAW-8020	M28523520
5.	DEVASSIAN TECHNOLOGY LLP	ABZ-8998	M28549694
6.	TECHZEUS SOFTWARE LLP	AAR-5254	M28579038
7.	QNA RESEARCH LLP	AA I-0233	M28586621
8.	OM BREWHAUS LLP	AAR-5357	M28606472
9.	CROPINTEL LLP	AAV-3813	M28608259
10.	D2H SUPPLIES LLP	AAV-9880	M28627706
11.	AYURBLISS WELLNESS LLP	AAQ-3331	M28630231

TRUPTI SHARMA

Indian Corporate Law Service (I.C.L.S.)

05 Nomination for Mutual Fund Unit Holders – exemption for jointly held folios

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/29 dated 30.04. 2024]

- Clause 17.16 of Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 for Mutual Funds ('Master Circular') read with Circular No. SEBI/HO/IMD/IMD POD1/P/CIR/2023/160 dated September 27, 2023 and Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/193 dated December 27, 2023, *inter alia*, prescribes the requirement for nomination/opting out of nomination for all the existing individual unit holder(s) holding Mutual Fund units either solely or jointly, by June 30, 2024, failing which the folios shall be frozen for debits.
- In order to simplify, ease and reduce cost of compliance, a working group was constituted to review the present regulatory framework of Mutual Funds and recommend measures to promote the ease of doing business. Based on the recommendations of the working group, a public consultation was carried out.
- Accordingly, it has been decided that the requirement of nomination specified under clause 17.16 of the Master Circular for Mutual Funds shall be optional for jointly held Mutual Fund folios.
- All other provisions related to requirement of nomination as provided in SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 and SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/193 dated December 27, 2023, shall remain unchanged.

- This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 29A and Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework -> Circulars".

PETER MARDI
Deputy General Manager

06 Ease of doing business- Fund manager for Mutual fund schemes investing in commodities and overseas securities

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/30 dated 30.04. 2024]

- 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 (Mutual Funds) Regulation, 1996 and recommend measures to promote ease of doing business for mutual funds. Based on the recommendations of the working group, a public consultation was carried out.
- Accordingly, the following has been decided:
 - In partial modification to the Clause 3.3.11 of the Master Circular for Mutual Funds dated May 19, 2023, it has been decided as under:

"For commodity based funds such as Gold ETFs, Silver ETFs and other funds participating in commodities market, appointment of a dedicated fund manager shall be optional. However, the person appointed as fund manager of such funds should have adequate expertise and experience to manage investments in commodities market. The Board of the AMCs shall be responsible for ensuring compliance and reporting regarding the same to trustees, on a periodic basis."
 - Further, in partial modification to the Clause 12.19.3.1 of the Master Circular for Mutual Funds dated May 19, 2023, it has been decided as under:

"Appointment of a dedicated fund manager for making the above overseas investments stipulated under paragraph 12.19.2.1 to 12.19.2.9 shall be optional. However, the person appointed as fund manager of such funds should have adequate expertise and experience to manage investments in overseas securities. The Board of the AMCs shall be responsible for ensuring compliance and reporting regarding the same to trustees, on a periodic basis."
- 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 25(22)(a)(ii) and Regulation 77 of the

Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

- This circular is available at www.sebi.gov.in under the link "Legal ->Circulars".

LAKSHAYA CHAWLA
Deputy General Manager

07 Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/PoD/CIR/2024/028 dated 29.04. 2024]

- In terms of para 2.5.3 of the SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 for Alternative Investment Funds (AIFs), intimation with respect to any change in the terms of Private Placement Memorandum (PPM) is required to be submitted to SEBI through a merchant banker, along with a due diligence certificate from the merchant banker in the format specified by SEBI.
- In this regard, based on the feedback received from the market participants, the aforesaid requirement was reviewed to identify changes in the terms of PPM which may not be required to be submitted through a merchant banker and may be filed directly with SEBI, thereby, facilitating ease of doing business and rationalising cost of compliance for AIFs.
- Accordingly, it has been decided that the changes in the terms of PPM, as mentioned in Annexure A, may not be required to be submitted through a merchant banker and may be filed directly with SEBI.
- Further, Large Value Fund for Accredited Investors (LVFs) shall be exempted from the requirement of intimating any changes in the terms of PPM through a merchant banker. LVFs may directly file any changes in the terms of PPM with SEBI, along with a duly signed and stamped undertaking by CEO of the Manager of the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of the AIF, in a format as specified at Annexure B.
- The provisions of this circular shall come into force with immediate effect.
- This circular is issued with the approval of the competent authority.
- 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 under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

SANJAY SINGH BHATI
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

08 Framework for Category I and II Alternative Investment Funds (AIFs) to create encumbrance on their holding of equity of investee companies

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/PoD1/CIR/2024/027 dated 26.04. 2024]

- To provide ease of doing business and flexibility to Category I and II AIFs to create encumbrance on their holding of equity in investee companies to facilitate raising of debt by such investee companies, SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") have been amended and notified on April 25, 2024. Copy of the notification is available at [link](#).
- Accordingly, in terms of provisos to Regulation 16(1)(c) and 17(c) of AIF Regulations, Category I and Category II AIFs may create encumbrance on equity of investee company, which is in the business of development, operation or management of projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government, only for the purpose of borrowing by such investee company and subject to such conditions as may be specified by the Board from time to time.
- In this regard, the following conditions are specified:
 - Existing schemes of Category I or Category II AIFs who have not on-boarded any investors prior to April 25, 2024, may create encumbrance on equity of investee company for the purpose of borrowing of the said investee company as specified in para 2 above, subject to explicit disclosure with respect to creation of such encumbrance in this regard and disclosure of associated risks in their Private Placement Memorandums (PPMs).
 - Any encumbrances already created by a scheme of Category I or Category II AIF prior to April 25, 2024, on the securities of investee company for the purpose of borrowing of such investee company, may continue if such encumbrances were created after making an explicit disclosure in the PPM of the scheme.
 - In case such encumbrances were created by a scheme of Category I or Category II AIF without making an explicit disclosure in the PPM -
 - Such encumbrances may be continued with, only if the encumbrances were created on securities of investee company as stated in

para 2 above, and consent of all investors in the scheme of the AIF is obtained to this effect latest by October 24, 2024. If consent of all investors is not obtained within the aforesaid time period, the encumbrances shall be removed latest by January 24, 2025.

- 3.3.2. Such encumbrances may not be continued with, if the encumbrances were created on securities of investee company other than as stated in para 2 above. Such encumbrances on securities of the investee company shall be removed latest by October 24, 2024.
- 3.4. Category I or Category II AIFs shall ensure that the borrowings made by the investee company against the equity investments encumbered by the AIFs are utilised only for the purpose of development, operation or management of investee company as stated in para 2 above, and not utilised otherwise including to invest in another company. The aforesaid limitation on usage of borrowing shall be included as one of the terms of the investment agreement entered between the AIF and the investee company.
- 3.5. The duration of encumbrance created on the equity investments shall not be greater than the residual tenure of the scheme of the Category I or Category II AIFs.
- 3.6. Any Category I or Category II AIF with more than 50% foreign investment or with foreign sponsor/ manager or with persons other than resident Indian citizens as external members in its investment committee which is set up to approve its decisions, shall ensure compliance with para 7.11.2 of RBI Master Direction dated January 04, 2018 on 'Foreign Investments in India', as though the AIF is a person resident outside India.
- 3.7. In case of default by the borrower investee company, Category I or Category II AIF shall ensure that the fund or its investors are not subject to any liability over and above the equity of the borrower investee company encumbered by the AIF.
- 3.8. The aforesaid flexibility of creating encumbrance on equity investment shall not be interpreted as allowing schemes of Category I and II AIFs to extend any form of guarantee for investee company.
- 3.9. Schemes of Category I or Category II AIFs shall not create encumbrance on their investments in foreign investee companies.

SANJAY SINGH BHATI
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

09 Flexibility to Alternative Investment Funds (AIFs) and their investors to deal with unliquidated investments of their schemes

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/PoD-1/P/CIR/2024/026 dated 26.04.2024]

1. Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations 2024 ("AIF Regulations Amendment"), have been notified on April 25, 2024, *inter alia*, to provide additional flexibility to AIFs and their investors to deal with unliquidated investments of their schemes. Copy of the notification is available at link.
2. Dissolution Period:
 - 2.1. Regulation 2(1)(ia) of AIF Regulations states as under –

“dissolution period” means the period following the expiry of the liquidation period of the scheme for the purpose of liquidating the unliquidated investments of the scheme of the Alternative Investment Fund.”
 - 2.2. Regulation 29(9) of AIF Regulations states as under –

“Notwithstanding anything contained in sub-regulation (7), during liquidation period of a scheme, an Alternative Investment Fund may distribute investments of a scheme which are not sold due to lack of liquidity, in-specie to the investors or enter into the dissolution period, after obtaining approval of at least seventy five percent of the investors by value of their investment in the scheme of the Alternative Investment Fund, in the manner and subject to conditions specified by the Board from time to time.

Provided that in the absence of consent of unit holders for exercising the options under sub-regulation (9) during liquidation period, such investments of the scheme of the Alternative Investment Fund shall be dealt with in the manner as may be specified by the Board from time to time.”
 - 2.3. In this regard, the following conditions are specified –
 - 2.3.1. Before seeking the requisite investor consent, the AIF / manager shall arrange bid for a minimum of 25% of the value of its unliquidated investments. The bid shall be arranged for units representing consolidated value of all unliquidated investments of the scheme's investment portfolio. The manager may arrange bids from multiple bidders in this regard.
 - 2.3.2. The AIF / manager shall disclose the following to investors prior to seeking their consent –

- i. The proposed tenure of the Dissolution Period, details of unliquidated investments, value recognition of the unliquidated investments for reporting to Performance Benchmarking Agencies, etc.
 - ii. An indicative range of bid value, along with the valuation of the unliquidated investments carried out by two independent valuers.
- 2.3.3. Prior to expiry of the Liquidation Period, the AIF / manager shall intimate SEBI about obtaining the investor consent and the investors' decision to enter into Dissolution Period.
- 2.3.4. If the AIF / manager successfully arranges bid for a minimum of 25% of the value of unliquidated investments of the scheme, the dissenting investors of the scheme shall be offered an option to fully exit the scheme out of the 25% bid arranged by the AIF. After exercising the exit option by aforesaid dissenting investors, any unsubscribed portion of the bid may be used to provide pro-rata exit to non-dissenting investors should they opt for the same.
- 2.3.5. If the AIF / manager fails to arrange bid for a minimum of 25% of the value of unliquidated investments of the scheme, the AIF can still opt for Dissolution Period, provided that it obtains consent of at least 75% of the investors by value of their investment in the scheme of the AIF.
- 2.3.6. If the bidder or its related parties are investor(s) in the scheme, such investor(s) shall not be provided exit from the scheme out of the bid. ["Related party" shall have the same meaning as provided in Regulation 2(1)(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.]
- 2.3.7. At the time of entering into Dissolution Period, for appropriately capturing the track record of performance of the manager and for reporting the same to Performance Benchmarking Agencies, the value of such unliquidated investments of the scheme shall be calculated in the following manner–
- i. Based on bid value, if the AIF / manager arranges bid for a minimum of 25% of the value of unliquidated investments of the scheme; or
 - ii. One Rupee, if the AIF / manager fails to arrange bid for a minimum of 25% of the value of unliquidated investments of the scheme.

SANJAY SINGH BHATI
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

10 Ease of Doing Business: Text on Contract Note with respect to Fit and Proper status of shareholders

[Issued by the Securities and Exchange Board of India vide Circular CIRCULAR SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/25 dated 24.04.2024]

1. SEBI has received representations from market participants through the Industry Standards Forum (ISF) to relax the requirement, under chapter 6 at Para 2.4.2.2.2 of the Master Circular (Stock Exchanges and Clearing Corporations) dated October 16, 2023, of publishing the text pertaining to 'fit and proper' on the contract note in terms of Regulation 19 and 20 of the SEBI (Securities Contract (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2018 (i.e. SCR (SECC) Regulations, 2018).
2. As a step towards ease of doing business, the requirement to publishing the text of Regulation 19 of the SCR(SECC) Regulations, 2018 on the contract notes is no longer required and Clause 2.4.2.2.2 under Chapter 6 of the Master Circular (Stock Exchanges and Clearing Corporations) dated October 16, 2023 stands amended as under:

"In the post listing scenario, in lieu of text only a reference of the applicable regulation with regard to fit and proper (by mentioning the URL/weblink of Regulation 19 and 20 of the SCR(SECC) Regulations, 2018) shall be made part of the contract note."
3. The Stock Exchanges are accordingly advised to:
 - a. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be necessary/applicable.
 - b. Bring the provisions of this circular to the notice of their members and to disseminate the same on their website.
 - c. Communicate to SEBI the status of implementation of the provisions of this circular in the Monthly Development Report.
 - a. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities market.

VISHAL SHUKLA
General Manager

11 Cross Margin benefits for offsetting positions having different expiry dates

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/TPD-1/P/CIR/2024/24 dated 23.04.2024]

1. Chapter 5 of SEBI Master Circular dated October 16, 2023 for Stock Exchanges and Clearing Corporations *inter-alia* provides stipulations for cross margin between index futures position and constituent stock futures position in derivatives segment (Clause 1.2.9) as

well as cross margin in respect of offsetting positions in correlated equity indices (Clause 1.2.10). At present, the aforesaid cross margin benefits are provided if both the correlated indices or an index and its constituents, as the case may be, have same expiry day.

2. In discussion with stock exchanges, Clearing Corporations and Risk Management Review Committee of SEBI, it has been decided to extend the cross margin benefit on offsetting positions having different expiry dates subject to the following :
 - a. A spread margin of 40% would be levied in case of offsetting positions in correlated indices having different expiry dates. Spread margin of 30% would continue to get levied in case of same expiry date (i.e. existing requirement).
 - b. A spread margin of 35% would be levied in case of offsetting positions in index and its constituents having expiry date different from index. While the expiry date of index futures can be different from that of its constituents, the expiry date of futures contracts of all constituents should be same in order to obtain the aforesaid cross margin benefit. Further, spread margin of 25% would continue to get levied in case of same expiry date of index and constituents (i.e. existing requirement).
 - c. The aforesaid spread margin benefit would be revoked at the beginning of the expiry day of the position which expires first (i.e. first of the expiring indices or constituents) in case the expiry dates of both legs of the position are different.
 - d. Exchanges / Clearing Corporations to put in place suitable monitoring mechanism to keep track of cross margin activities of participants.
 - e. All other requirements pertaining to cross margin remain unchanged and applicable.
3. The circular would be effective three months from its date of issuance. 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.

ANSUMAN DEV PRADHAN
Deputy General Manager

12 Circular on Standardization of the Private Placement Memorandum (PPM) Audit Report

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/SEC-1/P/CIR/2024/22 date 18.04.2024]

1. In terms of Regulation 28 of SEBI (AIF) Regulations, 2012 and Clause 2.4 of SEBI Master Circular SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 (Master Circular) it is mandatory for AIFs to carry out an annual audit of compliance with the terms of

Private Placement Memorandum (PPM). In terms of Clause 2.4.2 of Master Circular, AIFs are required to submit Annual PPM Audit Reports to the Trustee or Board of Directors or Designated Partners of the AIF, Board of directors or Designated Partners of the Manager and SEBI, within 6 months from the end of the Financial Year.

2. In order to have uniform compliance standards and for ease of compliance reporting, standard reporting format for PPM Audit Report applicable to various categories of AIF has been prepared in consultation with pilot Standard Setting Forum for AIFs (SFA).
3. The said reporting format shall be hosted on the websites of the AIF Associations which are part of SFA within 2 working days of issuance of this circular. The associations shall assist all AIFs in understanding the reporting requirements and in clarifying or resolving any issues which may arise in connection with reporting to ensure accurate and timely reporting.
4. The PPM audit reports shall be submitted to SEBI by AIFs online on the SEBI Intermediary Portal (SI Portal) as per the aforesaid format.
5. In terms of Clause 2.4.1 of Master Circular audit of sections of PPM relating to 'Risk Factors', 'Legal, Regulatory and Tax Considerations' and 'Track Record of First Time Managers' shall be optional. In addition, 'Illustration of Fees and Expenses' and 'Glossary and Terms' shall also be optional.
6. All other provisions with respect to the filing of the PPM audit report specified in the Master circular shall remain unchanged.
7. The reporting requirement mentioned at paragraph 3 above shall be applicable for PPM audit reports to be filed for the Financial Year ending March 31, 2024 onwards.
8. To keep pace with the fast-changing landscape of AIF industry and for policy and supervision purposes, the aforesaid reporting format shall be reviewed periodically by pilot SFA in consultation with SEBI. In case of any revisions in the reporting format, revised format shall be made available on websites of the Associations which are part of SFA.
9. 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 interest of investors in securities and to promote the development of, and to regulate the securities the securities market.
10. This Circular is available on the SEBI website at www.sebi.gov.in under the categories "Legal Framework" and under the drop down "Circulars" and "Info for – Alternative Investment Funds".

RAJESH GUJJAR
General Manager

13 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/2024/21 dated 05.04.2024]

1. 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.
2. 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.
3. DoR-MoF has vide Gazette Notification S.O. 801(E) dated February 20, 2024, notified 24 entities which are permitted to use Aadhaar authentication services of UIDAI under section 11A of the Prevention of Money-laundering Act, 2002. A copy of the notification is attached at Annexure A.
4. The above mentioned entities 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 these entities as sub-KUAs 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

14 Guidance Note on Operational Risk Management and Operational Resilience

[Issued by the Reserve Bank of India vide RBI/2024-25/31 DOR.ORG.REC.21/14.10.001/2024-25 dated 30.04.2024]

1. Purpose

- 1.1 Operational Risk is inherent in all banking/ financial products, services, activities, processes, and systems. Effective management of Operational Risk is an integral part of the Regulated Entities' (REs) risk management framework. Sound Management of Operational Risk shows the overall effectiveness of the Board of Directors and Senior Management in administering the RE's portfolio of products, services, activities, processes, and systems.

- 1.2 An operational disruption can threaten the viability of an RE, impact its customers and other market participants, and ultimately have an impact on financial stability. It can result from man-made causes, Information Technology (IT) threats (e.g., cyber-attacks, changes in technology, technology failures, etc), geopolitical conflicts, business disruptions, internal/external frauds, execution/ delivery errors, third party dependencies, or natural causes (e.g., climate change, pandemic, etc.).
- 1.3 An RE needs to factor in the entire gamut of risks (including the aforesaid risks in its risk assessment policies/ processes), identify and assess them using appropriate tools, monitor its material operational exposures and devise appropriate risk mitigation/ management strategies using strong internal controls to minimize operational disruptions and continue to deliver critical operations, thus ensuring operational resilience.
- 1.4 Until recently, the predominant Operational Risks that REs faced emanated from vulnerabilities related to increasing dependence and rapid adoption of technology for provision of financial services and intermediation. However, the financial sector's growing reliance on third-party providers (including technology service providers) exacerbated by Covid-19 pandemic with greater reliance on virtual working arrangements, has highlighted the increasing importance of Operational Risk Management and Operational Resilience; which not only benefits the RE by strengthening its ability to remain a viable going concern but also supports the financial system by ensuring continuous delivery of critical operations during any disruption.
- 1.5 In view of the foregoing, the Reserve Bank, through this Guidance Note on Operational Risk Management and Operational Resilience (hereafter 'Guidance Note') intends to:
 - 1.5.1 promote and further improve the effectiveness of Operational Risk Management of the REs, and
 - 1.5.2 enhance their Operational Resilience given the interconnections and interdependencies, within the financial system, that result from the complex and dynamic environment in which the REs operate.
- 1.6 This Guidance Note updates the "Guidance Note on Management of Operational Risk" dated October 14, 2005. It has been prepared based on the Basel Committee on Banking Supervision (BCBS) principles documents issued in March 2021, viz., (a) 'Revisions to the Principles for the Sound Management of Operational Risk' and (b) 'Principles for Operational Resilience' as well as the some of the international best practices.
- 1.7 The Guidance Note has adopted a principle-based and proportionate approach to ensure smooth implementation across REs of various sizes, nature, complexity, geographic location and risk profile of their businesses. Although the exact approach may vary from RE to RE, the Guidance Note provides an overarching guidance to REs for improving and further strengthening their Operational Risk Management Framework (ORMF). It gives adequate flexibility to REs for Operational Risk Management to enhance their

ability to withstand, adapt and recover from potential operational disruptions and ensure their Operational Resilience. The systems, procedures and tools prescribed in this Guidance Note are indicative in nature and should be read in conjunction with the relevant instructions issued by Reserve Bank from time to time. In case of inconsistency, if any, the relevant instructions issued by the Reserve Bank would prevail.

1.8 The operational risk regulatory capital requirements shall continue to be guided by the applicable guidelines¹.

2. Application

2.1 This Guidance Note shall apply to the following REs:

- 2.1.1 All Commercial Banks²;
- 2.1.2 All Primary (Urban) Co-operative Banks/State Co-operative Banks/Central Co-operative Banks;
- 2.1.3 All All-India Financial Institutions (viz., Exim Bank, NABARD, NHB, SIDBI, and NaBFID); and
- 2.1.4 All Non-Banking Financial Companies including Housing Finance Companies.

SUNIL T. S. NAIR
Chief General Manager

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15 Fair Practices Code for Lenders – Charging of Interest

[Issued by the Reserve Bank of India vide RBI/2024-25/30 DoS.CO.PPG. SEC.1/11.01.005/2024-25 dated 29.04.2024]

The guidelines on Fair Practices Code issued to various Regulated Entities (REs) since 2003, *inter-alia*, advocate fairness and transparency in charging of interest by the lenders, while providing adequate freedom to REs as regards their loan pricing policy.

2. During the course of the onsite examination of REs for the period ended March 31, 2023, the Reserve Bank came across instances of lenders resorting to certain unfair practices in charging of interest. Some of the unfair practices observed are briefly explained below:

- a) Charging of interest from the date of sanction of loan or date of execution of loan agreement and not from the date of actual disbursement of the funds to the customer. Similarly, in the case of loans being disbursed by cheque, instances were observed where interest was charged from the date of the cheque whereas the cheque was handed over to the customer several days later.
- b) In the case of disbursement or repayment of loans during the course of the month, some REs were charging interest for the entire month, rather than charging interest only for the period for which the loan was outstanding.

c) In some cases, it was observed that REs were collecting one or more instalments in advance but reckoning the full loan amount for charging interest.

3. These and other such non-standard practices of charging interest are not in consonance with the spirit of fairness and transparency while dealing with customers. These are matters of serious concern to the Reserve Bank. Wherever such practices have come to light, RBI through its supervisory teams has advised REs to refund such excess interest and other charges to customers. REs are also being encouraged to use online account transfers in lieu of cheques being issued in a few cases for loan disbursement.

4. Therefore, in the interest of fairness and transparency, all REs are directed to review their practices regarding mode of disbursement of loans, application of interest and other charges and take corrective action, including system level changes, as may be necessary, to address the issues highlighted above.

5. This circular takes immediate effect.

TARUN SINGH
Chief General Manager

16 Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 01 Entry

[Issued by the Reserve Bank of India vide RBI/2024-25/29 DOR. AML. REC.19/14.06.001/2024-25 dated 26.04.2024]

Please refer to Section 51 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on January 04, 2024 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

2. In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC/15682 dated April 25, 2024 wherein the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities enacted the amendments specified with strikethrough and/or underline in the entry below on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban and arms embargo set out in paragraph 1 of Security Council resolution 2610 (2021), and adopted under Chapter VII of the Charter of the United Nations.

A. Individuals

QDi.431 Name: 1: SANAULLAH 2: GHAFARI 3: na 4: na
Name (original script): ثناء الله غفاری

Title: Dr. Designation: na DOB: a) 28 Oct. 1994 b) 24 May 1990 POB: Mir Bacha Kot District, Kabul Province, Afghanistan Good quality a.k.a.: a) Dr. Shahab al Muhajir

- b) Shahab Muhajer c) Shahab Mohajir d) Shahab Mahajar e) Shihab al Muhajir f) Shihab Muhajir g) Shihab Mohajir h) Shihab Mahajar Low quality a.k.a.: na Nationality: Afghanistan Passport no: na Afghanistan number: O1503093, issued on 25 Aug. 2016 in Kabul, Afghanistan (expired on 25 Aug. 2021) National identification no: na Address: a) Afghanistan (2021) b) Kunduz, Afghanistan (previous) Listed on: 21 Dec. 2021 (Amended on 25 April 2024) Other information: Leader of the Islamic State of Iraq and the Levant - Khorasan (ISIL - K) (QDe.161). Information Technology Expert. Father's name: Abdul Jabbar. Grandfather's name: Abdul Ghaffar. Photo is available for inclusion in the INTERPOL-UN Security Council Special Notice. INTERPOL-UN Security Council Special Notice web link: <https://www.interpol.int/en/How-we-work/Notices/View-UN-Notices-Individuals>.
3. In accordance with paragraph 58 of resolution 2610 (2021), the Committee has made accessible on its website the narrative summaries of reasons for listing of the above entries at the following URL: www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list/summaries.
4. Press release dated April 25, 2024 regarding the above can be found at <https://press.un.org/en/2024/sc15682.doc.htm>

Further, the UNSC press releases concerning amendments to the list are available at URL: <https://www.un.org/securitycouncil/sanctions/1267/press-releases>

SAIDUTTA SANGRAM KESHARI PRADHAN
General Manager

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17 Voluntary transition of Small Finance Banks to Universal Banks

[Issued by the Reserve Bank of India vide RBI/2024-25/28 DOR.LIC.REC.20/16.13.218/2024-25 dated 26.04.2024]

Please refer to Paragraph 14 of the "Guidelines for 'on-tap' Licensing of Small Finance Banks in Private Sector" dated December 5, 2019, which provides a transition path for Small Finance Banks (SFBs) to convert into Universal Banks. Such conversion shall be subject to the SFB's fulfilling minimum paid-up capital/ net worth requirement as applicable to Universal Banks, satisfactory track record of performance as an SFB for a minimum period of five years and RBI's due diligence exercise.

2. These instructions are issued in exercise of the powers conferred on the Reserve Bank of India under Section 22 (1) of the Banking Regulation Act, 1949.

Commencement

3. The provisions contained in the circular shall be effective from the date of this circular.

Applicability

4. This circular is applicable to all Small Finance Banks.

Provisions

5. With the objective of bringing better clarity, the eligibility criteria for an SFB to transition into a Universal bank will now be as follows:
- Scheduled status with a satisfactory track record of performance for a minimum period of five years;
 - Shares of the bank should have been listed on a recognised stock exchange;
 - Having a minimum net worth of ₹1,000 crore as at the end of the previous quarter (audited);
 - Meeting the prescribed CRAR requirements for SFBs;
 - Having a net profit in the last two financial years; and
 - Having GNPA and NNPA of less than or equal to 3 percent and 1 percent respectively in the last two financial years.
6. The following conditions shall be applicable with regard to shareholding pattern:
- There is no mandatory requirement for an eligible SFB to have an identified promoter. However, the existing promoters of the eligible SFB, if any, shall continue as the promoters on transition to Universal Bank.
 - Addition of new promoters or change in promoters shall not be permitted for an eligible SFB while transitioning to Universal Bank.
 - There shall be no new mandatory lock-in requirement of minimum shareholding for existing promoters in the transitioned Universal Bank.
 - There shall be no change to the promoter shareholding dilution plan already approved by the Reserve Bank.
 - The eligible SFBs having diversified loan portfolio will be preferred.
7. The eligible SFB shall be required to furnish a detailed rationale for such transition. The application for transition from SFB to Universal Bank shall be assessed in accordance with the Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector dated August 1, 2016, as applicable, and Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 dated January 16, 2023, as amended from time to time. Further, on transition the bank will be subjected to all the norms including NOFHC structure (as applicable) as per the said Guidelines.
8. The eligible SFB may submit its application for transition to Universal Bank, in the prescribed form (Form III) in terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, along with other requisite documents, to Department of Regulation, Reserve Bank of India, Central Office, 12th Floor, Central Office Building, Shahid Bhagat Singh Road, Mumbai - 400001.

MANORANJAN PADHY
Chief General Manager

18 Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)

[Issued by the Reserve Bank of India vide RBI/2024-25/27 A.P. (DIR Series) Circular No. 03 dated 26.04.2024]

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 1 to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA. 396/2019-RB dated October 17, 2019 as amended from time to time and the relevant Directions issued thereunder.

2. Reference is also invited to the following directions issued by the Reserve Bank:
 - a) A.P. (DIR Series) Circular No. 25 dated March 30, 2020;
 - b) Circular No. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020;
 - c) A.P. (DIR Series) Circular No. 23 dated February 10, 2022;
 - d) A.P. (DIR Series) Circular No. 01 dated April 19, 2022;
 - e) Circular no. FMRD.FMID.No.04/14.01.006/2022-23 dated July 07, 2022;
 - f) Circular no. FMRD.FMID.No. 07/14.01.006/2022-23 dated January 23, 2023; and
 - g) Circular no. FMRD.FMID.No. 04/14.01.006/2023-24 dated November 08, 2023;
3. Investment Limits for the financial year 2024-25:
 - a) The limits for FPI investment in government securities (g-secs), state government securities (SGSs) and corporate bonds shall remain unchanged at 6 per cent, 2 per cent and 15 per cent respectively, of the outstanding stocks of securities for 2024-25.
 - b) As hitherto, all investments by eligible investors in the 'specified securities' shall be reckoned under the Fully Accessible Route (FAR) in terms of A.P. (DIR Series) Circular No. 25 dated March 30, 2020.
 - c) The allocation of incremental changes in the g-sec limit (in absolute terms) over the two sub-categories – 'General' and 'Long-term' – shall be retained at 50:50 for 2024-25.
 - d) The entire increase in limits for SGSs (in absolute terms) has been added to the 'General' sub-category of SGSs.

DIMPLE BHANDIA
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

19 Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024

[Issued by the Reserve Bank of India vide No. FEMA. 10(R)(3)/2024-RB dated 23.04.2024]

In exercise of the powers conferred by Section 9 and clause (e) of 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 (Foreign Currency Accounts by a person resident in India) Regulations, 2015 (Notification No. FEMA10(R)/2015-RB dated January 21, 2016) (hereinafter referred to as 'the Principal Regulations'), namely:-

1. Short Title & Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment to Regulation 5 of the Principal Regulations

In sub-regulation (F)(1) of Regulation 5 of the Principal Regulations, the existing provision shall be substituted by the following, namely:

“Subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) or through direct listing of equity shares of companies incorporated in India on International Exchanges, the funds so raised may, pending their utilisation or repatriation to India, be held in foreign currency accounts with a bank outside India.”

LATHA RADHAKRISHNAN
General Manager-in-Charge

20 Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024

[Issued by the Reserve Bank of India vide No. FEMA. 395(2)/2024-RB dated 23.04.2024]

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and consequent to the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, the Reserve Bank of India hereby makes the following amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 [Notification No. FEMA.395/2019-RB dated October 17, 2019] (hereinafter referred to as 'the Principal Regulations') namely:-

1. Short Title & Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Mode of Payment and

Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024.

- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment to Regulation 3.1 of the Principal Regulations

In Regulation 3.1 of the Principal Regulations, after Sl no. IX, the following shall be inserted namely: -

<p>X. Schedule XI</p> <p>(Purchase or Subscription of Equity Shares of Companies Incorporated in India on International Exchanges Scheme by Permissible Holder)</p>	<p>A. Mode of Payment</p> <p>(1) The amount of consideration for purchase / subscription of equity shares of an Indian company listed on an International Exchange shall be paid, -</p> <p>(i) through banking channels to a foreign currency account of the Indian company held in accordance with the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015, as amended from time to time; or</p> <p>(ii) as inward remittance from abroad through banking channels.</p> <p>Explanation: The proceeds of purchase / subscription of equity shares of an Indian company listed on an International Exchange shall either be remitted to a bank account in India or deposited in a foreign currency account of the Indian company held in accordance with the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015, as amended from time to time.</p> <p>B. Remittance of sale proceeds</p> <p>The sale proceeds (net of taxes) of the equity shares may be remitted outside India or may be credited to the bank account of the permissible holder maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.</p>
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3. Amendment to Regulation 4 of the Principal Regulations

In sub-regulation (8) of Regulation 4 of the Principal Regulations, the existing provision shall be substituted by the following, namely:

“LEC(FII): (i) The Authorised Dealer Category I banks shall report to the Reserve Bank in Form LEC (FII) the purchase / transfer of equity instruments by FPIs on the stock exchanges in India.

- (ii) The Investee Indian company through an Authorised Dealer Category I bank shall report to the Reserve Bank in Form LEC (FII) the purchase/ subscription of equity shares (where such purchase

/ subscription is classified as Foreign Portfolio Investment under the rules) by permissible holder, other than transfers between permissible holders, on an International Exchange.”

LATHA RADHAKRISHNAN

General Manager-in-Charge

21 Alteration in the name of "AB Bank Limited" to "AB Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934

[Issued by the Reserve Bank of India vide RBI/2024-25/26 DOR.RET. REC.18/12.07.160/2024-25 dated 25.04.2024]

It is advised that the name of "AB Bank Limited" has been changed to "AB Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification DOR.LIC. No.S6222/23.13.048/2023-24 dated January 25, 2024, which is published in the Gazette of India (Part III-Section 4) dated March 06, 2024.

MANORANJAN PADHY

Chief General Manager

22 Unauthorised foreign exchange transactions

[Issued by the Reserve Bank of India vide RBI/2024-25/25 A.P. (DIR Series) Circular No.02 dated 24.04.2024]

The Reserve Bank of India (RBI) has come across instances of unauthorised entities offering foreign exchange (forex) trading facilities to Indian residents with promises of disproportionate/exorbitant returns. On investigation, it has been observed that to facilitate unauthorised forex trading, these entities have taken recourse to engaging local agents who open accounts at different bank branches for collecting money towards margin, investment, charges, etc. These accounts are opened in the name of individuals, proprietary concerns, trading firms etc. and the transactions in such accounts are not found to be commensurate with the stated purpose for opening the account in several cases. It is also observed that these entities are providing options to residents to remit/deposit funds in Rupees for undertaking unauthorised forex transactions using domestic payment systems like online transfers, payment gateways, etc.

2. In this context, attention of Authorised Dealer Category-I (AD Cat-I) banks is invited to:
- Section 3 (a) of the Foreign Exchange Management Act (FEMA), 1999, in terms of which, no person shall deal in or transfer any foreign exchange or foreign security to any person not being an 'Authorised Person', unless under general or special permission of the Reserve Bank;
 - Regulation 4 read with Schedule I of the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA 25/2000-RB dated May 3, 2000), as amended from time to time, in terms of which, a person, whether resident in India or resident outside India, may enter into a foreign exchange derivative contract with an authorised dealer or on recognised exchanges, only;

- c) Para 3 (1) of the Electronic Trading Platforms (Reserve Bank) Directions, 2018 dated October 05, 2018, in terms of which, no entity shall operate an Electronic Trading Platform (ETP) without obtaining prior authorisation of the Reserve Bank;
 - d) Press releases dated February 03, 2022, September 07, 2022 and February 10, 2023 issued by the Reserve Bank, cautioning against unauthorised forex trading platforms; and
 - e) 'Alert List' issued by the Reserve Bank containing names of entities which are neither authorised to deal in forex under FEMA, 1999 nor authorised to operate ETP for forex transactions under the Electronic Trading Platforms (Reserve Bank) Directions, 2018.
3. There is a need for greater vigilance to prevent the misuse of banking channels in facilitating unauthorised forex trading. AD Cat-I banks are, therefore, advised to be more vigilant and exercise greater caution in this regard. As and when AD Cat-I banks come across an account being used to facilitate unauthorised forex trading, they shall report the same to the Directorate of Enforcement, Government of India, for further action, as deemed fit.
 4. AD Cat-I banks may bring the contents of this circular to the notice of their constituents and customers concerned. AD Cat-I banks may advise their customers to deal in forex only with 'Authorised Persons' and on 'authorised ETPs' and give wide publicity to the list of 'Authorised Persons' and the list of 'authorised ETPs' available on the RBI website. AD Cat-I banks are also advised to give publicity to the 'Alert List' and Press Releases issued by the RBI in this regard.
 5. 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

23 Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)

[Issued by the Reserve Bank of India vide RBI/2024-25/24 DOR.CRE.REC. No.17/21.04.172/2024-25 dated 24.04.2024]

Please refer to our Master Circular DOR.CRE.REC. No.07/21.04.172/2023-24 dated April 03, 2023 on the captioned subject. Attached is the revised Master Circular, updated to reflect all instructions issued as on date on the above matter, as listed in the Appendix. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to April 23, 2024 and does not contain any new instructions/guidelines.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

24 Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024

[Issued by the Reserve Bank of India vide RBI/DOR/2024-25/116 DoR. FIN.REC.16/26.03.001/2024-25 dated 24.04.2024]

ARCs play a critical role in the resolution of stressed financial assets of banks and financial institutions, thereby enhancing the overall health of the financial system. To ensure prudent and efficient functioning of ARCs and to protect the interest of investors, Reserve Bank of India hereby issues the Master Direction – Reserve Bank of India (Asset Reconstruction companies) Directions, 2024 (the Directions), hereinafter specified. These Directions have been issued in exercise of the powers conferred by Sections 3, 9, 10, 12 and 12A of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002).

J. P. SHARMA
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

25 Formation of new district in the State of Assam – Assignment of Lead Bank Responsibility

[Issued by the Reserve Bank of India vide RBI/2024-25/22 FIDD.CO.LBS. BC.No.05/02.08.001/2024-25 dated 18.04.2024]

The Government of Assam has notified formation of a new district, viz., Tamulpur in the state of Assam vide Gazette Notification ECF.No.367433/27 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	Tamulpur	State Bank of India	02Q (to be read as 'numeral zero, numeral two, alphabet Q')

2. There is no change in the Lead Banks of the other districts in the state of Assam.

NISHA NAMBIAR
Chief General Manager-in-Charge

26 Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)

[Issued by the Reserve Bank of India vide RBI/2024-25/21 DOR.AML. REC.14/14.06.001/2024-25 dated 16.04.2024]

Please refer to Section 52 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on January 04, 2024 (MD on KYC), in terms of which, *inter alia*, "Regulated Entities (REs) shall ensure meticulous compliance with the "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" laid down in terms of Section 12A of the WMD

Act, 2005 vide Order dated September 01, 2023, by the Ministry of Finance, Government of India (Annex III of the Master Direction on Know Your Customer).”

2. Further, in terms of Section 53 of our MD on KYC “the REs shall verify every day, the ‘UNSCR 1718 Sanctions List of Designated Individuals and Entities’, as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm>, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the ‘Implementation of Security Council Resolution on Democratic People’s Republic of Korea Order, 2017’, as amended from time to time by the Central Government”.
3. A reference is also invited to our circular DOR. AML.REC.23/14.06.001/2023-24 dated July 04, 2023, communicating thereby the Consolidated Lists of UNSC Designated / Sanctioned Individuals and Entities under the UNSC Resolutions relating to non-proliferation. Amendments to the entries in the Lists are carried out from time to time. The last such amendment was notified vide our circular DOR. AML.REC.83/14.06.001/2023-24 dated March 11, 2024.
4. In this regard, Ministry of External Affairs (MEA), GoI has informed that the UNSC Committee established pursuant to resolution 1718 (2006) has enacted the amendments, specified with strikethrough and/or underline in an entry on its Sanctions List of individuals and entities (enclosed with this circular). Hence, the ‘designated list’ as referred in Para 2.1 and other relevant paras of the aforementioned Order dated September 01, 2023 is amended in accordance with the changes in the relevant entry.
5. The latest version of the UNSC Sanctions lists on DPRK is accessible on the UN Security Council’s website at the following URLs: <https://www.un.org/securitycouncil/sanctions/1718>.
6. The REs are advised to take note of the aforementioned communications and ensure meticulous compliance.

SAIDUTTA SANGRAM KESHARI PRADHAN
General Manager

27 Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)

[Issued by the Reserve Bank of India vide RBI/2024-25/20 FIDD.GSSD.CO.BC.No.03/09.01.003/2024-25 dated 16.04.2024]

Please refer to the Master Circular FIDD.GSSD.CO.BC.No.07/09.01.003/2023-24 dated April 26, 2023 on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM).

2. The enclosed Master Circular consolidates and updates all the instructions/guidelines on the subject issued till date and replaces the earlier Master Circular issued on the subject.

R GIRIDHARAN
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

28 Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)

[Issued by the Reserve Bank of India vide RBI/2024-25/19 FIDD.CO.GSSD.BC.No.04/09.09.001/2024-25 dated 16.04.2024]

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs). The enclosed Master Circular consolidates the circulars issued by Reserve Bank on the subject till date, as listed in the Appendix.

R GIRIDHARAN
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

29 Key Facts Statement (KFS) for Loans & Advances

[Issued by the Reserve Bank of India vide RBI/2024-25/18 DOR.STR.REC.13/13.03.00/2024-25 dated 15.04.2024]

Please refer to our instructions on Key Facts Statement (KFS) and disclosure of Annual Percentage Rate (APR) as contained in paragraph 2 of Circular on ‘Display of information by banks’ dated January 22, 2015; paragraph 6 of Master Direction on ‘Regulatory Framework for Microfinance Loans’ dated March 14, 2022; and paragraph 5 of ‘Guidelines on Digital Lending’ dated September 2, 2022.

2. As announced in the Statement on Developmental and Regulatory Policies dated February 8, 2024, it has been decided to harmonize the instructions on the subject. This is being done in order to enhance transparency and reduce information asymmetry on financial products being offered by different regulated entities, thereby empowering borrowers for making an informed financial decision. The harmonised instructions shall be applicable in cases of all retail and MSME term loan products extended by all regulated entities (REs).
3. For the purpose of this circular, following terms have been defined:
 - (a) Key Facts of a loan agreement between an RE/a group of REs and a borrower are legally significant and deterministic facts that satisfy basic information required to assist the borrower in taking an informed financial decision.
 - (b) Key Facts Statement (KFS) is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.
 - (c) Annual Percentage Rate (APR) is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.
 - (d) Equated Periodic Instalment (EPI) is an equated or fixed amount of repayments, consisting of both the principal and interest components, to be paid by a

borrower towards repayment of a loan at periodic intervals for a fixed number of such intervals; and which result in complete amortisation of the loan. EPIs at monthly intervals are called EMIs.

Other words and expressions not defined above, but used in this circular, shall have the same meaning as assigned to them under the Master Direction on Interest Rate on Advances (2016) as updated from time to time or any other relevant regulation issued by the Reserve Bank.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

30 Hedging of Gold Price Risk in Overseas Markets

[Issued by the Reserve Bank of India vide RBI/2024-25/17 A. P. (DIR Series) Circular No. 01 dated 15.04.2024]

Please refer to Paragraph 2 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2023-24 dated February 08, 2024, regarding hedging of price risk of gold in overseas markets. Attention is also invited to the Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022.

- Resident entities were permitted to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC) recognised by the International Financial Services Centres Authority (IFSCA) vide A. P. (DIR Series) Circular No. 19 dated December 12, 2022. To provide further flexibility to resident entities to hedge their exposures to price risk of gold, it has now been decided to permit resident entities to hedge their exposures to price risk of gold using OTC derivatives in the IFSC in addition to the derivatives on the exchanges in the IFSC, subject to the stipulations set out in the Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022, as amended from time to time.
- These instructions shall be applicable with immediate effect. The Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 has been updated accordingly.
- 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

31 CIMS Project Implementation - Submission of Statutory Returns (Form A, Form VIII and Form IX) on CIMS Portal

[Issued by the Reserve Bank of India vide RBI/2024-25/16 DoR.RET.REC.12/12.01.001/2024-25 dated 15.04.2024]

In terms of Para 29 of the Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions - 2021 (Updated as on September 25, 2023), banks submit the statutory Form A, Form VIII and Form IX (on unclaimed deposits) Returns in electronic form on the eXtensible Business Reporting Language (XBRL) Portal.

- Following the launch of Reserve Bank's next generation data warehouse, viz., the Centralised Information Management System (CIMS), it has been decided to shift the submission of Form A, Form VIII and Form IX Returns from the XBRL Portal to the CIMS Portal. Banks shall, accordingly, submit the fortnightly Form A Return from the Reporting Friday June 14, 2024, monthly Form VIII Return from May 2024 and the annual Form IX Return from December 31, 2024 respectively on the CIMS Portal only.
- Banks shall continue to submit Form A & Form VIII both on XBRL as well as CIMS portals concurrently till the date/month indicated above.

MANORANJAN PADHY
Chief General Manager

32 Alteration in the name of "Sonali Bank Limited" to "Sonali Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934

[Issued by the Reserve Bank of India vide RBI/2024-25/15 DOR.RET.REC.11/12.07.160/2024-25 dated 10.04.2024]

It is advised that the name of "Sonali Bank Limited" has been changed to "Sonali Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification DoR.LIC.No.S6044/23.13.032/2023-24 dated January 17, 2024, which is published in the Gazette of India (Part III-Section 4) dated March 06, 2024.

MANORANJAN PADHY
Chief General Manager

33 Exclusion of "Kapol Co-operative Bank Limited" from the Second Schedule to the Reserve Bank of India Act, 1934

[Issued by the Reserve Bank of India vide RBI/2024-25/14 DOR.RET.REC.10/12.07.160/2024-25 dated 05.04.2024]

It is advised that "Kapol Co-operative Bank Limited" has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.REG/LIC.No.S6720/07.12.000/2023-24 dated February 22, 2024, which is published in the Gazette of India (Part III - Section 4) dated March 28, 2024.

MANORANJAN PADHY
Chief General Manager

34 Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs

[Issued by the Reserve Bank of India vide RBI/2024-25/13 DOR.STR.REC.9/21.04.048/2024-25 dated 02.04.2024]

Please refer to our Master Circular DOR.STR.REC.14/21.04.048/2023-24 dated May 8, 2023 consolidating instructions / guidelines issued to banks till March 31, 2023 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

- Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in Annex 9. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

35 Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances

[Issued by the Reserve Bank of India vide RBI/2024-25/12 DOR.STR.REC.8/21.04.048/2024-25 dated 02.04.2024]

Please refer to the Master Circular DOR.STR.REC.3/21.04.048/2023-24 dated April 1, 2023 consolidating instructions / guidelines issued to banks till March 31, 2023 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

- Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in Annex 5. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

36 Master Circular – Housing Finance

[Issued by the Reserve Bank of India vide RBI/2024-25/11 DOR.CRE.REC.No.07/08.12.001/2024-25 dated 02.04.2024]

Please refer to the Master Circular DOR.CRE.REC.No.06/08.12.001/2023-24 dated April 03, 2023 consolidating the instructions / guidelines issued to banks till March 31, 2023 relating to Housing Finance. Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the

Appendix. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

37 Master Circular - Housing Finance for UCBs

[Issued by the Reserve Bank of India vide RBI/2024-25/10 DOR.CRE.REC.No.6/07.10.002/2024-25 dated 02.04.2024]

Please refer to the Master Circular DOR.CRE.REC.No.9/07.10.002/2023-24 dated April 11, 2023 on the captioned subject, consolidating the instructions / guidelines issued to UCBs till April 10, 2023. Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the Appendix. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

38 Master Circular - Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)

[Issued by the Reserve Bank of India vide RBI/2024-25/09 DOR.CAP.REC.5/09.18.201/2024-25 dated 01.04.2024]

Please refer to our Master Circular DOR.CAP.REC.11/09.18.201/2023-24 dated April 20, 2023 on the captioned subject.

- The enclosed Master Circular consolidates and updates all the instructions / guidelines on the subject issued up to March 31, 2024 as listed in the Appendix.

USHA JANAKIRAMAN
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

39 Master Direction on Counterfeit Notes, 2024 – Detection, Reporting and Monitoring

[Issued by the Reserve Bank of India vide RBI/DCM/2024-25/115 DCM (FNVD)/G4/16.01.05/2024-25 dated 01.04.2024]

The Reserve Bank of India (RBI) has, from time to time, issued several guidelines / instructions / directives to the banks on Counterfeit Notes.

- A Master Direction incorporating and updating the extant guidelines / instructions / directives on the subject has been prepared to enable banks to have all current instructions on Counterfeit Notes at one place for reference.

3. This Direction has been issued in exercise of powers conferred upon RBI under Section 35A and Section 56 of the Banking Regulation Act, 1949.

SANJEEV PRAKASH

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

40 Master Circular – Basel III Capital Regulations

[Issued by the Reserve Bank of India vide RBI/2024-25/08 DOR.CAP.REC.4/21.06.201/2024-25 dated 01.04.2024]

Please refer to the Master Circular No. DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023, consolidating therein the prudential guidelines on Basel III capital adequacy issued to banks till that date.

- The instructions contained in the aforesaid Master Circular have been suitably updated / amended by incorporating relevant guidelines, issued as on date. A list of circulars consolidated in this Master Circular is contained in Annex 26.
- Small Finance Banks and Payments Banks may refer to their respective licensing guidelines and operating guidelines issued by Reserve Bank, for prudential guidelines on capital adequacy.

USHA JANAKIRAMAN

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

41 Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission

[Issued by the Reserve Bank of India vide RBI/2024-25/07 CO.DGBA.GBD.No.S2/31-12-010/2024-2025 dated 01.04.2024]

Please refer to our Master Circular RBI/2023-24/07, CO.DGBA.GBD.No.S1/31-12-010/2023-2024 dated April 1, 2023 on the above subject. We have now revised and updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2024.

- A copy of the revised Master Circular is enclosed for your information. This Circular may also be downloaded from our website <https://mastercirculars.rbi.org.in>.

INDRANIL CHAKRABORTY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

42 Master Circular - Disbursement of Government Pension by Agency Banks

[Issued by the Reserve Bank of India vide RBI/2024-25/06 DGBA.GBD.No.S1/31.02.007/2024-25 dated 01.04.2024]

Please refer to our Master Circular RBI/2023-24/10 dated April 03, 2023 on the above subject. We have revised and

updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2024.

- A copy of the revised Master Circular is enclosed for your information. This circular may also be downloaded from our website <https://mastercirculars.rbi.org.in>.

INDRANIL CHAKRABORTY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

43 Master Circular on SHG-Bank Linkage Programme

[Issued by the Reserve Bank of India vide RBI/2024-25/05 FIDD.CO.FID.BC.No.1/12.01.033/2024-25 dated 01.04.2024]

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on SHG-Bank Linkage Programme. In order to enable banks to have instructions at one place, the Master Circular incorporating the existing guidelines/ instructions on the subject has been updated and enclosed. This Master Circular consolidates the circulars issued by Reserve Bank on the subject up to March 31, 2024, as indicated in the Appendix.

NISHA NAMBIAR

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

44 Master Direction on Penal Provisions in reporting of transactions / balances at Currency Chests

[Issued by the Reserve Bank of India vide RBI/DCM/2024-25/114 DCM(CC) No.G-2/03.35.01/2024-25 dated 01.04.2024]

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to sustain these efforts and to ensure timely and accurate reporting of currency chest transactions, instructions on the subject have been issued from time to time.

- The enclosed Master Direction incorporates updated guidelines / circulars on the subject.

SANJEEV PRAKASH

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

45 Master Circular - Guarantees, Co-Acceptances & Letters of Credit - UCBS

[Issued by the Reserve Bank of India vide RBI/2024-25/04 DoR.STR.REC.3/09.27.000/2024-25 dated 01.04.2024]

Please refer to our Master Circular DoR.STR.REC.4/09.27.000/2023-24 dated April 1, 2023 on the

captioned subject (available at RBI website <https://rbi.org.in/>). Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the Annex. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

VAIBHAV CHATURVEDI

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

46 Master Direction on Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests

[Issued by the Reserve Bank of India vide RBI/DCM/2024-25/113 DCM (CC) No.G-3/03.41.01/2024-25 dated 01.04.2024]

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to furthering these objectives, the Bank has formulated a framework of incentives titled Currency Distribution and Exchange Scheme (CDES) to encourage all the bank branches to provide better customer services to the members of public.

2. The enclosed Master Direction incorporates updated guidelines / circulars on the subject.

SANJEEV PRAKASH

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

47 Master Direction – Scheme of Penalties for bank branches and Currency Chests for deficiency in rendering customer service to the members of public

[Issued by the Reserve Bank of India vide RBI/DCM/2024-25/112 DCM (CC) No.G-1/03.44.01/2024-25 dated 01.04.2024]

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy and enhancing the operational efficiency as part of currency management. In order to ensure that all bank branches provide proper customer service, the Bank has formulated a Scheme of Penalties for bank branches including Currency Chests, for deficiency in rendering customer service to the members of public.

2. The enclosed Master Direction incorporates updated guidelines / circulars on the subject.

SANJEEV PRAKASH

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

48 Master Circular - Guarantees and Co-acceptances

[Issued by the Reserve Bank of India vide RBI/2024-25/03 DOR.STR. REC.2/13.07.010/2024-25 dated 01.04.2024]

Please refer to the Master Circular DOR. STR. REC.5/13.07.010/2023-24 dated April 1, 2023 consolidating the instructions / guidelines issued to banks till March 31, 2023, relating to Guarantees and Co-acceptances. Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the Annex 2. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

VAIBHAV CHATURVEDI

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

49 Master Circular – Lead Bank Scheme

[Issued by the Reserve Bank of India vide RBI/2024-25/02 FIDD.CO.LBS. BC.No.01/02.01.001/2024-25 April 01, 2024 dated 01.04.2024]

The Reserve Bank of India has issued a number of guidelines/ instructions on Lead Bank Scheme from time to time. This Master Circular consolidates the relevant guidelines/ instructions issued by Reserve Bank of India on Lead Bank Scheme up to March 31, 2024 as listed in the Appendix I.

2. This Master Circular has been placed on the RBI website <https://www.rbi.org.in>

NISHA NAMBIAR

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

50 Master Circular on Board of Directors - UCBS

[Issued by the Reserve Bank of India vide RBI/2024-25/01 DoR.HGG.GOV. No.1/18.10.010/2024-25 dated 01.04.2024]

Please refer to our Master Circular DCBR.BPD (PCB/RCB) Cir.No.2/14.01.062/2015-16 dated July 1, 2015 on the captioned subject (available at RBI website www.rbi.org.in). The enclosed Master Circular consolidates and updates all the instructions / guidelines on the subject issued till date.

SCENTA JOY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in



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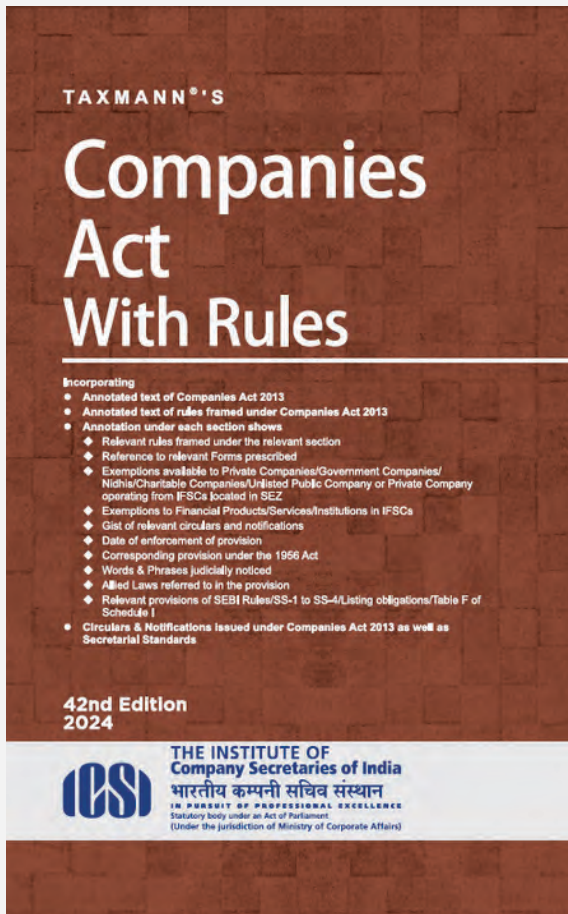
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5

NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF MARCH 2024
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MARCH 2024
- LIST OF PEER REVIEWED UNITS
- NEW ADMISSIONS
- PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2024-2025
- UPLOADING OF PHOTOGRAPH AND SIGNATURE
- PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2024-2025
- CHANGE / UPDATION OF ADDRESS



Institute News

MEMBERS RESTORED DURING THE MONTH OF MARCH 2024

SL. NO.	NAME	MEMB NO.	REGION
1	CS BHADRESH CHHOTALAL MEHTA	ACS - 37820	WIRC
2	CS RIDDHI SUMIT SHAH	ACS - 59244	WIRC
3	CS PARUL CHHABRA	ACS - 32930	NIRC
4	CS ABHISHEK GOEL	ACS - 50042	NIRC
5	CS V RAVINDRAPRASAD	ACS - 11995	SIRC
6	CS SURYA PRAKASH SAMSUKHA	ACS - 12009	NIRC
7	CS UPASANA KHATI	ACS - 29076	NIRC
8	CS RENUKA SHUKLA	ACS - 19283	NIRC
9	CS SAI KEDAR KATKAR	ACS - 25463	WIRC
10	CS SNEHA WILSON PETER	ACS - 36432	SIRC
11	CS KAVITA BANSAL	ACS - 17465	NIRC
12	CS BHAWANA SHARMA	ACS - 49294	NIRC
13	CS NEETU AGGARWAL	ACS - 29236	NIRC
14	CS SMITA CHAKRABORTY	ACS - 41043	SIRC
15	CS ROHIT KUMAR SARDA	ACS - 35653	WIRC
16	CS MALVIKA SAINI	ACS - 30432	NIRC
17	CS SHILPI SHRIVASTAVA	ACS - 39177	EIRC
18	CS SAKSHI RANI	ACS - 43692	NIRC
19	CS NEERAJ WADHWA	ACS - 52791	NIRC
20	CS NEHA GUPTA	FCS - 8625	NIRC
21	CS SURBHI MAHAJAN	ACS - 40459	NIRC
22	CS N. RAMANATHAN	FCS - 5489	SIRC
23	CS DHARA KISHORBHAI DESAI	ACS - 47987	WIRC
24	CS CHANDA NAYAB PRASAD KANOJIYA	ACS - 62492	WIRC
25	CS RAJIV ASWANI	ACS - 63177	WIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MARCH 2024

SL. NO.	NAME	MEMB NO	COP NO.	REGION
1	CS KISHAN KUMAR SHARMA	ACS - 48457	24607	EIRC
2	CS RAHUL KUMAR	ACS - 60765	22746	NIRC
3	CS RESHMI SWAMI	FCS - 9778	10222	NIRC
4	CS ANJALI AGGARWAL	ACS - 48619	26353	NIRC
5	CS KAMESWARA RAO VEMPATI	ACS - 60095	22689	SIRC
6	CS MAHAVIR PRASAD TOSHNIWAL	FCS - 4232	25799	WIRC
7	CS VINOD AGGARWAL	FCS - 8007	8816	NIRC
8	CS AMRUTA PRATHMESH OKE	ACS - 22615	8652	WIRC
9	CS ANAND SAGAR SIVARAMANATHAN	FCS - 11819	16965	SIRC
10	CS ANUSHKA THAKUR	ACS - 63881	24757	NIRC
11	CS DIKSHITA GUPTA	ACS - 58110	24005	EIRC
12	CS SHAMPA JUNEJA	ACS - 49945	21052	NIRC
13	CS DIVYA JAIN	ACS - 57616	21897	NIRC
14	CS MANOKARAN KARTHICK	ACS - 67586	25528	SIRC
15	CS MEENU ARYA	ACS - 51786	20368	NIRC
16	CS ALKA JAIN	ACS - 17219	5519	WIRC
17	CS KANIKA ANAND	ACS - 43095	22469	NIRC
18	CS RAHUL PARASRAMPURIA	FCS - 11217	18784	EIRC
19	CS AKSHIT GUPTA	FCS - 8472	11408	NIRC
20	CS MAULIK JAYENDRAKUMAR MODI	ACS - 46703	18289	WIRC
21	CS SUNDHARARAJAN KRISHNAN	ACS - 31339	17182	SIRC
22	CS NEHA SURESH KHANDELWAL	ACS - 43848	17169	WIRC
23	CS KRISHNA PREYANSH SHAH	ACS - 68159	26417	WIRC
24	CS SHYAM KRISHNA GARIKAPATI	FCS - 12805	13041	SIRC
25	CS BHAWNA DANG	ACS - 41285	20694	NIRC
26	CS MANAV HARIVYASI	ACS - 61483	22940	WIRC
27	CS SWATI MALIK	ACS - 31785	22035	NIRC

28	CS DEEPALI DEEPAK GHANEKAR	ACS - 49999	18172	WIRC
29	CS DIKSHA VAISH	ACS - 51858	19449	NIRC
30	CS HARDIK JAYANTILAL VADGAMA	ACS - 51533	25822	WIRC
31	CS PUNIT KUMAR TRIVEDI	FCS - 8682	24696	NIRC
32	CS SACHIN MEHTA	ACS - 45008	19779	NIRC
33	CS ASTHA SHARMA	ACS - 32527	25729	NIRC
34	CS BHARTI SINGH	ACS - 69277	25777	NIRC
35	CS SIMARPREET KAUR	ACS - 70141	26655	NIRC
36	CS VELLARKAD SUBRAMANIAM SATYAMOORTHY	ACS - 4946	16662	WIRC
37	CS YOUVRAJ KAUSHIK	ACS - 65662	26952	NIRC
38	CS GUNJAN GUPTA	ACS - 36579	19271	NIRC
39	CS HARPREET KAUR	ACS - 63325	24305	NIRC
40	CS RAJAT BANSAL	ACS - 63645	25155	NIRC
41	CS RAVISEKHAR RAO SAMBATUR VENKATA	ACS - 15910	26351	SIRC
42	CS ARSHPREET KAUR GULIANI	ACS - 49696	21330	NIRC

43	CS VAIBHAV DADHICH	ACS - 32043	26086	NIRC
44	CS HEENA ARORA	ACS - 44224	26087	NIRC
45	CS RAGHAV RATHI	ACS - 66340	25844	NIRC
46	CS ASHOK BARATHI MOHANACHANDRAN	ACS - 65827	25540	SIRC
47	CS RINKU AGGARWAL	FCS - 5406	4358	NIRC
48	CS ANITA KUMARI PANDAY	ACS - 44716	16430	NIRC
49	CS C NAPOLEON	FCS - 6272	26143	WIRC
50	CS NEHA GARG	ACS - 57425	24504	NIRC
51	CS P RAJAGOPALAN	ACS - 9560	11544	SIRC
52	CS SEJAL MAHESHWARI	ACS - 64027	27049	WIRC
53	CS RIDIMA MISHRA	ACS - 39208	20970	NIRC
54	CS NARENDRA SINGH	ACS - 54493	20153	EIRC
55	CS PERILA BHUPENDRA SHETH	ACS - 29468	10620	WIRC
56	CS BISHAL AGARWAL	ACS - 67375	25909	EIRC
57	CS RASHMI REKHA BORA	ACS - 66321	26793	EIRC
58	CS REENA SUNIL HATISKAR	ACS - 38269	25022	WIRC

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. 1st April, 2024. The last date of making payment is 30th 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 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
- 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. 1st April, 2024. The last date for the payment of annual membership fee and certificate of practice fee is 30th 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 → Online Services through Members Portal login

1. Use ONLINE SERVICES tab on 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 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
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
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>



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Open for limited duration only from 1st May, 2024 till 31st May, 2024

- ▶▶ Can be availed by all non-current / inactive members who have not paid annual membership fee of previous financial year(s).
- ▶▶ Restoration will be effective from the date of receipt of payment and Form-BB.
- ▶▶ This Scheme will provide a one-off window for restoration of membership with concessional amount without creating any reference/precedence for future.
- ▶▶ The salient concessional feature of the Scheme is that neither Entrance Fee of Rs. 2000/- nor Restoration fee of Rs. 250/- is payable.
- ▶▶ The total fee payable will include the annual membership fee of FY 2024-25 and arrears of annual membership fee of previous years (if any).
- ▶▶ Application for restoration in Form-BB, complete in all respects, is to be submitted along with the requisite payment through Online mode only.
- ▶▶ The restoration will have no retrospective effect.
- ▶▶ Applicable GST @18% will be levied on the total amount payable for restoration of membership.

PS - After 31st May, 2024, Entrance Fee of Rs. 2000/- and Restoration fee of Rs. 250/- will again become payable along with arrears of annual membership fee (if any) for restoration of membership.

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Documents downloadable from the DigiLocker Platform

The National Digital Locker System, launched by Govt. of India, is a secure cloud based platform for storage, sharing and verification of documents and certificates. In the wake of digitization and in an attempt to issue documents to all the members in a standard format and make them electronically available on real-time basis, the Institute of Company Secretaries of India had connected itself with the DigiLocker platform of the Government of India. The initiative was launched on 5th October, 2019 in the presence of the Hon'ble President of India.

In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the DigiLocker anytime, anywhere.



How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up
- You may download the DigiLocker mobile app from mobile store (Android/iOS)

How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website
2. Go to Central Government and select Institute of Company Secretaries of India
3. Select the option of ID card / Membership Certificate / Practice Certificate
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
5. For membership certificate, Enter your membership and select ACS / FCS from drop down.
6. For COP certificate enter your COP number e.g. 12345 and select COP.
7. Click download / generate.
8. The ID Card / Membership certificate / Practice Certificate can be downloaded every year after making payment of Annual Membership fees.



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Saathi Haath Badhana

साथी हाथ बढ़ाना

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

CONTACT : For further information / clarification, please write at email id csbf@icsi.edu or contact on telephone no. 0120-4522000

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6

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CENTRAL TAX NOTIFICATIONS**NOTIFICATION NO. 07/2024 - CENTRAL TAX DATED 8TH APRIL, 2024**

This notification seeks to provide waiver of interest for specified registered persons for specified tax periods.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010056/ENG/Notifications>

NOTIFICATION NO. 08/2024 - CENTRAL TAX DATED 10TH APRIL, 2024

This notification seeks to extend the timeline for implementation of Notification No. 04/2024-CT dated 05.01.2024 from 1st April, 2024 to 15th May, 2024.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010058/ENG/Notifications>

NOTIFICATION NO. 09/2024 - CENTRAL TAX DATED 12TH APRIL, 2024

This notification seeks to extend the due date for filing of FORM GSTR-1, for the month of March 2024.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010059/ENG/Notifications>

NEWS AND UPDATES**ADVISORY: SELF ENABLEMENT FOR E-INVOICING DATED 3RD APRIL, 2024**

1. If turnover exceeds INR 5 crores in the financial year 2023-2024, taxpayer will be required to start e-Invoicing from the next financial year, i.e., from 1st April 2024 onwards. It may also be noted that same is applicable if the threshold is crossed in any of the proceeding financial years too.
2. For those who meet the notification criteria but have not yet been enabled on the portal, taxpayer can self-enable for e-Invoicing by visiting <https://einvoice.gst.gov.in> and start reporting through any of the 4 new Invoice Registration Portals (IRPs) - from e-Invoice IRP 3 to e-Invoice IRP 6
 - a. <https://einvoice3.gst.gov.in> <https://einvoice4.gst.gov.in>
 - b. <https://einvoice5.gst.gov.in> <https://einvoice6.gst.gov.in>
3. To report e-Invoices through NIC IRP 1 & 2, taxpayers can self-enable at
 - a. <https://invoice1.gst.gov.in> <https://invoice2.gst.gov.in>

Source: <https://www.gst.gov.in/newsandupdates/read/628>

ADVISORY: ON RESET AND RE-FILING OF GSTR-3B OF SOME TAXPAYERS DATED 9TH APRIL, 2024

1. This has reference to the facility for re-filing of GSTR-3B for some of the taxpayers. It was noticed that there were discrepancies in the returns of some taxpayers during the filing process between the saved data in the

GST system and actually filed data in the fields of ITC availment and payment of tax liabilities. The matter was examined and deliberated by the Grievance Redressal Committee of the GST Council and as a facilitation measure the Committee decided that these returns shall be reset, in order to give opportunity to such taxpayers to correct the discrepancy.

2. Accordingly, only the affected taxpayers have been communicated on their registered email-ids and the affected returns are visible on their respective dashboards for the purpose of re-filing with the correct data. The taxpayers who have received such communication, are requested to visit their dashboard and re-file their GSTR-3B within 15 days of receipt of such communication.
3. You may reach out to your jurisdictional tax officer or may raise ticket of GST grievance redressal portal, in case you face any difficulty in re-filing of such GSTR-3B.
4. Inconveniences caused to the taxpayer is deeply regretted.

Source: <https://www.gst.gov.in/newsandupdates/read/629>

ADVISORY: AUTO-POPULATE THE HSN-WISE SUMMARY FROM E-INVOICES INTO TABLE 12 OF GSTR-1 DATED 9TH APRIL, 2024

1. GSTN is pleased to inform that a new feature to auto-populate the HSN-wise summary from e-Invoices into Table 12 of GSTR-1 is now available on the GST portal. This allows for direct auto-drafting of HSN data into Table 12 based on e-Invoice data.
2. Please note that the HSN-wise summary data auto-populated into Table 12 is intended for your convenience. Please ensure that you reconcile the data with your records before its final submission.
3. Any discrepancies or errors should be manually corrected or added in Table 12 before final submission.

Source: <https://www.gst.gov.in/newsandupdates/read/630>

EXTENSION OF GSTR-1 DUE DATE TO 12TH APRIL 2024 DATED 11TH APRIL, 2024

GSTN has noticed that taxpayers are facing difficulties in filing GSTR-1 intermittently since yesterday due to technical issues leading to slow response on the portal. GSTN has accordingly recommended to CBIC that the due date for filing of GSTR-1 for the monthly taxpayers be extended by a day i.e till 12/4/24.

Source: <https://www.gst.gov.in/newsandupdates/read/631>

EXTENSION OF DUE DATE OF GSTR-1 FOR THE PERIOD MARCH 24 DATED 13TH APRIL, 2024

"In continuation of the advisory issued on 11.04.24 regarding the due date extension for Form GSTR 1, the Government has extended the due date of filing for March 2024 period to 12.04.24 for monthly taxpayers vide notification no. 09/24 - central tax dated 12.04.2024."

Source: <https://www.gst.gov.in/newsandupdates/read/632>

Professional Ethics - Due Diligence

Members in practice are expected to exercise complete due diligence and should remain extremely careful while conducting their professional duties. Members should beware of the Malafide intentions to be fulfilled by someone in the grab of the professional assignments. A thorough evaluation of the professional assignment is essential beforehand.

“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.

CASE STUDY

- Information of professional or other misconduct has been filed regarding one private limited company and 10 other group companies. The Income Tax Department during Search & Seizure operation conducted at the business premises of some of these companies along with residential premises of its Promoters, the two main persons associated with the affairs of these companies both these persons referred to as ‘Promoter Brothers’. And had recorded a finding that the Promoter Brothers were controlling around 99 companies/entities and indulged in providing accommodation entries to a large number of beneficiaries. Numerous incriminating documents and cloned data from computers were found at the premises. The follow-up investigations were carried out and the controlling persons behind these corporate entities were identified and the entire *modus-operandi* of the Companies under investigation during pre & post-search period was revealed.
- One of the Promoter Brothers, while recording his statement on oath has admitted that he along with his brother, alone has controlled the affairs of all the companies directly or indirectly, by virtue of which all the records pertaining to these companies were found at their residential premises. A case of money laundering has been established by the Informant during follow-up investigations. Money laundering operation was allegedly conducted by Promoter Brothers, with the help of 56 professionals who allegedly worked as mediators to bring the potential beneficiaries to them for laundering their unaccounted cash. Allegedly, 559 beneficiaries were identified during the Financial Year 2009-10 and total quantum had been estimated at a minimum sum of Rs. 11970 crores. Dummy directors of companies/partners of the firms had the same business and residential addresses as those premises controlled by Promoter Brothers. The business conducted through these entities was laundering of unaccounted cash of various business entities through placement of funds, layering of transactions through many entities and then integration of the same back into the business of the beneficiaries by way of subscription to shares at huge premium.
- The matter came to light when a joint petition for a Scheme of amalgamation was filed for amalgamation of one private company and one public listed company, before the High Court. The Registrar of Companies (ROC) /Regional Director pointed out objections to the said petition that the transferor company had received subscription to its shares with face value of Rs. 10 per share at a premium of Rs. 90 per share from three companies. Against the total subscription of Rs. 1028 Crores, one crore shares were allotted to three companies on a date, just five days before the end of the financial year. The entire share subscription received by the transferor company has further been invested immediately in three other companies.
- The transferor company has not done any significant business activity barring the share capital infusion and consequent investment and it does not have any fixed assets as per Balance Sheet for the period ended on 31st March, 2011 and has recorded a loss to the tune of Rs. 8.41 lakhs, but still commanding huge share premium. There appears to be circular flow of money to the tune of Rs. 1000 crore each amongst the set of Nine (9) companies, which are investigated through concerted action had managed to rotate funds within the bank accounts of the group, leading to generation of Rs. 1000 crores of credits and debits in each of the respective bank accounts. The credits in the bank account of the transferor company were in fact the result of subscription to its shares by other entities in the group at a huge premium, which was immediately used for subscription in shares of other sets of companies in the group again at huge premium. All the companies and persons involved appear to be working in concert to create share capital, share application money, share premium and reserves & surplus in these companies just by creating accounting entries & circular transactions. Accounting entries thus created are sought to be wrapped/ adjusted by way of this scheme of amalgamation. The companies made allotment of shares within 5 days before closing of financial year 31st March, 2011 and has not filed Form 5 for increase in authorised share capital beyond the paid-up capital. The scheme of amalgamation would result in drastic fall in shareholding of individuals and thus would adversely affect public interest.

5. The Reserve Bank of India during its inspection in some of these companies observed that most of them were carrying on Non-Bank Financial Institution kind of activities without obtaining valid Certificate of Registration. Regarding rotational transfer of funds within a group of nine companies, the bank accounts of these companies were analyzed and the intent behind the web transactions and implications thereof was interpreted. Analysis of 8 bank accounts revealed a carefully crafted three phase implementation process by the Promoter Brothers, leading to huge credit and debit summations in these accounts viz. (1) Opening of bank accounts simultaneously and making deposit of small amounts in each of these accounts; (2) Infusion of funds from another set of accounts maintained with the same branch. Rotation of funds among the 8 accounts resulting in huge credits and debits in the accounts over a very short period of 9 working days; (3) Closing of all 8 bank accounts. The accused persons worked through rank of officials in the Bank to give effect to the circular transactions, who enabled such transfer in violation of general banking standards, which resulted in huge accumulation of credits and debits with the help of rotation of funds amongst these accounts without there being actual movement of cash.
6. After analysis of banking transactions of the group and its associated companies, it was found that between 31.01.2011 to 31.03.2011, there was a huge amount of share capital, share premium and investments in the Balance Sheet, generated through a set of circular transactions amongst a set of companies. Bank credits worth Rs. 997.27 crore was generated within a period of 9 working days without actual movement of cash. This has been done specifically to enhance the size of the Balance Sheet right before the petition filed for amalgamation. The quick turnaround of events from increase in authorised capital to allotment of shares within a period of 2 months. The share premium account of the transferor company increased 3667% during F.Y. 2010-11, whereas the investment increased by 3445% during the same period.
7. The Respondent herein i.e. Practising Company Secretary, who has carried out scrutiny of ballot papers received from the shareholders of the company, in order to ascertain the passing of the draft resolutions proposed by the Board and had allegedly given favourable manipulated report for the purpose of getting the said resolution passed. The Respondent has acted as Scrutinizer in Preparation of Postal Ballot Report and has basically prepared merger scheme for amalgamation of the transferor and the transferee companies. In this way, the Respondent has helped one of the Promoter Brother in gaining control of the transferee company. Charges of criminal conspiracy with the object of cheating forgery and falsification of account were framed against the Respondent & others, under various sections of the Indian Penal Code and the Companies Act, 1956. The method adopted was hatching of conspiracy with the collusion of bank officials, valuers, and scrutinizer of postal ballot for implementation of scheme of amalgamation. One of the Promoter Brothers in his statements has mentioned the name of the Respondent as their CS/Consultant in company matters. One other professional has also made favourable false/ forged Valuation Report with respect to the transferor and the transferee companies in order to facilitate the amalgamation of companies and also decreased the book value of investments of the transferor company.
8. The fraudulent intent of the accused persons did not merely extend to the proposed amalgamation, but was part of a systemic design, deduced from similar *modus-operandi* employed in another case of amalgamation of two other companies which was put into effect by the Hon'ble High Court, which was obtained without disclosing the material facts about inflated Balance Sheet prior to the amalgamation. After its successful amalgamation, investments which were devalued at the time of merger were shown at their book value in the Balance Sheet after merger.
9. The merger application as preceded by the promoter taking control over the public listed transferee company through postal ballot with the help of the Respondent who acted as Scrutinizer. The conduct of Scrutinizer was not above the Board and many discrepancies have been found in the procedure followed by him. The public listed transferee company as on 29.03.2011 was found to be having only equity shareholder base of 39,97,000 shares, whereas, in the Postal Ballot Report, the same was shown as 3,99,70,000 shares equity shareholders. The Respondent has given the statement that the difference was a typographical error. On being asked by the Informant to furnish the records to be maintained by the Scrutinizer of postal ballot, the Respondent has inter-alia stated that the postal ballot received from the shareholders of the company was entered in the register maintained by him. After the last date of receipt of postal ballot, he prepared the report and handed over the report along with all the original postal ballot receipt, register etc. to the company. The company has mailed 570 envelopes to the shareholders out of which 8 envelopes were received back from the shareholders. He has not verified whether the notices to shareholders have been dispatched through registered post or by any other mode. The resolutions relating to change in management control of the company were passed under Regulation 12 of the SEBI (Substantial Acquisition of shares & Takeover) Regulations, 1997, as prescribed therein. These resolutions were not prescribed in the compulsory list of Rule 4 of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. He was assigned the work of scrutinizing postal ballot of the said public listed transferee company by the Promoter.
10. The Promoter Brothers improvised their earlier scheme of money laundering by adopting a new mechanism of amalgamation of private companies

controlled by them with a listed NBFC (the said transferee company) after taking control of the same. It starts with artificial inflation of the size of the Balance Sheet of the private company as noticed in the case of 8 private companies controlled by Promoter Brothers followed by identification of a target NBFC listed with one of the Stock Exchanges. The control of listed NBFC is taken over by the Promoter Brothers through Postal Ballot. The scheme of amalgamation is then moved before the High Court for approval.

11. This merger application is not the only one moved by Promoter Brothers, investigations revealed that there was a systematic pattern adopted by Promoter Brothers for laundering of money. Similar amalgamation petition was filed by another company under investigation and amalgamation was completed. The management and control were acquired by one of the Promoter Brothers through passing of resolution by postal ballot in year 2010-11 with the help of the Respondent who was appointed as Scrutinizer.
12. From the Balance Sheets, bank statement and documents related to amalgamation, it is observed that there is infusion of share capital/securities premium from 4 set of companies i.e. followed by investment in 3 sets of companies just before the filing of amalgamation application. Rotation of funds in the bank account of private company (transferor) raising the sum of credits and debits to Rs. 950 crores within a short span of 10 days.
13. From the bank statement, it is observed that there were circular transactions leading to Rs. 1004,42,75,400/- and Rs. 1004,42,86,400/- of debit and credit summations, respectively within the span of 11 days, with very insignificant opening and closing cash balance on each day. The credit entries have been made in the name of 4 set of companies whereas debit entries have been made in the name of 3 set of companies. The funds which have supposedly come from 4 set of companies and private company (transferor) had gone back to the respective accounts after rotation through a set of bank accounts of other companies over a period of 10 working days. Enhancements of assets and liabilities during the F.Y. 2010-11 is a mirror image of credits and debits in the bank accounts.
14. Valuation report was prepared by one professional who has also prepared the valuation report for the scheme of amalgamation under question. This Valuation report was also prepared on the same line. He devalued the book value of investments drastically. The huge investment which was received by a private company (transferor) on 25.03.2011 was reduced drastically on 20.09.2011. On the basis of valuation report, the share exchange ratio was fixed at 20:1. The basis of such valuation is not evident from the Valuation report and completely based on management guidance rather than an independent professional judgement.
15. Investigation revealed similar set of action in other entities controlled by Promoter Brothers. The Promoter has also acquired a listed company through passing of postal ballot. The same Company Secretary, i.e. the Respondent, was appointed as Scrutinizer of the postal ballot. After amalgamation, it first came out with Right issue followed by Bonus issue.
16. As per the Informant, a similar pattern is found in acquisition by Promoter Brothers of other listed companies as well. During the course of investigation, it was found that the Promoter Brothers in a very planned manner acquired four listed companies through postal ballots. After the acquisition, one of the Promoter Brothers amalgamated both the companies. It was concluded that the scheme of amalgamation was used by Promoter Brothers as method for taking control of defunct listed companies for bringing in huge fictitious reserve and surplus and investment created artificially through the amalgamated controlled entity. The reserve & surplus account was used for increasing the shareholding in the listed company of the companies controlled by them. As per the Informant, the *modus-operandi* adopted by Promoter Brothers is to create artificially Reserve & Surplus and consequent investment in a set of private companies controlled by them. A total of approximately Rs. 8000 crores in the Balance sheets of 8 private limited companies was thus created. The second step is to acquire the management control of some listed companies through postal ballot. The subsequent step is to pick up one of the private companies controlled by them and move an application for amalgamation. One scheme of amalgamation involving Rs. 1000 crore of Reserve & Surplus and Investment has already been completed. Subsequently, the Promoter Brother acquired the public listed transferee company through postal ballot and filed an application for scheme of amalgamation. It is through the liquidation of fictitious investment in merged company, laundering of money is done.
17. The Respondent has stated that he did not find his name in the list of mediators who were allegedly involved in money laundering activity as specified by the Informant. The Respondent has stated that he never indulged or engaged in money laundering activity.
18. The Respondent has submitted that he was appointed by the management of the public listed transferee company as Scrutinizer for carrying out the scrutiny of the Postal Ballot received from its shareholders. The Respondent has stated that he acted prudently while exercising his professional duty and accordingly scrutinized the ballot papers received and submitted the report to the Board of the said company. The resolution was passed under Regulation 12 of the erstwhile SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997. The Respondent

has not given any manipulative or favourable report. There is no evidence in support of Informant's claim. The Respondent has thoroughly scrutinized the ballot papers received and accordingly prepared his report.

19. The Respondent has also submitted that he has no knowledge about the alleged number of companies operated by the Promoter Brothers. He has no knowledge about the alleged events before filling of scheme of Amalgamation. He was neither involved in the incorporation of the company nor involved in alleged increase in paid-up capital of these companies. He was appointed for scrutinizing the ballot papers containing assent/ dissent of the resolution for change of promoter and not increase in capital or anything relating to capital. Format for Scrutinizer Report is not prescribed. He was also not under any obligation to report capital of the company in the Scrutinizer Report. During Investigation, the Respondent has recorded his statement and disclosed that addition of one extra zero in the capital in the Scrutinizer Report was purely a clerical error. Moreover, neither capital was increased through this reporting nor any books of accounts of the company were falsified with this. The Respondent's role was only restricted to scrutinizing the postal ballot and to ascertain the assent and dissent.
20. The Respondent has stated that it was the responsibility of the company u/s 192A (2) of the Companies Act, 1956 to send notice to all its Shareholder. So, whether due-process of issue of notice to the shareholder was followed or not, is not the responsibility of the Scrutinizer. The Respondent has clearly stated in his Report that as per Management Confirmation they have sent notices to the shareholders and also disclosed the fact that only 0.25% of shareholders had voted through postal ballot. It is the presumption without any evidence that the Report was favourable and manipulative. He was never involved in incorporating any of the companies. He only acted as scrutinizer for Appointment of the Promoter Brothers as promoter of the company pursuant to Regulation 11 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997. Appointment of Promoter Brothers as Promoter in some of the listed entity has nothing to do with the amalgamation and is altogether a different corporate action. There is no restriction either in Companies Act or any other act of merger of two companies having different promoters. It is totally wrong to drag him to the alleged conspiracy and link the appointment of promoter with Amalgamation. He has no knowledge about the post-merger Bonus Issue and Right Issue. Moreover, the whole investigation was based on the alleged money laundering of Promoter Brothers. The Respondent was neither involved in the same nor the Investigation pointed any allegation against him on the said alleged money laundering activity. He was neither involved with the Promoter Brothers nor has any knowledge in the alleged activity of creation of fictitious circular flow of

money nor any post-merger activity. The Respondent has argued that the Postal Ballot Rules were not applicable to him. The Respondent has also admitted that typographical error occurred in share capital in the Postal Ballot Report, but it was unintentional, and it did not impact the outcome; and it was also not the case that due to his typographical error that one of the Promoter Brother got control over the company.

21. The Disciplinary Committee after considering the material on record, admission of the Respondent about the typographical error and 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 while issuing Postal Ballot Report for the public listed transferee company. The Disciplinary Committee passed an order of 'Reprimand' against the Respondent.



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

Malaysian Code on Governance for MSMEs

The SME Governance Working Group, formed with the support of the Ministry of Entrepreneur and Cooperative Development (MECD), issued the draft Governance Code for Malaysian MSMEs (Code) for public consultation. The SME Governance Working Group is chaired by the Securities Commission Malaysia (SC), with members comprising representatives from MECD, SME Corporation Malaysia (SME Corp.) and the Malaysian Institute of Corporate Governance. The ensuing paragraphs discusses excerpts from the mentioned draft governance code.

Governance forms a core foundation for Micro, Small, Medium, and Enterprise (MSMEs) to support the growth and competitiveness of their businesses. It provides the essential framework and principles for these businesses to effectively manage their operations, allocate resources, and make strategic decisions that foster sustainable development for the company.

Building on corporate governance principles, sustainability practices become essential for MSMEs due to their pivotal role in the broader supply chain. As key suppliers and service providers to larger enterprises, MSMEs impact the supply chain significantly.

MSMEs form the backbone of the Malaysian economy and contribute significantly towards sustaining the livelihoods of millions throughout the country. MSME statistics of Malaysia as of 2022 is as under:

- i) Represent 97.4% of business establishments
- ii) 78.7% of MSMEs are micro-enterprises
- iii) Contribute 38.4% to GDP

However, Malaysia has a low market concentration index where the market is not dominated by a small number of firms, with the nation dispersing its trade activities across multiple markets, including large global economies, positioning the nation well in the worldwide supply chain.

Considering the significance of MSMEs to the nation's socio and economic well-being and its exposure to countries with progressive sustainability agendas, it is imperative to ensure that they are resilient and that businesses are conducted in a responsible and sustainable manner.

The Governance Code for Malaysian MSMEs (Code) has been developed to guide MSMEs in enhancing governance within the business ecosystem. This Code plays a pivotal role in sustaining the operation of companies, facilitating effective management of MSMEs, and amplifying the roles and contributions of MSMEs in nation-building.

The Code focuses on the fundamental corporate governance requirements and sustainability specific to MSMEs. It guides companies by outlining the key mandatory requirements to be fulfilled (which are non-exhaustive).

The Code also furnishes recommendations regarding best practices that MSMEs are strongly encouraged to adopt. Companies may adjust the implementation of these recommended best practices according to their specific circumstances and needs.

The Code was developed considering global and local practices, principles, and recommendations. It is a precursor to the MCCG and would also be a crucial stepping stone, particularly for the enterprise companies to progress towards adopting the MCCG. This Code aligns with the ESG Quick Guide by SME Corporation Malaysia

Five guiding principles outlined in the Code are-

Principle 1: Decision making & Strategic Oversight

Principle 2: Culture & Communities

Principle 3: Risk Governance & Internal Controls

Principle 4: Sustainability

Principle 5: Disclosure, Transparency & Data Protection

The Code is divided into two main parts –

Part 1: It highlights the Governance and Sustainability Matrix that provides an overview of the principles and practices of good governance and sustainability practices for each category of MSMEs.

Part 2: It provides the principles and practices of good governance and sustainability for MSMEs that highlight the best practices that MSMEs can adopt to foster long-term sustainability, attract investment and navigate the complexities of today's business landscape effectively.

Each practice will be included with reference below for ease of reference:

- “M” - representing a mandatory requirement. Failure to comply may result in enforcement action. These mandatory requirements are provided/stipulated under existing statutes and/or regulations (e.g. Companies Act 2016, Personal Data Protection Act 2012, Employment Act 1955 and Income Tax Act 1967); however, the requirements stated herein are non-exhaustive or
- “R” - recommended as best practices for MSMEs offering practical guidelines for integrating good governance and sustainability into daily operations.

To comprehend the referencing of practices by “M” and “R”, as a sample the first principle of the Malaysian Code on Governance for MSMEs, i.e., Decision Making and Strategic Oversight have been considered.

Policies and Practices	Micro	Small	Medium	Enterprise	Public Listed Companies
Duties and responsibilities	[M] Every individual serving as a director, partner or owner of the company must consistently act in the company's best interest by discharging their duties correctly and in good faith. To fulfil this responsibility, such individuals must demonstrate and uphold exemplary levels of integrity while setting a leading example.				
	[M] The owner or directors are responsible for the business and affairs of the company.				
Delegation of duties	[M] The owner serves as the primary decision-maker.		[M] The board may assign the responsibility for managing day-to-day operations and other business functions to the management.		
Expert advise	[M] The owner or directors may obtain the advice of an external advisor for an independent perspective and advise on the company's strategies and operations.				
Meetings			[R] Directors or partners should convene regular meetings to discuss matters relating to the company. [R] Owner and shareholder should meet regularly to discuss matters relating to the company, including financial, regulatory compliance and business strategy.		
Independent directors			[R] The board should consider establishing a professional board with independent directors to provide greater checks and balances and an unbiased perspective.		[M] The board must consist of at least 1/3 independent directors.
Diversity and Inclusivity			[R] The owner or director must prioritise diversity, including gender, age, culture, and working experience, when making employment decisions, particularly in the hiring process.		
Innovating business	[R] The owner or directors must continuously adopt changes. This includes embracing digital technology in business operations, promoting digital communication, cashless transactions and offering products or services through online platforms.				

For purposes of this Code, MSMEs are defined and categorised as follows–

Category	Manufacturing		Services and Other Sectors	
	Employees	Sales Turnover	Employees	Sales Turnover
Enterprise	>200	> RM50 mil	>75	>RM20 mil
Medium	From 75 to ≤ 200	RM15 mil ≤ RM50 mil	From 30 to ≤ 75	RM 3 mil ≤ RM 20 mil
Small	From 5 to < 75	RM300,000 < RM15 mil	From 5 to < 30	RM300,000 < RM3 mil
Micro	<5	<RM300,000	<5	<RM300,000

References :

- <https://www.micg.org.my/wp-content/uploads/2024/03/Malaysian-Code-on-Governance-for-MSMEs-Circ.-11-Mar-2024.pdf>



SUSTAINABILITY STANDARDS BOARD OF JAPAN ISSUES IFRS-BASED SUSTAINABILITY REPORTING STANDARDS

The Sustainability Standards Board of Japan (SSBJ) has recently announced the issuance of exposure drafts for new sustainability disclosure standards, aligning with the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB).

The issuance of three exposure drafts by the SSBJ marks a crucial development in the journey towards mandatory standardized sustainability-related disclosures for Japanese listed companies.

These exposure drafts include:

1. Universal Sustainability Disclosure Standard Exposure Draft "Application of the Sustainability Disclosure Standards".
2. Theme-based Sustainability Disclosure Standard Exposure Draft No. 1 "General Disclosures".
3. Theme-based Sustainability Disclosure Standard Exposure Draft No. 2 "Climate-related Disclosures".

These drafts have been published for receiving comments which can be submitted by writing an e-mail at 2024ed01@ssb-j.jp latest by Wednesday, July 31, 2024.

Source: https://www.ssb-j.jp/jp/domestic_standards/exposure_draft/y2024/2024-0329.html

FINANCIAL REPORTING COUNCIL (FRC) LAUNCHES MARKET STUDY ON UK SUSTAINABILITY ASSURANCE MARKET

The Financial Reporting Council (FRC) is an independent regulator in the UK and Ireland, responsible for

regulating auditors, accountants and actuaries, and setting the UK's Corporate Governance and Stewardship Codes.

It has launched its first market study to examine the UK market for sustainability assurance services. It aims to ensure that the UK market for sustainability assurance services is functioning effectively and providing high quality assurance over companies' sustainability reporting.

The market study has been conducted for the first time, being a powerful regulatory tool for exploring in-depth issues and can lead to proposals to improve how the market functions for the benefit of all stakeholders.

The market for providing independent assurance over the sustainability information disclosed by UK companies has been expanding quickly in recent years. In 2022, 84% of FTSE 100 companies obtained some level of external assurance over their sustainability reporting, up from 68% in 2020.

As some major audit firms are significant suppliers in this market in addition to providing statutory audits, the FRC wants to understand any potential implications for competition and resilience in the UK's statutory audit market. The last date to submit responses is 13th June, 2024.

Key areas to be explored include:

- i. Choice, quality and competition in the sustainability assurance market;
- ii. Capacity constraints and barriers to entry or expansion;
- iii. Potential impacts from changing international regulations;

- iv. Any interplay between the sustainability assurance and statutory audit markets.

Source: https://media.frc.org.uk/documents/Assurance_of_Sustainability_Reporting_Market_Study_Invitation_to_comment.pdf

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

The CSRD is European Union (EU) legislation, effective from 5th January, 2023, that requires EU businesses including qualifying EU subsidiaries of non-EU companies to disclose their environmental and social impacts, and how their environmental, social and governance (ESG) actions affect their business. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability. Some non-EU companies will also have to report if they generate over EUR 150 million on the EU market. The set of companies will have to apply the new rules for the first time in the financial year 2024-2025, for reports to be published for the said financial year.

Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS). The first set of ESRS was published in the Official Journal on 22nd December, 2023. These

standards apply to companies under the scope of the CSRD regardless of which sector they operate in. They are tailored to EU policies, while building on and contributing to international standardisation initiatives. The CSRD also requires assurance on the sustainability information that companies report and will provide for the digital taxonomy of sustainability information.

A political agreement was entered on 8th February, 2024, between the European Parliament and the European Union Council on postponing adoption deadlines for certain ESRS. The agreement postpones the deadline for sector-specific ESRS from mid-2024 to mid-2026. This will give companies more time to comply with the horizontal standards adopted in July 2023, which apply to all companies, irrespective of their economic sector. In addition, the CSRD sets out separate standards to be used by certain non-EU companies. The abovesaid agreement also postpones the adoption deadline for these standards from mid-2024 to mid-2026.

Source: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/Company-reporting-and-auditing/Company-reporting/corporate-sustainability-reporting_en



*We can
Help your Clients Expand
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www.consultibs.in

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GIST OF ROC ADJUDICATION ORDERS

Adjudication Order for penalty for violation of Section 117 read with 179(3)(g) of the Companies Act, 2013 with respect to M/s SOCIAL GROWTH NIDHI LIMITED

ROC Patna issued an adjudication order dated 1st April 2024 in the matter of M/s Social Growth Nidhi Limited for non-filling of MGT-14 in respect of resolutions under the provision of Section 117 read with 179(3)(9) of the Companies Act, 2013 for the FY 2017-18. The adjudication authority has imposed the monetary penalty of ₹2,00,000 on the company and ₹50,000 on each of its 4 directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=CmIRbpYiLWtylY5KuYFdKA%253D%253D&type=open>

Adjudication Order of Penalties u/s 42 of the Companies Act, 2013 in the matter of M/s MAYASHEEL RETAIL INDIA LIMITED

ROC Delhi issued an adjudication order dated 3rd April, 2024 in the matter of M/s Mayasheel Retail India Limited and imposed penalty of ₹48,15,000 on the company and upon each of its 5 Directors (officers in default) under Section 42(10) of the Act read with rule 3(12) of the Companies (Adjudication of Penalties) Rules, 2014 for violation of Section 42(7) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=PjIbIqqoSOi1%252Fmuqa8qckuw%253D%253D&type=open>

Adjudication Order of Penalties u/s 42 of the Companies Act, 2013 in the matter of M/s PLANIFY CAPITAL LIMITED

ROC Delhi issued an adjudication order dated 3rd April 2024 in the matter of M/s Planify Capital Limited and imposed penalty of ₹2,00,00,000 on the company and upon one of company's Director alongwith penalty of ₹1,00,00,000 upon 3 Directors of company (officers in default) under Section 42(10) of the Act read with rule 3(12) of the Companies (Adjudication of Penalties) Rules, 2014 for violation of Section 42(7) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=w64wOhzIOxovd9hmbPqKw%253D%253D&type=open>

Adjudication Order for violation of Section 134 of the Companies Act, 2013 in the matter of M/s ARISE INDUSTRIES AND AGENCY PRIVATE LIMITED

ROC Coimbatore issued an adjudicated order dated 9th April, 2024 in the matter of M/s Arise Industries And Agency Private Limited in the reply to company's suo moto application for adjudication of penalty for

violation of Section 134(3) of Companies Act, 2013 and imposed penalty of ₹1,50,000 upon company and ₹25,000 upon each of its 3 Directors (officers in default)

<https://www.mca.gov.in/bin/dms/getdocument?mds=V3zehDLVvhN2UnElv3zn3g%253D%253D&type=open>

Adjudication Order for violation of Section 134 of the Companies Act, 2013 in the matter of M/s DAISON LAND AND DEVELOPMENT PRIVATE LIMITED

ROC Coimbatore issued an adjudicated order dated 9th April 2024 in the matter of M/s Daison Land And Development Private Limited in the reply to company's suo moto application for adjudication of penalty for violation of Section 134(3) of Companies Act, 2013. Accordingly, the adjudication authority has imposed penalty of ₹1,50,000 upon company and ₹25,000 upon each of its 2 Directors (officers in default)

<https://www.mca.gov.in/bin/dms/getdocument?mds=Qx0Z%252F7duMXGUSEGgrp7SaA%253D%253D&type=open>

Adjudication Order for violation of Section 134 of the Companies Act, 2013 in the matter of M/s MARTIN MULTI PROJECTS PRIVATE LIMITED

ROC Coimbatore issued an adjudicated order dated 28th March 2024 in the matter of M/s Martin Multi Projects Private Limited in the reply to company's suo moto application for adjudication of penalty for violation of Section 134(3) of Companies Act, 2013. Accordingly, the adjudication authority has imposed penalty of ₹1,50,000 upon company and ₹25,000 upon each of its 2 Directors (officers in default)

<https://www.mca.gov.in/bin/dms/getdocument?zmds=p8r%252YYB8ON7xNHo%252F6IUSQ%253D%253D&type=open>

Adjudication Order for violation of Section 134 of the Companies Act, 2013 in the matter of M/s D P F TEXTILES PRIVATE LIMITED

ROC Coimbatore issued an adjudicated order dated 28th March 2024 in the matter of M/s D P F Textiles Private Limited in the reply to company's suo moto application for adjudication of penalty for violation of Section 134(3) of Companies Act, 2013. Accordingly, the adjudication authority has imposed penalty of ₹1,50,000 upon company and ₹25,000 upon each of its 2 Directors (officers in default)

<https://www.mca.gov.in/bin/dms/getdocument?mds=ECByNa41ttAXOTgDTqp%252FxFxQ%253D%253D&type=open>

Adjudication order for violation of Section 134 of the Companies Act, 2013 in the matter of M/s MARTIN REALITY PRIVATE LIMITED

ROC Coimbatore issued an adjudicated order dated 28th March 2024 in the matter of M/s Martin Reality Private Limited in the reply to company's suo moto application for adjudication of penalty for violation of Section 134(3) of Companies Act, 2013. Accordingly, the adjudication authority has imposed penalty of ₹1,50,000 upon company and ₹25,000 upon each of its 3 Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=enHZhAf3uN%252FYgeOVUJbdEw%253D%253D&type=open>

Adjudication Order for violation of Section 134 of the Companies Act, 2013 in the matter of M/s MARTIN WIND FORMS PRIVATE LIMITED

ROC Coimbatore issued an adjudicated order dated 28th March 2024 in the matter of M/s Martin Wind Forms Private Limited in the reply to company's suo moto application for adjudication of penalty for violation of Section 134(3) of Companies Act, 2013. Accordingly, the adjudication authority has imposed penalty of ₹1,50,000 upon company and ₹25,000 upon each of its 3 Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=F9daaSjl%252Bjz5m7MUv%252FjhQQ%253D%253D&type=open>

Adjudication Order u/s 454 of the Companies Act, 2013 for violation of Section 117(1) of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of DICE ENTERPRISE PRIVATE LIMITED

ROC Gwalior issued an adjudication order dated 10th April 2024 in the matter of M/s Dice Enterprise Private Limited for non-filing of MGT-14 in respect of resolution under the provision of Section 117 (3) of the Companies Act, 2013. The adjudication authority has imposed the monetary penalty of ₹48,250 on the company and ₹25,000 on each of its 2 directors (the officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=DVHIu7AuhIOISZnHnEi7UA%253D%253D&type=open>

Adjudication Order for Penalty u/s 454 for Violation of Section 29(1A) of the Companies Act, 2013 read with rule 9A(2) of the Companies (Prosecution and Allotments of Securities) Rules, 2014 in the matter of M/s PREMIER ENERGIES LIMITED

ROC Hyderabad issued an adjudication order dated 1st April 2024 in the matter of M/s Premier Energies Limited in the reply to company's suo moto application for adjudication of penalty u/s 454 of Companies Act, 2013 for violating the provisions u/s 29(1A) of Act. The adjudication authority has imposed the monetary penalty of ₹90,000 on the company, its Managing Director and

Whole-time Director, penalty of ₹70,000 was imposed upon its Executive Director, ₹50,000 & ₹40,000 were imposed as penalty company's two erstwhile Company Secretaries respectively.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Dv7ado1nwRk7RHnk4vUaXw%253D%253D&type=open>

Adjudication Order for penalty for violation of Section 12 of the Companies Act, 2013 with respect to M/s JANSANASAR NIDHI LIMITED

ROC Patna issued an adjudication order dated 15th April 2024 in the matter of M/s JANSANASAR NIDHI LIMITED and imposed penalty of ₹1,00,000 on the company and ₹1,00,000 each on 3 Directors (officers in default) of the company. The ROC imposed the penalty after concluding that i) the company and its officers in default are liable for penalty as prescribed under Section 12(8) of the Act for non-maintenance of registered office of the company for 100 days.

<https://www.mca.gov.in/bin/dms/getdocument?mds=pOsgInuSu5TOS22zLP6Kow%253D%253D&type=open>

Adjudication Order for penalty for violation of Section 137 of the Companies Act, 2013 with respect to DALIT INDUSTRIES ASSOCIATION

ROC Patna issued an adjudication order dated 18th April 2024 in the matter of Dalit Industries Association for not filing its financial statements for the FY 2020-2021 to 2022-2023 within prescribed time limits as specified under Section 137 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹43,800 for FY ending 2020-202, ₹63,600 for the FY 2021-2022 and ₹27,100 for FY 2022-2023 on the company. The authority also imposed the monetary penalty of ₹43,800 for FY ending 2020-202, ₹50,000 for the FY 2021-2022 and ₹27,100 for FY 2022-2023 upon each director of company (Officers in Default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=iAjV0B3xUUuNzD6Fp9nzcA%253D%253D&type=open>

Adjudication Order for Penalty under Section 454 for violation of Section 137 of the Companies Act, 2013 in the matter of SNAP FITNESS (INDIA) PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 25th April 2024 in the matter of Snap Fitness (India) Private Limited for not filing its financial statements for the FY 2019-20 within prescribed time limits as specified under Section 137 of the Companies Act, 2013. The adjudication authority imposed a penalty of ₹45,500 on Company and a penalty of ₹95,500 on each of its Officers in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=uIv87p%252FmrT9BoJx4Mz58jw%253D%253D&type=open>

Adjudication Order for Penalty u/s 454 for violation of Section 92 of the Companies Act, 2013 in the matter of SHYAMAL HOLDINGS AND TRADING LIMITED

ROC Mumbai issued an adjudication order dated 25th April 2024 in the matter of M/s Shyamlal Holdings and Trading Limited for not filing its annual return for the FY 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 four of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=KrzfF0XT4DVAMv3HZJWxlg%253D%253D&type=open>

Adjudication Order for Penalty under Section 454 for violation of Section 92 of the Companies Act, 2013 in the matter of ALORA TRADING CO LTD

ROC Mumbai issued an adjudication order dated 25th April 2024 in the matter of M/s Alora Trading Co. Ltd. for not filing its annual return for the FY 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 (officer in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=mVchG8Z9pvAyVugOgEyD4A%253D%253D&type=open>

Adjudication Order for Penalty under Section 454 for violation of Section 92 of the Companies Act, 2013 in the matter of M/s SNAP FITNESS (INDIA) PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 25th April 2024 in the matter of M/s Snap Fitness (India) Private Limited for not filing its annual return for the FY 2019-20 within prescribed time limits as specified under Section 92 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹28,150 upon the company and on three of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=GbhM9eHNfcHwo6eqSchZKg%253D%253D&type=open>

Order for Penalty under Section 454 for violation of Section 137 of the Companies Act, 2013 in the matter of M/s SHYAMAL HOLDINGS AND TRADING LIMITED

ROC Mumbai issued an adjudication order dated 25th April 2024 in the matter of M/s Shyamlal Holdings and Trading Limited for not filing its financial statement for the FY 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 penalty of ₹5,00,000 each on four of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=nrrUEi2sPCaEp4CbMxdyzw%253D%253D&type=open>

Adjudication order for violation of Section 168 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s RICHENG OPTICAL ELECTRONICS PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 16th February 2024 in the matter of M/S Richeng Optical Electronics Private Limited for violating the provisions of Section 168 of Companies Act, 2013 regarding intimation of resignation of Director of the Company. The adjudicating authority has imposed the monetary penalty of ₹300000 upon the company and penalty of ₹1,00,000 each on three of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=HK15FDCQ Uta4jAwGKafdqw%253D%253D&type=open>

Adjudication order for violation of Section 179(3) (f) of the Companies Act, 2013 in the matter of M/s SHRI MAHALAKSHMI METAL AND SCRAP PROCESSING PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 05th March 2024 in the matter of M/S Shri Mahalakshmi Metal and Scrap Processing Private Limited for not producing any board resolution for borrowings and lending operations and violating the provisions of Section 179(3) of Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹10000 upon the company and penalty of ₹10,000 each on three of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=fOk5IuRueKKkoRF3oyE0Dw%253D%253D&type=open>

Adjudication order for violation of Section 88 of the Companies Act, 2013 in the matter of M/s HERMES I TICKETS PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 27th March 2024 in the matter of M/S Hermes I Tickets Private Limited for violating the provisions of Section 88 of the Companies Act, 2013 for not maintaining the registrars as in the format prescribed. The adjudicating authority has imposed the monetary penalty of ₹3,00,000 upon the company and penalty of ₹50,000 each on three of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=7g20gi8t3ZSUBUNlfJhQ%253D%253D&type=open>

Adjudication order for violation of Section 89 of the Companies Act, 2013 in the matter of M/s HERMES I TICKETS PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 27th March 2024 in the matter of M/S Hermes I Tickets Private Limited for violating the provisions of Section 89 of the Companies Act, 2013 for not providing the declaration in respect of Beneficial Interest in any Share.

The adjudicating authority has imposed the monetary penalty of ₹5,00,000 upon the company and penalty of ₹2,00,000 each on three of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=asr8ZbB%252BJHYhev7mCOKM0g%253D%253D&type=open>

Adjudication order for violation of Section 143(2) of the Companies Act, 2013 in the matter of M/s SHINAGO INTERNATIONAL (INDIA) PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 15th Apr 2024 in the matter of M/s Shinago International (India) Private Limited for violation in terms of the Auditor has not complied with the provisions as stipulated u/s 143(2) of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹20000 upon the Auditor of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=mcpr1%252F5gBg0z0jcQxHXc5Q%253D%253D&type=open>

Adjudication order for violation of Section 168 of the Companies Act, 2013 in the matter of M/s INFO-DRIVE SOFTWARE LIMITED

ROC of Chennai issued an adjudication order dated 1st April 2024 in the matter of M/s Info- Drive Software Limited for violating the provisions of Section 168 of the Companies Act, 2013 and no intimation w.r.t resignation of Director of the Company was given to the ROC. The adjudicating authority has imposed the monetary penalty of ₹1,00,000 upon the company director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252F2n8a PzOapcGzsup7pagsA%253D%253D&type=open>

Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of M/s KANYA RESORTS PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 15th April 2024 in the matter of M/s Kanya Resorts Private Limited for not filing its financial statement for the FYs 2014-15 to 2016-17 within prescribed time limits as specified under Section 137 of the Companies Act, 2013. However, the adjudication authority extended the benefits of the 'small company' to this company and accordingly, no penalty was imposed upon the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=78EBYnN%252BIILOGdvYyHeRPA%253D%253D&type=open>

Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of M/s AALAMARA NIDHI LIMITED

ROC of Chennai issued an adjudication order dated 8th April 2024 in the matter of M/s Aalamara Nidhi Limited for not filing its financial statement for the FY 2021-22

within prescribed time limits as specified under Section 137 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹19,300 upon the company and on each of the seven of the company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=dYwx1%252Bwlv2Wi3LbOOMyp5Q%253D%253D&type=open>

Adjudication order for violation of Section 134(5) (b) of the Companies Act, 2013 in the matter of M/s HERMES I TICKETS PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 27th March 2024 in the matter of M/S Hermes I Tickets Private Limited for violating the provisions of Section 134(5) of the Companies Act, 2013 regarding non-application of the accounting policies in consistent manner along with the trade payables were mis-represented for the FY 2018-19. The adjudicating authority has imposed the monetary penalty of ₹3,00,000 upon the company and penalty of ₹50,000 on one of the company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=yu3WZykb0LZ49H6RVpxI5g%253D%253D&type=open>

Adjudication Order for violation of Section 12 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/S RICHENG OPTICAL ELECTRONICS PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 16th February 2024 in the matter of M/S Richeng Optical Electronics Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining its Registered Office. The adjudicating authority has imposed the monetary penalty of ₹50,000 upon the company and penalty of ₹50,000 each on four of the company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=YUgneF36BSIwv4uWe3dD3Q%253D%253D&type=open>

Adjudication Order for violation of Section 161(1) of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/S INCHOI TECHNOLOGY ELECTRONIC MATERIALS PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 11th December 2023 in the matter of M/s Inchoi Technology Electronic Materials Private Limited for violating the provisions of Section 161(1) of the Companies Act, 2013 w.r.t regularizing the appointment of additional director (appointed on 25.05.2021). The adjudicating authority has imposed the monetary penalty of ₹1,00,000 upon each of company's 5 Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=BuWFbn3GOWdbY4Glr9x76A%253D%253D&type=open>

Order for violation of Section 118 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s PETRON MINERALS & METALS LIMITED

ROC of Kanpur issued an adjudication order dated 04th March, 2024 in the matter of M/s Petron Minerals & Metals Limited for violating the provisions of Section 118 of the Companies Act, 2013 for not maintaining the minutes of the board meeting. The adjudicating authority has imposed the monetary penalty of ₹25,000 upon the company and penalty of ₹5,000 each on 13 of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=RyKScyRJToLDuW8SP%252FeiAQ%253D%253D&type=open>

Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of M/s SHINAGO INTERNATIONAL (INDIA) PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 15th April, 2024 in the matter of M/s Shinago International (India) Private Limited for violating the provisions of Section 203 of the Companies Act, 2013 for not appointing the Company Secretary. The adjudicating authority has imposed the monetary penalty of ₹500000 upon the company and penalty of ₹500000 on Managing director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=YeKe%252FqlA8aRj79Agx%252FQe7g%253D%253D&type=open>

Adjudication Order for violation of Section 12 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s VUPLA TECHNOLOGIES PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 14th February, 2024 in the matter of M/s Vupla Technologies Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining the Registered Office of the company. The adjudicating authority has imposed the monetary penalty of ₹50000 upon the company and penalty of ₹50000 each on 6 of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=Ecpy926ltwATmzJ2tMLLPg%253D%253D&type=open>

Adjudication order for violation of Section 117 read with Section 179(3)(g) of the Companies Act, 2013 in the matter of M/s AALAMARA NIDHI LIMITED

ROC of Chennai issued an adjudication order dated 8th April, 2024 in the matter of M/s Aalamara Nidhi Limited for violating the provisions of Section 117 and 179(3)(g) of the Companies Act, 2013 for delay in filing the resolutions or any agreement with the ROC along with

delay in approving the financial statements respectively by the Board of Directors. The adjudicating authority has imposed the monetary penalty of ₹114100 upon the company and penalty of ₹50000 each on 9 of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=Dx0mqFLA5wZYyz8133owA%253D%253D&type=open>

Adjudication order for violation of Section 118(1) of the Companies Act, 2013 in the matter of M/s SHINAGO INTERNATIONAL (INDIA)PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 15th April, 2024 in the matter of M/s Shinago International (India) Private Limited for violating the provisions of Section 118 of the Companies Act, 2013 for not maintaining the minutes of the board meeting since its incorporation. The adjudicating authority has imposed the monetary penalty of ₹25000 upon the company and penalty of ₹5000 upon its managing director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=MqHA8E3M8i6PuOXx%252FmfApQ%253D%253D&type=open>

Adjudication order for violation of Section 168 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s RICHENG OPTICAL ELECTRONICS PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 16th February 2024 in the matter of M/S Richeng Optical Electronics Private Limited for violating the provisions of Section 168 of the Companies Act, 2013 and no intimation w.r.t resignation of director of the Company was given to the ROC. The adjudicating authority has imposed the monetary penalty of ₹300000 upon the company and penalty of ₹1,00,000 each on 3 of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=HK15FDCQUta4jAwGKafdqw%253D%253D&type=open>

Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of M/s AALAMARA NIDHI LIMITED

ROC of Chennai issued an adjudication order dated 8th April 2024 in the matter of M/s Aalamara Nidhi Limited for not filing its annual return for the FYs 2021-22 & 2022-23 within prescribed time limits as specified under Section 92 of the Companies Act, 2013. The adjudicating authority for the FY 2021-22 has imposed the monetary penalty of ₹50,600 upon the company and ₹50,000 on eight of company's directors (officers in default). For FY 2022-23, the adjudication authority imposed monetary penalty of ₹23,300 upon the company and on seven of company's directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=gF3GWdyROZDaw5KsJmGYPg%253D%253D&type=open>

Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of M/s SOFTGEL HEALTHCARE PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 15th April 2024 in the matter of M/s Softgel Healthcare Private Limited for violating the provisions of Section 203 of the Companies Act, 2013 for not appointing the Company Secretary. The adjudicating authority has imposed the monetary penalty of ₹5,00,000 upon the company and penalty of ₹1,03,000 on 7 of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=R467GXejIq6jysijMpk%252B7g%253D%253D&type=open>

Adjudication order for violation of Section 170 of the Companies Act, 2013 in the matter of M/s SHINAGO INTERNATIONAL (INDIA)PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 15th April 2024 in the matter of M/S Shinago International (India) Private Limited for non-maintenance of proper registers for director and KMP since incorporation as stipulated u/s170 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹3,00,000 upon the company and penalty of ₹1,00,000 on its Managing Director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=KAGocnEDkickliG8GyPjJQ%253D%253D&type=open>

Adjudication order for violation of Section 56 of the of Companies Act, 2013 in the matter of M/s SPENDFLO INDIA PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 15th April 2024 in the matter of M/S Spendflo India Private Limited for violating the provision of Section 56 of the Companies Act, 2013 for non-payment of the stamp duty on the share transfer forms received. The adjudicating authority has imposed the monetary penalty of ₹50,000 upon the company and penalty of ₹50,000 on its Managing Director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=woOjd8bE%252BhOyQQYxU6tlg%253D%253D&type=open>

Adjudication order for violation of Section 117 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s AL-AMEEN MUTUAL BENEFIT NIDHI LIMITED

ROC of Kanpur issued an adjudication order dated 9th April, 2024 in the matter of M/s AL-Ameen Mutual Benefit Nidhi Limited for violating the provisions of Section 117 of the Companies Act, 2013 for delay in filing the resolutions or any agreement with the ROC for the FY

2017-18, 2018-19 & 2019-20. The adjudicating authority imposed the monetary penalty of ₹1,00,000 upon the company and penalty of ₹25,000 each on 7 of its Directors (officers in default) for each FY.

<https://www.mca.gov.in/bin/dms/getdocument?mds=gXcZWqRPfWprxfeJgDWITQ%253D%253D&type=open>

Adjudication order for violation of rule 12(A) of the Companies (Appointment and Qualification Of Directors) Rules, 2014 read with Companies (Adjudication of Penalties) Rules, 2014 & Companies (Amendment) Act, 2020 in the matter of M/s AL-AMEEN MUTUAL BENEFIT NIDHI LIMITED

ROC of Kanpur issued an adjudication order dated 9th April, 2024 in the matter of M/s AL-Ameen Mutual Benefit Nidhi Limited for violating the provisions of Rule 12A of Companies (appointment and qualification of directors) rules 2014 by not filing DIR-3 KYC form with ROC. The adjudicating authority imposed the monetary penalty of ₹25,000 upon the director in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=1w98Rj7Uk%252FORcD9cYvluFA%253D%253D&type=open>

Adjudication order for violation of rule 149 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 & Companies (Amendment) Act, 2020 in the matter of M/s EUEB INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 30th January 2024 in the matter of M/s Eueb India Private Limited for violating the provision of Section 149 of the Companies Act, 2013 in non-maintaining the minimum requirement of directors in board of the company. The adjudicating authority imposed the monetary penalty of ₹1,50,000 upon the company and penalty of ₹50,000 each on its Director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=FROY%252F4npiPXalhpHAC8d%252FA%253D%253D&type=open>

Adjudication order for violation of Section 137 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s PETRON MINERALS & METALS LIMITED

ROC of Kanpur issued an adjudication order dated 4th March, 2024 in the matter of M/s Petron Minerals & Metals Limited for not filing its financial statement for the FYs 2014-15, 2015-16 & 2016-17 within prescribed time limits as specified under Section 137 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹25,000 upon each of the 6 directors of the company (officers in default) for each FY.

<https://www.mca.gov.in/bin/dms/getdocument?mds=4WsWkaV5p9j8pJmZ19nHEQ%253D%253D&type=open>

Adjudication order for violation of Section 134 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s PETRON MINERALS & METALS LIMITED

ROC of Kanpur issued an adjudication order dated 4th March, 2024 in the matter of M/s Petron Minerals & Metals Limited for not filing Director's Report along with Balance Sheet for the FY 2017-18, which is a violation of Section 134 of the Companies Act, 2013. The adjudicating authority imposed the monetary penalty of ₹3,00,000 upon the company and penalty of ₹50,000 each on its Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=IP9kykp8PxFmNZY0ChXKsA%253D%253D&type=open>

Adjudication Order for violation of Section 152(2) of the Companies Act, 2013 read with companies (Adjudication of Penalties) rules, 2014 in the matter of M/s INCHOI TECHNOLOGY ELECTRONIC MATERIALS PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 11th December 2023 in the matter of M/s Inchoi Technology Electronic Materials Private Limited for violating the provisions of Section 152(2) of the Companies Act, 2013 w.r.t provision of the appointment of additional director in company's AGM. The adjudicating authority imposed the monetary penalty of ₹3,00,000 upon the company and penalty of ₹1,00,000 each on 5 of its Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=DvTyflo6ACDXZYWOovYLsg%253D%253D&type=open>

Adjudication order for violation of Section 149(4) of the Companies Act, 2013 in the matter of M/s INFO-DRIVE SOFTWARE LIMITED

ROC of Chennai issued an adjudication order dated 1st April 2024 in the matter of M/s Info- Drive Software Limited for violating the provisions 149(4) of the Companies Act, 2013 regarding not having any Independent Director on the Board of the Company as required u/s 149(4). The adjudicating authority imposed the monetary penalty of ₹1,00,000 upon the its Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=2z44VyK4HooUDBPQYm4CBA%253D%253D&type=open>

Adjudication order for violation of Section 12(A) of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s TONGFANG TECHNOLOGY INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 19th February 2024 in the matter of M/s Tongfang Technology India Private Limited for violating the provisions of Rule 12A of Companies (appointment and qualification of

directors) rules 2014 by not filing DIR-3 KYC form with ROC. The adjudicating authority imposed the monetary penalty of ₹50,000 each upon 3 of its directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=b2iQcGnV6PSY Lpz2HyJjjA%253D%253D&type=open>

Adjudication order for violation of Section 137 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s TONGFANG TECHNOLOGY INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 19th February 2024 in the matter of M/s Tongfang Technology India Private Limited for not filing its financial statement for the FY 2019-20 within prescribed time limits as specified under Section 137 of the Companies Act, 2013. The adjudicating authority imposed the monetary penalty of ₹1,30,200 upon the company and penalty of ₹50,000 each on 4 of its Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=djENUbL6OZblySWhrMAew%253D%253D&type=open>

Adjudication order for violation of Section 12 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s TONGFANG TECHNOLOGY INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 19th February 2024 in the matter of M/s Tongfang Technology India Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining the Registered Office of the company. The adjudicating authority has imposed the monetary penalty of ₹1,00,000 upon the company and on each on 4 of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=wfMBroykzfpz24QXD1Dc9w%253D%253D&type=open>

Adjudication order for violation of Section 92 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) rules, 2014 in the matter of M/s PETRON MINERALS & METALS LIMITED

ROC of Kanpur issued an adjudication order dated 4th March, 2024 in the matter of M/s Petron Minerals & Metals Limited for not filing the annual return for the FYs 2014-15, 2015-16 & 2016-17 within prescribed time limits as specified under Section 92 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹1,00,000 upon the company and ₹25,000 each of the 13 directors of the company (officers in default) for each FY.

<https://www.mca.gov.in/bin/dms/getdocument?mds=drX556qo1hP3Z9IG8Yd5g%253D%253D&type=open>

Adjudication order for violation of Section 12 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s SANDAL NIDHI LIMITED

ROC of Kanpur issued an adjudication order dated 3rd March 2024 in the matter of M/s Sandal Nidhi Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining the Registered Office of the company. The adjudicating authority has imposed the monetary penalty of ₹1,00,000 upon each its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=oCgRMcktHGEX9s2ahJXOFg%253D%253D&type=open>

Adjudication order for violation of Section 149(1) of the Companies Act, 2013 in the matter of M/s INFO-DRIVE SOFTWARE LIMITED

ROC of Chennai issued an adjudication order dated 1st April 2024 in the matter of M/s Info- Drive Software Limited for violating the provisions 149(1) of the Companies Act, 2013 regarding not having any Women Director on the Board of the Company as required u/s 149(1). The adjudicating authority imposed the monetary penalty of ₹1,00,000 upon the its Director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=OWj9qMqNvt9i%252BIOv6MsMQ%253D%253D&type=open>

Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of M/s ANMOL FERRO IMPEX PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 25th March 2024 in the matter of M/s Anmol Ferro Impex Private Limited for not filing its financial statement for the FY 2017-18 within prescribed time limits as specified under Section 137 of the Companies Act, 2013. The adjudicating authority imposed the monetary penalty of ₹1,91,600 upon the company and penalty of ₹50,000 each on its Director (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=LRRPjrBcVc329NzXtp7utw%253D%253D&type=open>

Adjudication order for violation of Section 134(3)(F) of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 & Companies (Amendment) Act, 2020 in the matter of M/s HOLITECH INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 13th November 2023 in the matter of M/s Holitech India Private Limited for non-inclusion of 'Qualified Opinion' of the Auditor which is non-compliance of Section 134(3)(f) of the Companies Act, 2013. The adjudicating authority imposed the monetary penalty of ₹3,00,000 upon the company and penalty of ₹50,000 each on its Directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=Ylx%252BE3zxFM7uYchcUsimQ%253D%253D&type=open>

Adjudication order for violation of Section 85(1) of the Companies Act, 2013 read with rule 10 of Companies (Registration of Charges) Rules, 2014 and Companies (Adjudication of Penalties) Rules, 2014 & Companies (Amendment) Act, 2020 in the matter of M/s HOLITECH INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 13th November 2023 in the matter of M/s Holitech India Private Limited for not maintaining register of charges as required u/s 85(1) of the Companies Act, 2013. The adjudication authority for the said violation imposed the penalty of ₹5,00,000 upon the company and ₹50,000 each on company's director (officer in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=J4rzWERrY22%252FvwVmrn415w%253D%253D&type=open>

Adjudication order for violation of Section 134(5) (c) of the Companies Act, 2013 in the matter of M/s ANMOL FERRO IMPEX PRIVATE LIMITED

ROC of Chennai issued an adjudication order dated 25th March 2024 in the matter of M/s Anmol Ferro Impex Private Limited for not disclosing the details w.r.t related party transactions of directors' current payable as required to be disclosed u/s 134(5)(c) of the Companies Act, 2013 for the FYs 2015-16, 2016-17 & 2017-18. The adjudicating authority imposed the monetary penalty of ₹3,00,000 upon the company and penalty of ₹50,000 each on its Director (officers in default) for each FY.

<https://www.mca.gov.in/bin/dms/getdocument?mds=2QTgIJNlPNDN7o hXApiVJtw%253D%253D&type=open>

Adjudication order for violation of Section 92 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 & Companies (Amendment) Act, 2020 in the matter of M/s HOLITECH INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 13th November 2023 in the matter of M/s Holitech India Private Limited for not filing the annual return for the FY 2020-21 within prescribed time limits as specified under Section 92 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹70,300 upon the company and directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=e88fzZNGTZM5KhbO6lj0cA%253D%253D&type=open>

Adjudication order for violation of Section 137 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 &

Companies (Amendment) Act, 2020 in the matter of M/s HOLITECH INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 13th November 2023 in the matter of M/s Holitech India Private Limited for not filing its financial statements for the FY 2020-21 within prescribed time limits as specified under Section 137 of the Companies Act, 2013. The adjudicating authority has imposed the monetary penalty of ₹73,700 upon the company and directors of the company (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=FEiO8JmakYpengt1bn4C1Q%253D%253D&type=open>

Adjudication order for violation of Section 39 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s AL-AMEEN MUTUAL BENEFIT NIDHI LIMITED

ROC of Kanpur issued an adjudication order dated 9th April, 2024 in the matter of M/s AL-Ameen Mutual Benefit Nidhi Limited for not filing the form PAS-3 for allotment of shares for FY 2020-21 with ROC which is violation of Section 39(4) of the Companies Act, 2013. The adjudicating authority imposed the monetary penalty of ₹52,900 upon the company and upon each of its 7 directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=q975dQ07Tlcfq95JRQyxfq%253D%253D&type=open>

Adjudication order for violation of Section 64(1)(a) of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s AL-AMEEN MUTUAL BENEFIT NIDHI LIMITED

ROC of Kanpur issued an adjudication order dated 9th April, 2024 in the matter of M/s AL-Ameen Mutual Benefit Nidhi Limited for not filing the form SH-7 for alteration of share capital for FY 2020-21 with ROC which is violation of Section 64(1)(a) of the Companies Act, 2013. The adjudicating authority imposed the monetary penalty of ₹2,00,000 upon the company and ₹50,000 each upon 7 of its directors in default.

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Adjudication order for violation of Section 158 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s AL-AMEEN MUTUAL BENEFIT NIDHI LIMITED

ROC of Kanpur issued an adjudication order dated 9th April, 2024 in the matter of M/s AL-Ameen Mutual Benefit Nidhi Limited for not mentioning the DIN of the directors in the financial statements filed for

FY 2019-20 which is a violation of Section 158 of the Companies Act, 2013. The adjudicating authority imposed the monetary penalty of ₹87,300 upon the company and ₹50,000 each upon 2 of its directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=8TPG188GBefn%252B83A19FbVQ%253D%253D&type=open>

Adjudication order for violation of Section 203 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s CRRC INDIA PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 1st February 2024 in the matter of M/s CRRC India Private Limited for violating the provisions of Section 203 of the Companies Act, 2013 for not appointing the Company Secretary within stipulated time. The adjudicating authority has imposed the monetary penalty of ₹5,00,000 upon the company and penalty of ₹1,00,000 each on 9 of its directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=7HPAJx%252FCnoor6id5XvpA5w%253D%253D&type=open>

Adjudication order for violation of Section 12 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014 in the matter of M/s BLUESEED FINTECH PRIVATE LIMITED

ROC of Kanpur issued an adjudication order dated 1st February 2024 in the matter of M/s Blueseed Fintech Private Limited for violating the provisions of Section 12 of the Companies Act, 2013 for not maintaining the Registered Office of the company. The adjudicating authority has imposed the monetary penalty of ₹50,000 upon company and each of its 2 directors (officers in default).

<https://www.mca.gov.in/bin/dms/getdocument?mds=SB1yBcuEDLhhE4qLu8ecpQ%253D%253D&type=open>

Adjudication Order of Penalties u/s 89 of the Companies Act, 2013 in the matter of M/s DORNIER GROUP (INDIA) PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 30th April, 2024 in the matter of M/s Dornier Group (India) Private Limited as the beneficial holder and the registered holder not declared the status of their interest in the shares in the company in terms of Section 89(1) and Section 89(2) of the Act. The adjudication authority has imposed penalty of ₹5,00,000 upon the company and ₹2,00,000 each on its 2 directors (officers in default) for said violation of provisions of Section 89 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=K%252BHTn7w8Cj1z4w9RzJzw1Q%253D%253D&type=open>

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भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
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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 latest by 25th 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 latest by 25th 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:

Mr. X ... Appellant

Versus

Union of India & Others ... Respondents

NCLAT confirmed the order of NCLT Bench (hereinafter referred to as 'the learned Tribunal') dated 01.01.2019 by which the learned Tribunal allowed the application preferred by the Central Government under Section 130(1) & (2) of the Companies Act, 2013 (hereinafter referred to as the 'Companies Act') and has permitted recasting and reopening of the accounts for the last five years of three group companies.

The appellant herein claims to be the Vice-President/ Director of these three group companies who has been suspended.

Appeal is filed before Supreme Court against this confirmation order of NCLAT.

Facts of the case

1. That on 01.10.2018, the Central Government through the Ministry of Corporate Affairs filed a petition before the learned Tribunal under Sections 241 and 242 of the Companies Act alleging *inter alia*, mismanagement by the Board of the three group companies and that their affairs were being conducted in a manner prejudicial to public interest and therefore, praying for (i) suspension of the existing Board of Directors of the group companies with immediate effect (ii) appointment of nominees of the CG in lieu of such suspended Board of Directors to manage the affairs of the group companies. The same was ordered by the learned Tribunal .
2. It was found that the management of companies were responsible for negligence and incompetence, and had falsely presented a rosy financial statement.
3. The Registrar of Companies also conducted an enquiry under Section 206 of the Companies Act, and prima facie concluded that mismanagement and compromise in corporate governance norms and risk management has been perpetuated in these group companies by indiscriminately raising long term and short terms loans/borrowings through Public Sector Banks and financial institutions.
4. The investigation was carried out by the Serious Fraud Investigation Office (hereinafter referred to as 'the SFIO') in exercise of powers under Section 212 of the Companies Act which submitted an interim report dated 30.11.2018 to the Central Government placing on record confirming the allegations of CG.
5. That thereafter the Union of India through the MCA approached the learned Tribunal under Section 130(1) of the Companies Act seeking permission for reopening of the books of accounts and recasting

thereof, including the financial statements of three group companies for the last five years.

6. The learned Tribunal issued notices to the Income Tax Authorities, SEBI, and any other statutory regulatory body or authority, or other persons concerned.
7. The learned Tribunal vide its Order dated 01.01.2019 allowed the application filed under Section 130 of the Companies Act, and permitted the said application for reopening the books of accounts, and recasting the financial statements of the aforesaid three companies for the last five years.

Submission of the Appellant (suspended director)

1. There is no specific finding by the learned Tribunal with respect to the mismanagement by the erstwhile Directors.
2. As per the amended Section 130 of the Companies Act, before passing the order under Section 130 of the Companies Act, not only the Income Tax Authorities and other authorities were required to be heard, even the “other persons concerned”, including the Directors/Ex-Directors of the company were required to be heard.
3. Order under Sections 241 and 242 of the Companies Act can not be said to be a final order and has been objected and therefore, can not be relied to give order under Section 130 of the Act.

Submission by Union of India

1. It is submitted that the order passed by the learned Tribunal under Section 130 of the Companies Act is absolutely in the larger public interest and absolutely in consonance with the provisions of Section 130 of the Companies Act.
2. In the present case, after having satisfied that there are serious allegations against three group companies, the Department of Economic Affairs took a conscious decision to approach the NCLT under Section 242 of the Companies Act to order reconstitution of the Board of Directors.
3. A detailed order and considering the material on record, and having been *prima facie* satisfied with respect to the allegations of mismanagement and relating to the affairs of group of companies, the learned Tribunal passed an order dated 01.10.2018 suspending the earlier Directors/Board of Directors of the companies and appointed a new Board of Directors. Order under Sections 241 and 242 of the Companies Act has attained finality inasmuch as the same is not challenged till date and therefore can be considered for the order under Section 130.

4. SFIO constituted under Section 212 of the Act has already commenced a specialized investigation into the affairs of the group companies.
5. Considering the operations the reopening of the books of accounts and recasting the financial statements of the aforesaid three companies is very much required and necessary, since the same shall be in the larger public interest, to find out the real truth.
6. It is further submitted that, in the present case, before passing the order under Section 130 of the Companies Act, notices were issued under the first proviso to Section 130 of the Companies Act. It is submitted that none of the authorities had objection in reopening of the accounts of these companies.
7. It is submitted that, as observed by the Tribunal in the impugned order, the erstwhile directors had opposed the application under Section 130 of the Companies Act, that after hearing all parties, the impugned order has been passed by the learned Tribunal. It is submitted that therefore the impugned order passed by the learned Tribunal cannot be said to be in violation of the principles of natural justice as alleged.
8. Making the above submissions, it is prayed to dismiss the present appeal, more particularly, considering the larger public interest as, in the present case, thousands of crores of the public money is involved.

Decide the following questions:

- Q. 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?
- Q. Can erstwhile directors of the company make representation under Section 130 of the Companies Act?

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 – April 2024

CS Shivam Singhal
ACS-41948

BEST ANSWER CASE STUDY APRIL 2024

Query 1: Can the complainant companies move an application under Section 244(1)(a) to invoke Sections 241 and 242 or what is the course available to them for moving such an application?

1) Query 1 is based on the applicability of certain provisions of Section 244 of the Companies Act, 2013. Extracts of the Section 244 are as follows:

“Right to Apply Under section 241.

(1) The following members of a company shall have the right to apply under section 241, namely:—

(a) in the case of a company having a share capital, not less than one hundred members of the company or not less than one-tenth of the total number of its members, whichever is less, or any member or members holding not less than onetenth of the issued share capital of the company, subject to the condition that the applicant or applicants has or have paid all calls and other sums due on his or their shares;

(b) in the case of a company not having a share capital, not less than one-fifth of the total number of its members:

Provided that the Tribunal may, on an application made to it in this behalf, waive all or any of the requirements specified in clause (a) or clause (b) so as to enable the members to apply under section 241.

Explanation.—For the purposes of this subsection, where any share or shares are held by two or more persons jointly, they shall be counted only as one member.

(2) Where any members of a company are entitled to make an application under subsection (1), any one or more of them having obtained the consent in writing of the rest, may make the application on behalf and for the benefit of all of them.”

2) The two complainant companies from the SP Group collectively held only about 2% of the total issued share capital of MN Sons, which is significantly below the minimum threshold required by Section 244(1)(a) for invoking Sections 241 and 242. **To address this shortfall, the complainant companies can file a miscellaneous application under the proviso to sub-section (1) of Section 244. This application seeks a waiver from the requirements of Section 244(1)(a), which mandates that only those members who either constitute at least 100 members of the company with share capital, or one-tenth of the total number of its members, or hold at least one-tenth of the company’s issued share capital, are eligible to apply.**

Query 2: Whether the decision of the Registrar of Companies for changing the status of MN Sons Limited from being a public company (by virtue of end of deeming provisions of Section 43A(1A) of the Companies Act,1956) into a private company was legal?

1) The status of MN Sons was that of a:

a)	Private company till 31st January, 1975;
b)	Deemed public company under Section 43A from 01st February, 1975 till 12th December, 2000;
c)	Company that continued to be a deemed to be public company from 13th December, 2000 till 11th September, 2013 by virtue of Section 3(1)(iii) of the 1956 Act as amended by Companies Amendment Act, 2000
d)	Private company w.e.f. 12th September, 2013 within the meaning of Section 2(68) of the 2013 Act.

2) We have to see that MN Sons did not become a public company by choice; it became one by operation of law. Therefore, this company should not be required to adhere to the stringent requirements of Section 14(1) of the 2013 Act.

3) MN Sons sought only a simple amendment to their Certificate of Incorporation, which is not covered by Section 14 of the 2013 Act. Since MN Sons met the criteria outlined in Section 2(68) of the 2013 Act, they applied to the Registrar of Companies for an amendment to the certificate. The certificate merely recognizes the company’s status and does not, in itself, create that status.

- 4) The only provision that remained after 13th December, 2020, was Section 43A(2A), which persisted until 30th January, 2019, when the entire 1956 Act was repealed. Sub-section (2A) consists of two aspects. The first is that the concept of a ‘deemed to be public company’ was eliminated in 2000. The second aspect involves prescribing certain formalities to address residual issues. What MN Sons failed to address from 2000 to 2013 was only this second aspect of Sub-section (2A). Section 465 of the 2013 Act did not hinder this, as Section 43A(2A) remained in effect until 30th January, 2019. Therefore, the procedures adopted by MN Sons and the ROC during the period when Section 43A(2A) was applicable were entirely appropriate.
- 5) On the other hand, a company that becomes a deemed public company by operation of law does not undergo an irreversible transformation similar to milk turning into curd or yogurt.
- 6) **Therefore, the request made by MN Sons and the action taken by the Registrar of Companies to amend the Certificate of Incorporation were legal and perfectly in order.**

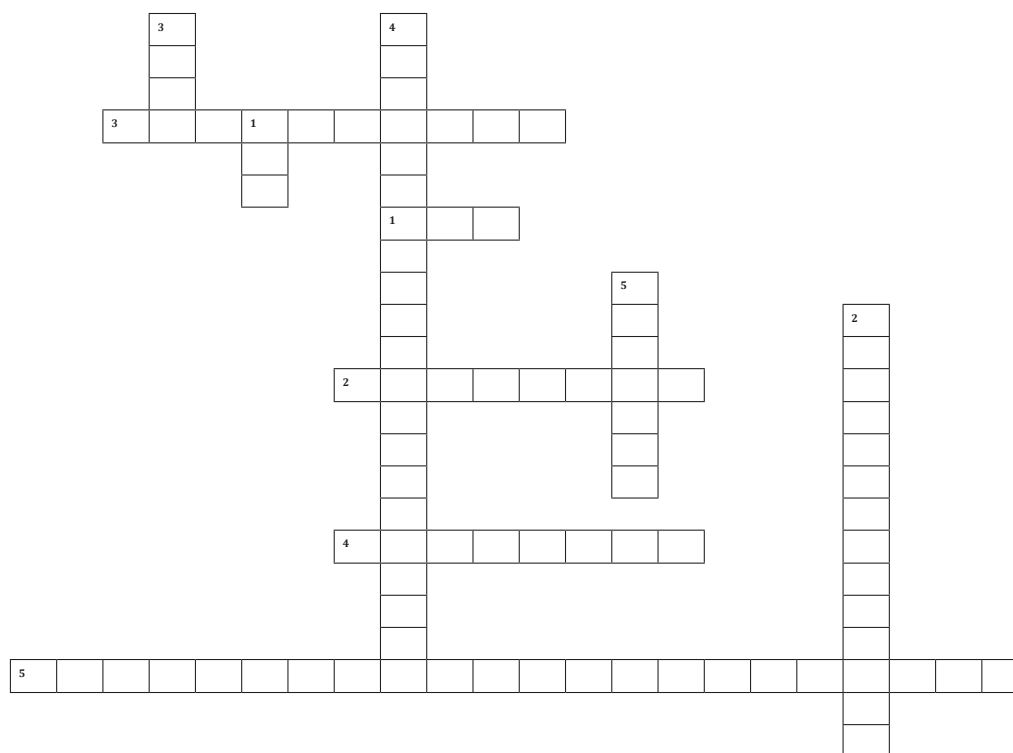
Query 3: Whether demand can be made for amendment of AOA to provide for right of proportionate representation on the Board of any company, be it public or private, being minority shareholder?

- 1) Query 3 is based on the applicability of certain provisions of Section 252 of the Companies Act, 1956 and Section 151 of the Companies Act, 2013. Extracts of the both sections are as follows:

- 2) The key points to note in the aforementioned provisions are:
- Section 252 of the 1956 Act applied to every public company except those that became public by virtue of Section 43A, indicating that it would not have applied to MN Sons;
 - In contrast, Section 151 of the 2013 Act applies only to listed companies;
 - The proviso to Section 252(1) of the 1956 Act stipulates that for it to be applicable, a public company must have a paid-up capital of Rs. 5 crores or more and at least 1,000 small shareholders;
 - Conversely, the applicability of Section 151 of the 2013 Act does not depend on either the paid-up capital or the number of shareholders; and
 - The definition of “small shareholders” remains the same under both statutes.
- 3) Under both the 1956 Act and the 2013 Act, the right to claim proportionate representation is not statutorily available to minority shareholders; it is only available to small shareholders, which the SP Group is certainly not. **Thus, the SP group, being minority shareholders, cannot demand an amendment to the Articles of Association to provide for the right to proportional representation on the Board.**

<i>Section 252 of the 1956 Act</i>	<i>Section 151 of the 2013 Act</i>
<p><i>252 - Minimum number of directors.</i></p> <p><i>(1) Every public company (other than a public company which has become such by virtue of Section 43A), shall have at least three directors.</i></p> <p><i>Provided that a public company having, -</i></p> <p><i>(a) a paid-up capital of five crore rupees or more;</i></p> <p><i>(b) one thousand or more small shareholders, may have a director elected by such small shareholders in the manner as may be prescribed.</i></p> <p><i>Explanation: For the purposes of this sub-section “small shareholders” means a shareholder holding shares of nominal value of twenty thousand rupees or less in a public company to which this section applies.</i></p>	<p><i>A listed company may have one director elected by such small shareholders in such manner and with such terms and conditions as may be prescribed.</i></p> <p><i>Explanation.—For the purposes of this section “small shareholders” means a shareholder holding shares of nominal value of not more than twenty thousand rupees or such other sum as may be prescribed.</i></p>

CROSSWORD PUZZLE – COMPANY LAW - MAY 2024



ACROSS

- Under The Insolvency and Bankruptcy Code, 2016 resolution professional shall examine the application referred to in section 94 or section 95, as the case may be, within _____ days of his appointment, and submit a report to the Adjudicating Authority recommending for approval or rejection of the application.
- Under _____ Companies Act, 2013, The trustee for depositors shall call a meeting of all the depositors on- requisition in writing signed by at least _____ of the depositors in value for the time being outstanding.
- Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 'high value _____ entity' shall undertake Directors and Officers insurance (D and O insurance) for all its independent directors for such sum assured and for such risks as may be determined by its board of directors.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, The resolution professional shall within _____ of the date of issue of the final list under sub-regulation (12) of regulation 36A, issue the information memorandum, evaluation matrix and a request for resolution plans to every resolution applicant in the final list.
- Securities and Exchange Board of India (Index Providers) Regulations, 2024 shall come into force on the _____ day from the date of their publication in the Official Gazette.

DOWNWARDS

- Under The Insolvency and Bankruptcy Code, 2016, A preference under Section 43 shall be deemed to be given at a relevant time, if it is given to a related party (other than by reason only of being an employee), during the period of _____ years preceding the insolvency commencement date.
- Under the Companies Act, 2013, the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees are required to establish a _____ for their directors and employees to report their genuine concerns or grievances.
- Under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, The offer for buy-back shall remain open for a period of _____ working days.
- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016., a secured creditor who has not relinquished his security interest under section 52 shall not be part of the _____.
- Under the Companies Act, 2013, if the stated minimum amount has not been subscribed and the sum payable on application is not received within the period specified therein, then the application money shall be repaid within a period of _____ days from the closure of the issue.

“The Law and Practice Relating to Company Meetings”



Authored By:

Ramaswami Kalidas

FCS, MBA

Published by: Bloomsbury, New Delhi

The present 3rd edition titled “*The Law and Practice relating to Company Meetings*” that is presented is very comprehensive book which has been divided into 6 (Six) Chapters, which covers all the aspects relating to introduction, meetings of shareholders, class meetings, meetings of the Board and Committee constituted by the Board, Committees of the Board and various relaxation and guidance issued by the Ministry of Corporate Affairs, SEBI/ICSI in the matter of holding meetings of the Board/General Meetings.

The author has made lots of efforts to make comparison of the requirements of the law under the Companies Act, 2013 and comparison with the previous Companies Act, 1956 requirements, as well as also covered the various requirements as applicable for the listed entities and requirements for the Secretarial Standards issued by the Institute of Company Secretaries of India.

The Book also covers the various judgements of the various benches of the National Company Law Tribunal, High Courts, and Supreme Court and placed at the relevant places for providing further clarity and conformity for better understanding of the requirements for making necessary compliances.

The Book covers the systematic presentation of the exemptions provided by the Central Government and under the SEBI (LODR) Regulations, 2015 to various types and categories of companies for the requirement of holding meetings of the Board of Directors, Committees of the Board and General Meetings, specifically in view of the various relaxations that were given which has permitted for holding the Annual General Meetings and Extra Ordinary General Meetings, Board and Committee meetings through the video conferencing and other audio video mode within physical presence at the venue of the meetings and interpretation and commentary thereof in a very simple and easy manner therefore, the professional of corporate law may easily understand the requirements thereof as applicable from time to time and procedures relating thereto and how to comply with them.

Considerable changes have taken place in the law on the subject which has affected the rules. SEBI has also made significant changes under the corporate governance mechanism, and all these changes mean that the fraternity of corporate professional specifically the Company Secretaries whether in employment or in practice need to sharpen their skills to rise the days to come. In the same time the repository of judicial precedents available on the law keeps increasing by the day thus casting an obligation on the professionals to stay updated the demands of the challenging situation that a corporate is bound to grapple on the law keeps increasing.

One step ahead the powers of the Registrar of Companies, all over the country has been shifted to the Central Processing Center, the V3 Version of the Forms at the portal of MCA is also based on the Artificial Intelligence, therefore, in case of even minor mistake shall have heavy cost and burden on the Company, its officer and default as well as the secretarial and statutory auditors.

I observe that the procedures followed by the Company has significant role in case of company petition under Section 241-242 as well in the corporate restructuring by way of merger, amalgamation, and other matters also.

The Author has very systematically provided the contents for various related issues like voting through the postal ballot process, meetings need to convene on the requisition of the members, powers of the National Company Law Tribunal to give directions for holding meetings, procedural aspects for inclusion of various types of resolution and explanatory statements as may be required to be given in the notice of the General Meetings, etc.

The author has done justice to the subject and covered the generally applicable sections along with the adequate commentary, relevant circulars, notifications, and has also precisely covered various judgements which provides adequate clarity along with the through interpretation for the understanding of the readers, professionals, and other concerned persons.

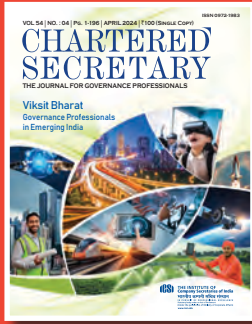
No doubt that the author has immense rich knowledge of the Company Law and various amendments, and clarifications issued therein. I found all the requirements and procedural part in the book which makes it unique and useful for the corporate, Company Secretaries and their department executives, Director, Independent Directors, and Key Managerial Persons, Auditors of the companies, shareholders, creditors, investors, and budding law/CS students, etc. It would be equally beneficial for practitioners, teachers and departmental officers and National Company law Tribunal as such.

I appreciate that the Author has provided valuable contribution in his third edition with his practical knowledge and experience which he gained in the Company Law, therefore, this book will be highly insightful for companies, its Directors, which includes professional and Independent Directors, KMPs, auditors, to analyze their role and make up their mind for further course of action for purpose of understanding, review and absolute compliance as well as to take future proposed action in compliance with the requirement of law in the later and spirit.

I wish him all the success for this 3rd edition of the book.

CS (Dr.) D.K. Jain

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