

August 2024
244th Edition



SIRC MYSURU CHAPTER

eMagazine

Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टं कुरु त्वत्पते, बोधयेत् त्वं त्वं कुरु।

Mission

"To develop high calibre professionals facilitating good corporate governance"

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THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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(Under the jurisdiction of Ministry of Corporate Affairs)

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From the Desk of Chairman

Dear Professional Colleagues!

I am happy to interact with you all again through this eMagazine.

Happy 78th Independence Day to all, may this auspicious day ignite the spirit of freedom, justice, and equality in our hearts. Let us strive to uphold the values of democracy, integrity, and professionalism in our pursuit of excellence in corporate governance.

During the month of July 2024 our Chapter has conducted 6 Career Awareness Programs and successful in creating awareness about our Company Secretary course and we have addressed nearly 500 PUC, Degree and Post Graduate students in this month.

During the month of July 2024 our Chapter has conducted its 23rd Batch of One Day Orientation Program on 03rd July, 2024 at chapter premises, 20 students attended the Orientation programme.

The Chapter as part of Students Month Celebration has organised a session in association with ICSI Royal Pro Toastmasters Club, for Students on "Importance of Communication Skills and Life Skills" at Chapter Premises on 28th July, 2024, as a part of the programme, we had session of Fire Side Chat with CS Pradeep B Kulkarni, Chairman ICSI – SIRC and Mr. Kishore Rachaiah, Pioneer, mPower Talk & Corporate Trainer, the entire session went well and lots of take aways to the students.

The Chapter is Celebrating 78th Independence Day on 15th August, 2024 and on this Occasion, we have scheduled a session on the topic "Cyber Crime and the Digital World - Challenges and Opportunities", GP Capt P Anand Naidu, Director- ISAC, Retd Indian Airforce Officer & Adjunct professor – NALSAR will be the Speaker for the session, the invitation of the same has been circulated to all and I request you all to attend this session without fail.

The results of CS Executive and Professional examination of June 2024 attempt is nearing, and I wish good results to all the students who appeared for the examination.

We are planning to organize many more sessions for the members and students in the days to come.

Thanking you,

Career Awareness Program

Sl No	Date	College Name	Speaker	No of Students Attended	Place
1	16.07.2024	Sumukha Independent PU College	CS Abhishek Bharadwaj, Secretary of the Chapter	75	Mysore
2	24.07.2024	Vijaya Vittala PU College	CS V Padmanabha, Chairman	80	Mysore
3	30.07.2024	Pooja Bhagwat MBA College	CS Keerthana, Member	75	Mysore
4	26.07.2024	Satya Saibaba PU College	CS V Padmanabha, Chairman of the Chapter	75	Mysore
5	30.07.2024	Sri Kalidasa Composite PU College	CS Abhishek Bharadwaj, Secretary of the Chapter	55	Mysore
6	31.07.2024	Sri Vivekananda PU College	CS V Padmanabha, Chairman of the Chapter	80	Mysore



Other Activities Organised in the Chapter

Sl No	Date	Name of the Program	Speakers	No of Participants
1.	3.07.2024	23rd One Day Orientation Program	CS A N Janhavi, CS Phanidatta CS Abhishek Bharadwaj	19
2.	3.07.2024	Study Circle Meeting on the occasion of Capital Markets Week, Topic: Nitty Gritty's of IPO	Ms Devika H M, Associate Company Secretary Vinyas Technologies Limited	28
3.	28.07.2024	A session on Importance of Communication Skills & Life Skills	Mr Kishore Rachaiah, Pioneer, mPower Talk & Corporate Trainer	20





ICSI Mysuru RoyalPro Toastmasters Club

Leadership and Communication...!

"Communication is the tool through which leaders exercise their influence, build relationships and drive their teams toward success. Without effective communication, even the most capable leaders may struggle to achieve their goals. During the installation ceremony of new office bearers of ICSI Mysuru Toastmasters club CS Pradeep Kulkarni, Chairman SIRC and Mr. Kishore Rachaiah, Founder, mPower Talk opined. Both from a very humble background narrated their story and how they became the leader in their chosen field. Both said, a good communicator may not be a leader, but a good leader must be a great communicator. CS Pradeep Kulkarni explained his journey towards becoming a great communicator and recalled his experience. When he was a leader, he realized the importance of communication for a leader to be successful, he started the Vagmita Toastmasters club during his tenure as chairman of ICSI Bangalore Chapter. Mr. Kishore Rachaiah said language is just a tool to communicate. Good communication should not have any language barriers. One should not hesitate to communicate in his regional language. If we know how to communicate in one language, we can easily adapt that into any other language. His venture mPower Talk is a motivational talk platform in Kannada.

Later Area Director TM Srihari installed the new office bearers. TM Komal Kumar, CS Executive Student, will be leading the club for the next six months. TM Hitesh conducted the fun session and TM Pracheta was the Toast Master of the Day. It was a hybrid meeting and attended virtually by chairmen of different chapters of SIRC. Many students and members attended the program.

To know more about the Toastmasters and to join the meetings contact Club President TM Komal Kumar M at 77952-77906 or VP Membership TM CS Phani Datta D N at 98862-14182 (only through whatsapp please). We meet every Friday from 7:00 to 8:30 PM online. We would love to have you as part of our family.!



02

Articles



Project Management as an Effective Tool for Innovation

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“Project Management has evolved since the world wars in the form of several frameworks, two of which have sustained themselves today. These are "Waterfall" and “Agile “frameworks. Waterfall frame work, as the name suggests, deals with a sequentially managed project tasks/Phases, while the Agile framework recommends an iterative model for delivering projects.”

As we all are aware, Businesses are facing more disruptions by the day, necessitating them to keep innovating to remain in the Business. Some of the well-known examples of failure to innovate resulting in those Businesses being wiped out are listed below:

1. Old Automobile Brands like the Standard, Premier Padmini and Ambassador
2. Transistor & Valve powered Radio brands like the Philips, Murphy, Telefunken
3. Multimedia storage and playing devices like the gramophone record, Cassette Players
4. International Brands like KODAK films & Cameras, Black Berry Hand Phones.

This article therefore attempts to familiar readers with how Project Management could be an effective tool for Innovation

Be that as it may, it would be useful to first understand what some related terms mean to be able to appreciate the impact these have on our Businesses. The words like Disruption, Innovation, Project, Project Management, and Tool are explained below briefly to help one understand what exactly each of those mean.

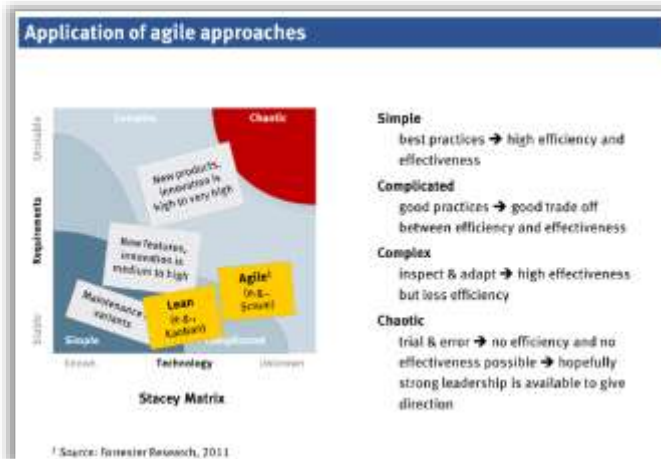
- a) Disruption: The Oxford Dictionary explains it as “a Radical Change to an existing Industry or market due to technological Innovation”
- b) Innovation: Again, the Oxford dictionary explains Innovation to mean” a new method, idea, Product. Etc., This can be broadly of two types, Frugal & Systematic

c) Project: The Project Management Institute (PMI) based out of Pennsylvania USA defines a Project as “Any temporary endeavour, with a definite beginning and an end, undertaken to deliver a unique product or service”

d) Project Management: The PMI defines it as the Application of processes, methods, skills, knowledge and experience to specific Project objectives according to the Project acceptance criteria within agreed parameters,

e) Tool: This includes anything that enables ease of doing a task, efficiency in completing a task, apart from the commonly understood items such as spanners, Hammers...etc

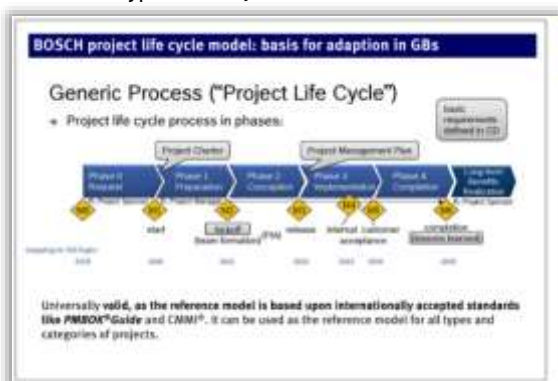
As mentioned above a business needs to necessarily innovate to remain in Business, even more so to grow regardless of whether it is in manufacturing Products or rendering Services of any kind. According to UNICEF Frugal innovations result from necessity and lack of resources. They are quick to accomplish and deliver simple solutions. Cynefin framework used to aid in decision making, created by Dave Snowden in 1999, recommends a calibrated approach to problem solving. Thus, while simpler problems could be solved by linear methods such as lean and the like, a complex problem like launching a new product or service needs a sophisticated tool like the Project Management. A pictorial representation of the Cynefin Frame work [also know as Stacey Matrix is shared below for ease of understanding:



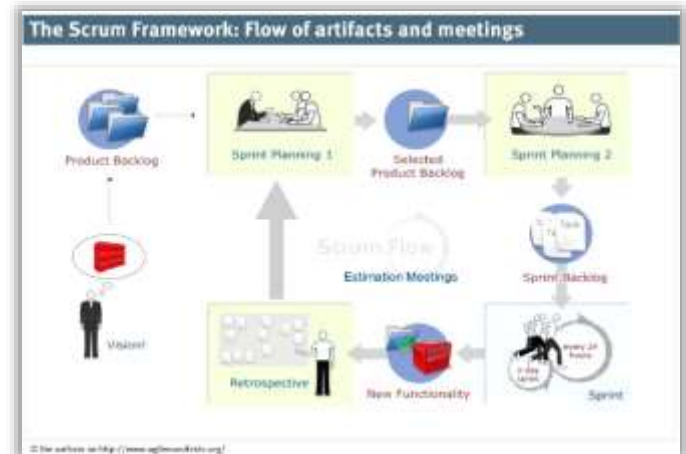
Project Management has evolved since the world wars in the form of several frameworks, two of which have sustained themselves today. These are "Waterfall" and "Agile" frameworks. Waterfall framework, as the name suggests, deals with a sequentially managed project tasks/Phases, while the Agile framework recommends an iterative model for delivering projects. The Waterfall model can be followed where the requirements of a Project can be clearly determined and the expected changes are minimal, whereas the Agile Model is quite effective where there is a fair amount of uncertainty of requirements which are then discovered as the project progresses.

Now, let us look at how these two frameworks/Models handle Projects:

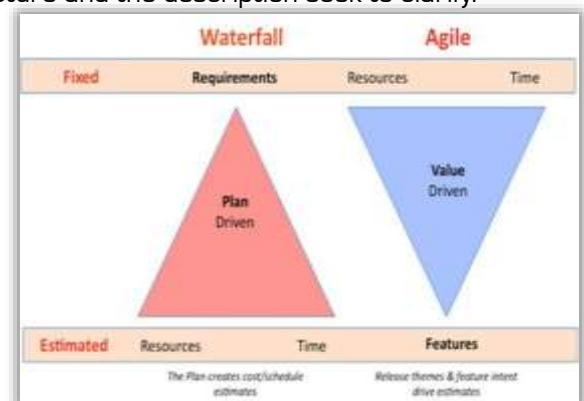
1. **Waterfall:** This starts with a need identified by a Role known as the Sponsor who justifies and provides resources for the Project and is also accountable for the Clarity of not only the Requirements but also the acceptance Criteria. The Sponsor is assisted by another Role known as the Project Manager who, assisted by a carefully chosen cross functional team, is responsible & accountable as well for defining the Project Processes and deliverables that meet the Sponsor's Requirements. The Project Manager Monitors and Controls the progress of a Project as needed to deliver the Sponsor's requirements within the Specifications, Quality, time and cost set by the Sponsor. A typical Project Phase Model looks like this:



2. An Agile Project usually run as Scrum, has the customer directly interacting with the Role of Product Owner, collaborating with him/her and the team facilitated by a Scrum Master to deliver the requirements. The picture below depicts the iterative framework involved in an Agile (Usually run as Scrum):



How do these two major models differ? The following picture and the description seek to clarify:



Both these models are effective as they use the following conceptual tools to deliver Projects:

- Project Scope Management
- Quality Management
- Cost Management
- Risk Management
- Human Resource Management
- Other Technological Tools proprietary to the Business
- Stakeholder Management

In conclusion, these Project Management Tools can be used effectively to bring in new legislation, amendments, etc that will address the concerns of all stakeholders such as the Government, The Law Abider, Professionals, Courts and others.

Compliance Health Check of Company.

CS Pavitra Vyas

FCS & Insolvency Professional,
B.com P. Vyas & Co.,
Founder Partner of Niyam Advisors LLP
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“The Petitioner was a trainee officer of the Coast Guard. Subsequently, she was promoted to Deputy Commandant and she retired on 25 December 2021. Respondent was her commanding officer. Petitioner filed a sexual harassment complaint against the Respondent on 19 December 2019.”

- Compliance Health Check is to diagnose or reboot and avoid the concerns / repercussions compliant company. Regular Health Check helps in early detection and diagnosis of setbacks / non compliances of a company which in leads to huge penalties, prosecution, compounding of non-compliances unnecessarily losing peace of mind on business support function, instead of focusing on operations/ business development.
- “GOOD CORPORATE GOVERNANCE IS ABOUT BEING PROPER AND PROSPER” Good Governance companies are gaining reputation /credibility/ brand in the market. With the integration of world economies at fast pace, compliance is gaining high importance corporates.
- Compliant Companies are getting better and bigger business opportunity and creating their space in the global market. Companies aiming to enter capital markets/ foreign markets need to have impeccable compliance track record.
- PayTm, LinkedIn, Samsung, Multi-National Companies have to face the heat of non-

compliance wherein they have penalized by the Registrar of Companies and Reserve Bank of India.

- Non-compliances lead corporates to the position of Insolvency, the classic example for the same is Jet Airways and Go Air etc.



Few examples wherein notice received from regulators for instance in many of the Company it is witnessed that:

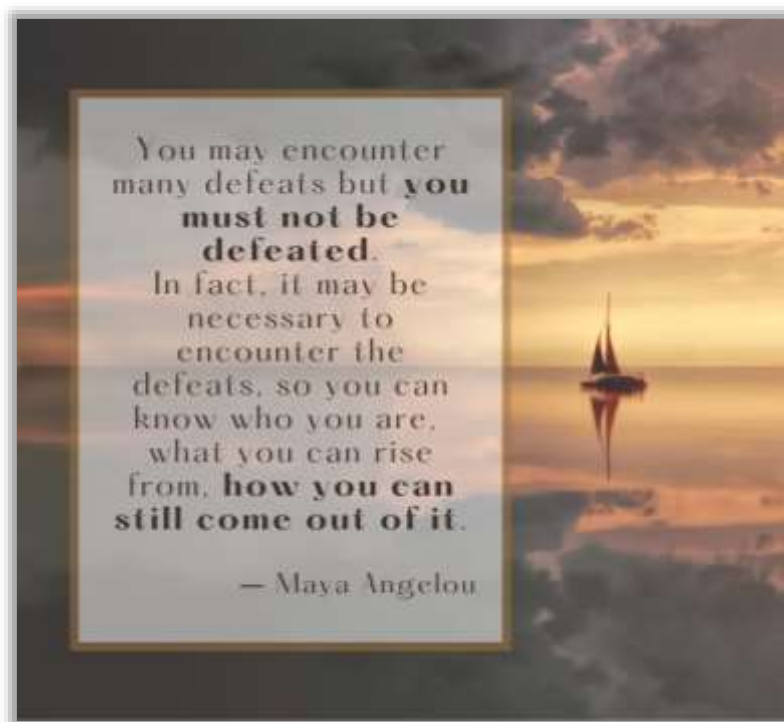
- Auditor appointment not done in compliance of law,
- Directors' appointment and their regularization are not happening on time

- Non-appointment of Key Managerial Persons even after threshold limit got reached,
- not delivering Share Certificates after allotment and non-payment of stamp duty on the same,
- Non filing annual returns within due dates, not holding AGM within due dates
- Inconsistent information/data feeding in annual compliance forms,
- Compliance requirement on company business letterheads, billheads, registered office, non-maintenance of statutory registers/ minutes books/ financial data,
- Irregularities in reporting requirements in financials/ Annual report/ Directors Report/, CSR reporting,
- Periodic reports/ Important Financial and Prudential Parameters to RBI for Financial Sector Companies,
- Non filing of FLA Return, FCGRP reporting when sending or receiving foreign

remittances, policy for Preservation of documents,

- Non-Filing of information, Payment of dividend interest, redemption or repayment principal amounts,
- Related Party transaction compliances
- Secretarial Audit, Secretarial Compliance Report, Meeting Compliances/reporting of shareholders and voting, Audit Committee, Risk Management Committee, Corporate Governance report, Annual Information Memorandum etc.

A compliance health checkup is an indispensable practice for any company aiming to ensure legal adherence, operational efficiency, and sustained growth. By systematically evaluating and addressing compliance issues, organizations can mitigate risks, avoid costly penalties, and uphold their reputation in the marketplace. This proactive approach fosters a culture of integrity and accountability, essential for building trust with stakeholders and achieving long-term success.



Conversion of Loan into Equity through Preferential Allotment

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The ROC observed that since a special resolution for conversion of loan to equity is not passed prior to acceptance of loan, the company ought to have issued shares for consideration other than cash under Section 62(1)(c) of the Companies Act, 2013 on Preferential Basis by complying with the conditions laid down under Section 42 of the Act.

The word "Loan" has not been defined in Companies Act, 2013. However, in normal parlance a loan is any transaction in which money is given with the intention to be returned, with or without interest.

Difference Between Loans, Advance, And Deposit

There is a difference between Loan, Deposit and Advance under the Companies Act 2013. A deposit includes a loan, but every loan may not be a deposit. An advance may be deemed to be a deposit but it may not be a loan.

A deposit is a much wider term in the Companies Act and includes loans as well as advances. If the amount is accepted in conformity with the Rule 2(1)(c) of Companies (Acceptance of Deposit) Rules, 2014 then it is exempt from the purview of Deposit.

Advantages of Conversion of Loan into Equity

Some of the advantages for conversion of loan into equity are: –

- There is no cash exchange in the debt-to-equity swap.
- It improves a company's balance sheet by reducing its debts and increasing its shareholder funds

Acceptance of Loan

A Company may accept loan with an option to convert the said loan into equity by following the under-mentioned procedure.

1. Hold a board meeting:

- A Company shall convene a Board Meeting by giving 7 days prior notice.
- Following aspects are to be approved- Resolution for acceptance of loan, Resolution for conversion of loan into Equity.

2. Issue notice for convening an Extra Ordinary General Meeting.

3. Hold and convene Extra Ordinary General Meeting after giving 21 clear days' notice or shorter notice as case may be to approve the conversion of loan into equity and pass a Special Resolution, outlining the terms and conditions based on which the loan may be converted into equity, details of the conversion procedure.

4. File e- Form MGT-14 within 30 days of passing of special resolution with the following attachments:

- Notice of Extra ordinary general meeting along explanatory statement.
- Certified true copy of the resolution passed in Extra-ordinary general meeting.
- Loan agreement [Optional]

5. The company shall enter into a loan agreement with lender where the terms and condition for conversion of loan into equity is mentioned.

A Brief Description of Conversion of Loan into Equity [Section 62(3)]

Section 62(3) is the enabling provisions which provides the procedure for conversion of loan into equity.

Extract of Section 62(3):

Where a company has issued debentures or raised loans, and it carries a term/clause to convert such debentures or loans into shares in the company, terms of issue of such debentures or loan containing such an option must be approved before the issue of such debentures or the raising of loan by a special resolution passed by the company in general meeting.

Routes available for conversion of loan into equity:

1. Rights Issue under Section 62 (1) (a) – An offer is made to existing equity shareholders in proportion to their holding on record date.
2. Preferential Allotment under Section 62 (1) (C) – An offer is made upon passing a Special Resolution and price is determined by a Report of a Registered Valuer.
3. Direct Conversion under Section 62 (3) – This route is only possible when an option to convert loan to equity is attached and such terms and conditions are approved by a Special Resolution prior to raising the loan.

Conversion of Loan into Equity:

1. Hold a board meeting by giving 7 days' notice and pass resolution for allotment on conversion of loan into equity.
2. File e-Form PAS-3 within 30 days of passing of the resolution with the following attachments:
 - Board resolution approving allotment of equity for conversion of loan into equity.
 - List of Allotees.
3. Issue Share Certificates by passing Board's resolution and filing E-form MGT 14 within a period of 30 days for issue of shares.

Case Study on Conversion of Loan to Shares - Dhiomics Analytics Solutions Private Limited

The concept of conversion of loan into equity can be better understood by examining the decision given by ROC Bangalore, Order dated 08th September 2023

[ROC(B)/Adj.Ord.454-62(3)/Dhiomics/Co.No.102947/2023/].

Dhiomics Analytics Solutions Private Limited filed a suo-moto application with the ROC acknowledging that they had committed a default while converting loans from their promoter-cum-directors into Equity Shares under section 62(3) of the Companies Act, 2013. They did not pass a Special Resolution which is required prior to the conversion. Further, the Company also mentioned that they had mistakenly passed a Board Resolution for Rights Issue under section 62(1)(a), instead of conversion of loans into Equity under section 62(3).

The ROC observed that since a special resolution for conversion of loan to equity is not passed prior to acceptance of loan, the company ought to have issued shares for consideration other than cash under Section 62(1)(c) of the Companies Act, 2013 on Preferential Basis by complying with the conditions laid down under Section 42 of the Act.

Conclusion

A clear understanding of shares, loans, preferential allotment and rights issue is crucial for navigating through the process of conversion of loan into equity effectively. Loans represent borrowed funds with repayment obligations, while shares represent ownership in a company. Section 62(3) governs the conversion of loans into shares. The Section requires a Special Resolution to be passed by the shareholders before converting a loan into equity. Additionally, regulations pertaining to preferential allotment (Section 42) may apply depending on the circumstances.

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- <https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/acts.html?act=NTk2MQ==>
- <https://www.mca.gov.in/bin/dms/getdocument?mds=skUaHbGw6NDUekMvenZJQg%253D%253D&type=open>

03

Columns



HELP YOURSELF

FOOD FOR THOUGHT

• EROATIOFR

FRAPTE POCENIETON • CEBBONE OUVENUE NP

OWAR COOUTA CHUEYRSTAB SORSET

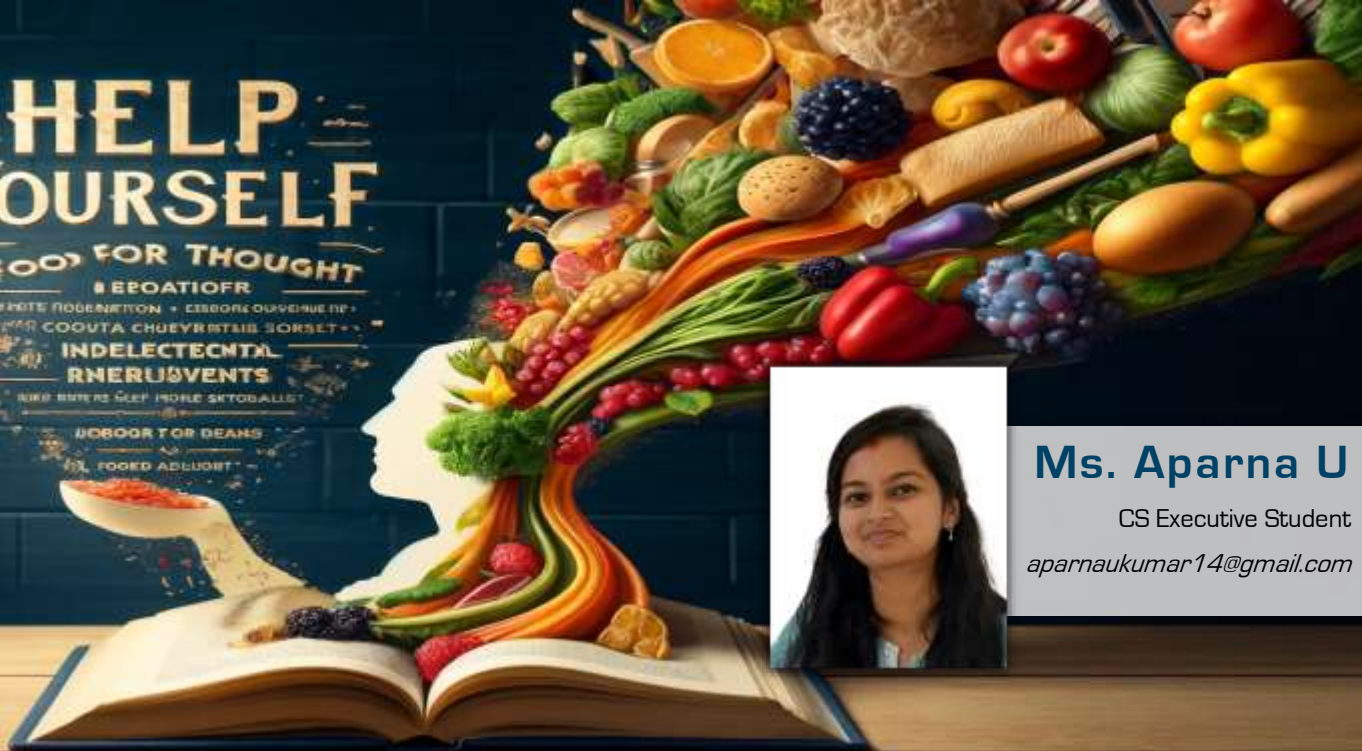
INDELECTECNTAL

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UOBOR FOR DEANS

FOOD ADULTONT



Ms. Aparna U

CS Executive Student

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Becoming Supernatural

by Dr. Joe Dispenza

Disclaimer: This article does not endorse any book and is not sponsored by any author or publication. Content shared here is for knowledge and learning purposes only.

As several past articles under this column have been on self-help books that touch upon neuroscience, here is yet another book but talking about it in detail.

Dr. Joe Dispenza is a scientist, teacher, lecturer, and author. He was one of the scientists featured in the award-winning film 'What the BLEEP Do We Know!?' He is the author of several New York Times bestsellers.

I came across several videos and podcasts of Dr. on YouTube which eventually led me to this book that we are discussing today. In one of the podcasts, he mentioned how he started Yoga and Yoga classes way before they were popular. He also talks about the book that changed his life- 'The autobiography of a Yogi' by Paramahansa Yogananda which is a very well-known book amongst spiritual seekers.

Books such as The Secret by Rhonda Byrne, The Power of the Subconscious Mind by Dr. Joseph Murphy and several others talk about the universe conspiring in our favor. Dr. Joe Dispenza is a neuroscientist and therefore nothing comes close to the explanation given in this book that we discuss today- 'Being Supernatural.'

The book starts with the story of Anna, one of the readers of his past books, who fought traumatic experiences in her life by inculcating what she learnt from Dr. Joe's works. Anna, who was shocked by her husband taking his own life, runs into very deep financial problems and health problems both physical and

mental. Things worsen into paralysis and even cancer! But Anna knew that there was something in her that she had to change and decided that she would. She came across Dr. Joe's works and the story of how she sprung up from rock bottom is all yours to read from the book by yourself! Anna then became a corporate trainer in Dr. Joe's community. She calls her traumatic past the best thing that happened to her, not the worst!

Dr. Joe has had several mystical experiences as he practiced Yoga and meditation from very early years of his life. This book enshrines his otherworldly experience in very detail. He talks about the different realms one gets a glimpse of when one is somewhere between sleep and wakefulness. The realm where time fades away and there is little difference between the past, present and future.

Why are these experiences important and of any meaning at all? More and more research is happening in the field of science to understand the working of our brain and what impact spiritual practices or meditation can do to them. Gone are the days when these are overlooked as pseudoscience. Sitting in silence without analysing anything, without sticking to one thought and letting our body relax does something to the brain that activates brain waves in such a manner that one evolves beyond one can put into words. Experiments and research have repeatedly shown that none of the ancient practices were done without a purpose or without having a deep understanding of how our brain and nervous system function.

One article on this book would not be enough to cover the wonderful insights that it holds. Keep reading this

space for more! Until then, help yourself with food for thought.

RIDDLE

ME

THIS

"Corporate Riddle"

1. I speak the history of a company
 2. I act as evidence
 3. If you want funding start with me
- What I'm I?

If you know the answer then what are you waiting for..?
Send us your answer along with your Photo to the below mentioned email id along with your full name, the first person to provide the answer will be published in the next edition with your Photo.

Email id: enewsletter.icsimysore@gmail.com

By

CS Pavithra P

Founder & Director

Accrescent Managed Services Pvt Ltd.

pavithra@acms.pro



Last Month's Corporate Riddle

1. I am a part of bundle rights available to shareholders
2. Record date plays a vital role in me
3. If there is a breach of the Articles of Association, I will be purported to be an initial public offer

Who am I?

Answer: Rights Issue

Right Answer by

Ms. Rachana Kini

CS Professional Student



Brainy Bits



CS Phani Datta D N

B.com, FCS

Practicing Company Secretary

phanidatta.dn@gmail.com

WORD SEARCH – 3

[Based on Chapter 1 of Companies Act, 2013]

B	P	I	A	S	D	E	N	T	R	E	S	P	M	R	X	B	U	I
G	A	I	N	T	R	X	A	E	R	M	T	R	E	P	X	E	M	X
B	A	N	K	I	N	G	C	O	M	P	A	N	Y	A	X	S	P	A
L	L	A	V	I	N	B	F	C	S	L	I	N	G	P	A	S	T	L
T	P	A	P	E	R	T	R	A	I	L	E	R	R	B	E	N	Y	P
O	I	R	E	G	I	S	T	R	A	R	D	E	D	E	N	G	A	R
T	L	I	A	B	I	L	I	T	Y	Z	S	I	G	N	A	T	U	E
A	B	R	N	G	I	L	N	W	Q	S	H	Y	U	N	S	A	T	S
L	O	L	J	O	N	I	E		I	E	E	S	N	O	U	N	A	C
V	D	I	I	V	D	L	T	O	N	C	A	M	L	C	B	T	C	R
O	Y	S	N	Q	I	A	N	Y	D	U	D	A	I	O	S	I	T	I
T	C	T	T	E	U	S	E	S	I	R	I	L	M	N	C	B	I	B
I	O	E	R	R	A	I	T	T	A	I	N	L	I	T	R	R	C	E
N	R	D	O	N	N	I	D	E	N	T	G	C	T	R	I	I	S	D
G	P	E	C	M	A	R	W	A	G	Y	I	O	E	I	B	B	I	I
P	O	N	R	E	C	E	O	N	T	D	M	M	D	B	E	E	N	V
O	R	T	E	N	C	G	R	T	E	O	A	P	C	U	D	R	D	I
W	A	I	C	T	O	A	T	I	L	R	R	E	N	T	U	N	E	D
E	T	T	I	O	U	N	H	O	L	D	I	N	G	O	M	P	A	E
R	E	Y	F	F	D	O	C	U	M	E	N	T	O	R	O	S	D	N
I	E	S	F	F	N	A	B	R	I	D	G	E	D	Y	P	R	O	S
N	D	O	O	I	T	M	E	M	B	E	R	R	E	G	I	S	T	E

CLUES

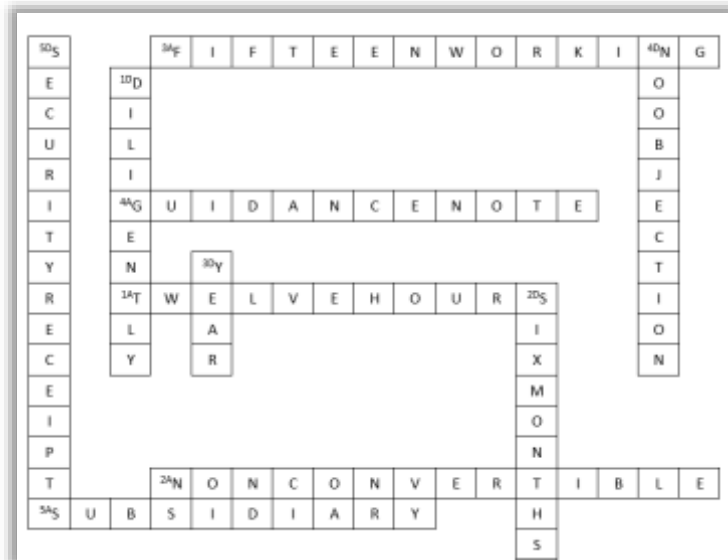
1. The one who winds up, sounds more like water [10]
2. “_____” includes an engineer, a valuer, a chartered accountant, a company secretary, a cost accountant and any such person who is bestowed with the authority to issue a certificate under any law for time being in force. [6]
3. Used for referring a person of authority, However, Companies Act refers them to person providing instructions to Board of Directors [6]
4. _____ used which are not defined under the Companies Act but are defined in the Securities and Exchange Board of India Act, 1992 or Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996 shall have the respective meanings assigned to them in those respective acts. [11]
5. What is to advice and authorise authoritatively is to redirect to rules under Companies Act, 2013 [10]
6. Any company which transacts the business of banking in India [7,7]
7. A person with an obligation to hand out towards the assets of the Company [8,9]
8. This includes declarations, orders, notices, summons, requisitions and registers whether given out, sent out or maintained in pursuance of the act [8]
9. The total votes which may be cast in regard to any matter on a poll at meeting assuming all the members including their proxies having right to vote on that matter are present at meeting and cast their vote [5,6,5]
10. _____ means a person having the duty of discharging various functions under this act including maintaining the register of companies in paper or in any electronic mode [9]

Answer for this month brainy bits may be sent to

Enewsletter.icsimysore@gmail.com

Winner's names and the answer shall be published in
the next edition

Answers



Across:

1. The listed entity shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than _____ from the occurrence of the event or information, in case the event or information is emanating from within the listed entity. (11)
2. The listed entity shall not make material modification to the structure of the debenture without prior approval of the stock exchange(s) where the _____ debt securities in terms of coupon, redemption or otherwise. (14)
3. In case of delisting of non-convertible debt securities or non-convertible redeemable preference shares, the listed entity shall obtain approval from all the holders of such securities within _____ days from the date of notice of delisting. (14)
4. In order to remove any difficulties in the application or interpretation of the SEBI LODR regulations, the Board may issue clarifications through _____ (s) or circulars from time to time. (12)
5. The role of Audit committee includes reviewing of utilization of loans / advances from / investment by the company in _____ exceeding Rs. 100 crores or 10% of the asset size of the _____. (10)

Down:

1. An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his / her knowledge, attributable through processes of board of directors, and with his/her consent or connivance or where he / she had not acted _____ with respect to the provisions contained in these regulations. (10)
2. The validity of the No-objection letter of stock exchanges shall be _____ from the date of issuance, within which the draft scheme of arrangement shall be submitted to the Court or Tribunal. (9)
3. The ratings obtained by the listed entity with respect to non-convertible securities shall be reviewed at least once a _____ by a credit rating agency registered by the Board. (4)
4. Non receipt of _____ from the debenture trustee in case of proposal for delisting of non-convertible debt securities shall be deemed to be the failure of the delisting proposal. (11)
5. An issuer whose _____ are listed on a stock exchange shall get the same valued at the end of each quarter by an independent valuer. (16)

Right Answer by

Ms. Dhanyaa N

CS Executive Student



Also, Right Answers were given by

Mr. Dhanvith D V

CS Executive student



CS Keerthana Gopal

Company secretary and legal officer,

Mysore Steels Ltd.

keerthana92.gopal@gmail.com

Order for Violation of Section 42 of Companies Act, 2013

Legal Provision: 42. Offer or Invitation for Subscription of Securities on Private Placement.

(1) A company may, subject to the provisions of this section, make a private placement of securities.

(2) A private placement shall be made only to a select group of persons who have been identified by the Board (herein referred to as "identified persons"), whose number shall not exceed fifty or such higher number as may be prescribed [excluding the qualified institutional buyers and employees of the company being offered securities under a scheme of employees stock option in terms of provisions of clause (b) of sub-section (1) of section 62], in a financial year subject to such conditions as may be prescribed.

(3) A company making private placement shall issue private placement offer and application in such form and manner as may be prescribed to identified persons, whose names and addresses are recorded by the company in such manner as may be prescribed:

* Provided that the private placement offers, and application shall not carry any right of renunciation.

(4) Every identified person willing to subscribe to the private placement issue shall apply in the private placement and application issued to such person along with subscription money paid either by cheque or demand draft or other banking channel and not by cash:

* Provided that a company shall not utilise monies raised through private placement unless allotment is made and the return of allotment is filed with the Registrar in accordance with sub-section (8)..

(5) No fresh offer or invitation under this section shall be made unless the allotments with respect to any offer or invitation made earlier have been completed or that offer, or invitation has been withdrawn or abandoned by the company:

* Provided that, subject to the maximum number of identified persons under sub-section (2), a company may, at any time, make more than one issue of

securities to such class of identified persons as may be prescribed.

(6) A company making an offer or invitation under this section shall allot its securities within sixty days from the date of receipt of the application money for such securities and if the company is not able to allot the securities within that period, it shall repay the application money to the subscribers within fifteen days from the expiry of sixty days and if the company fails to repay the application money within the aforesaid period, it shall be liable to repay that money with interest at the rate of twelve per cent. per annum from the expiry of the sixtieth day:

* Provided that monies received on application under this section shall be kept in a separate bank account in a scheduled bank and shall not be utilised for any purpose other than-

(a) for adjustment against allotment of securities; or

(b) for the repayment of monies where the company is unable to allot securities.

(7) No company issuing securities under this section shall release any public advertisements or utilise any media, marketing or distribution channels or agents to inform the public at large about such an issue.

(8) A company making any allotment of securities under this section, shall file with the Registrar a return of allotment within fifteen days from the date of the allotment in such manner as may be prescribed, including a complete list of all allottees, with their full names, addresses, number of securities allotted and such other relevant information as may be prescribed

(9) If a company defaults in filing the return of allotment within the period prescribed under sub-section (8), the company, its promoters and Directors shall be liable to a penalty for each default of one thousand rupees for each day during which such default continues but not exceeding twenty-five lakh rupees.

(10) Subject to sub-section (11), if a company makes an offer or accepts monies in contravention of this

section, the company, its promoters and Directors shall be liable for a penalty which may extend to the amount raised through the private placement or two crore rupees, whichever is lower, and the company shall also refund all monies with interest as specified in sub-section (6) to subscribers within a period of thirty days of the order imposing the penalty.

[11] Notwithstanding anything contained in sub-section (9) and sub-section (10), any private placement issue not made in compliance of the provisions of sub-section (2) shall be deemed to be a public offer and all the provisions of this Act and the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 shall be applicable].

Facts of the case

V L INFRAPROJECTS LTD. is a Company registered under the Companies Act, 1956/2013 in the State of Gujarat. Authorised share capital of the Company is 17,00,00,000/- divided into 1,70,00,000/- shares of Rs.10 each. Issued, subscribed and paid-up share capital of the Company is Rs. 11,30,25,000/-. Company made an allotment of 3,10,000/- equity shares of Rs.10/- each on December 1st, 2017, to a person other than the existing shareholder of the Company. Although it was made on preferential basis as per Section 42(5), the Company failed to open a separate bank account to receive the application money and instead received the same to its regular bank account thus violating Section 42(6).

The aforementioned share application money was received on different dates between 28th November 2017 to 29th November 2017 but the same was utilized even before the allotment dated December 1st, 2017, thus violating Section 42 (6) (proviso).

The notice of the procedural non-compliance of the Company was brought to it only at the time of due diligence conducted for the purpose of the proposed IPO. The date of default was 30th November 2017 when the share application money was withdrawn by the Company due to dire need of funds. The default was made good the very next day i.e., on 1st December 2017 by allotment of shares and filing the return to ROC.

The adjudicating officer imposed a penalty of Rs. 31,00,000/- for violation of Section 42(10) for a default period of 1 day, i.e., between 30th November 2017 to 1st December 2017, being equivalent to the amount raised by private placement.

Facts of the case

It is to be taken note here that the penalty imposed is the minimum penalty provided for under Section 42, that is, amount raised through private placement or Rs. 2 crore whichever is lower. This was imposed for not opening a separate bank account for receiving the share allotment money and for utilization of this money for other than the purposes mentioned under Section 42 (6). Further, it can also be safely deduced that this penalty was adjudicated taking into consideration that the default was for 1 day and it was made good immediately.

Order for violation Section 203 of Companies Act, 2013

Relevant Legal Provision

Section 203. Appointment of Key Managerial Personnel.

(1) Every company belonging to such class or classes of companies as may be prescribed shall have the following whole-time key managerial personnel, —

(i) managing director, or Chief Executive Officer or manager and in their absence, a whole-time director.

(ii) company secretary; and

(iii) Chief Financial Officer:

(5) If any company makes any default in complying with the provisions of this section, such company shall be liable to a penalty of five lakh rupees and every director and key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees and where the default is a continuing one, with a further penalty of one thousand rupees for each day after the first during which such default continues but not exceeding five lakh rupees.

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Rule 8: Every listed company and every other public company having a paid-up share capital of ten crore rupees or more shall have whole-time key managerial personnel.

Rule 8A: Every private company which has a paid-up share capital of ten crore rupees or more shall have a whole -time company secretary

M/s Dindigul Farm Product Ltd, is a company registered under the Companies Act, 1956 with present Paid-up share capital of Rs. 14,38,20,000 and Turnover of Rs. 81,65,41,000/-. The Company submitted Suo motu application for adjudication under Section 452 for violation of Section 203 read with Rule 8A of Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014 for appointment of Whole-time Company Secretary. Company had increased its paid-up share capital to Rs. 5,19,00,000/- on 31.03.2013. However, Company had not appointed Company Secretary for the period between 09.06.2014 to 31.05.2019.

As per Rule 8A [Appointment of Company Secretaries in Companies not covered under Rule 8] which came into effect from 09.06.2014, a company not covered under Rule 8 of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, having paid-up share capital of rupees five crore or more shall appoint a Whole-time Company Secretary.

The adjudicating officer imposed a penalty of Rs. 5,00,000/- each on the Company and its four Directors total amounting to Rs. 25,00,000/- for a violation of Section 203 of Companies Act, 2013 read with Rule 8A of Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014 for 1454 days of default calculated between 08.06.2014 to 30.05.2019.

We can see from the above order that maximum penalty provided under Section 203(5) has been imposed in this case, Rs. 5 lakhs each on the Company as well as its officers in default keeping in mind the severity of the default as well as the continuing nature of the default. Since default is for 1454 days in total, Rs. 1000 for each day would have been Rs. 14,54,000/-. But much to the relief of the Directors, the section fixes the maximum penalty at Rs.5,00,000/- and hence the same has been imposed here.

ICSI THE INSTITUTE OF Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
 IN PURSUANCE OF PROFESSIONAL REGULATIONS
 Issued under the Act of Parliament
 (Under the jurisdiction of Ministry of Corporate Affairs)

सत्यमेव जयते | सत्यमेव जयते | सत्यमेव जयते | सत्यमेव जयते

Registrations Open

10 (Structured) CPE Credits for ICSI Members

52nd National Convention of Company Secretaries

November 8-9-10, 2024 | Hotel Sahara Star, Mumbai

Theme : India@2047: Expanding Horizons for Professionals

Early Bird Registration Block-I (From July 10, 2024 to August 31, 2024)

Early Bird Registration Block-II (From September 1, 2024 to October 31, 2024)

Delegates Fee (From November 1, 2024 including on the day registration)

Delegates Category	Early Bird Registration Block-I (From July 10, 2024 to August 31, 2024)	Early Bird Registration Block-II (From September 1, 2024 to October 31, 2024)	Delegates Fee (From November 1, 2024 including on the day registration)
Member of ICSI / ICNI / ICMA	Rs. 8,000	Rs. 8,000	Rs. 10,000
Accompanying Spouse / Child (5 years and above) / 3rd Member (30 years and above)	Rs. 5,500	Rs. 5,500	Rs. 8,000
Student of ICSI	Rs. 6,000	Rs. 5,000	Rs. 8,000
Non-Member/Guest	Rs. 10,000	Rs. 10,000	Rs. 12,000
Foreign Delegate	USD 275	USD 275	USD 275

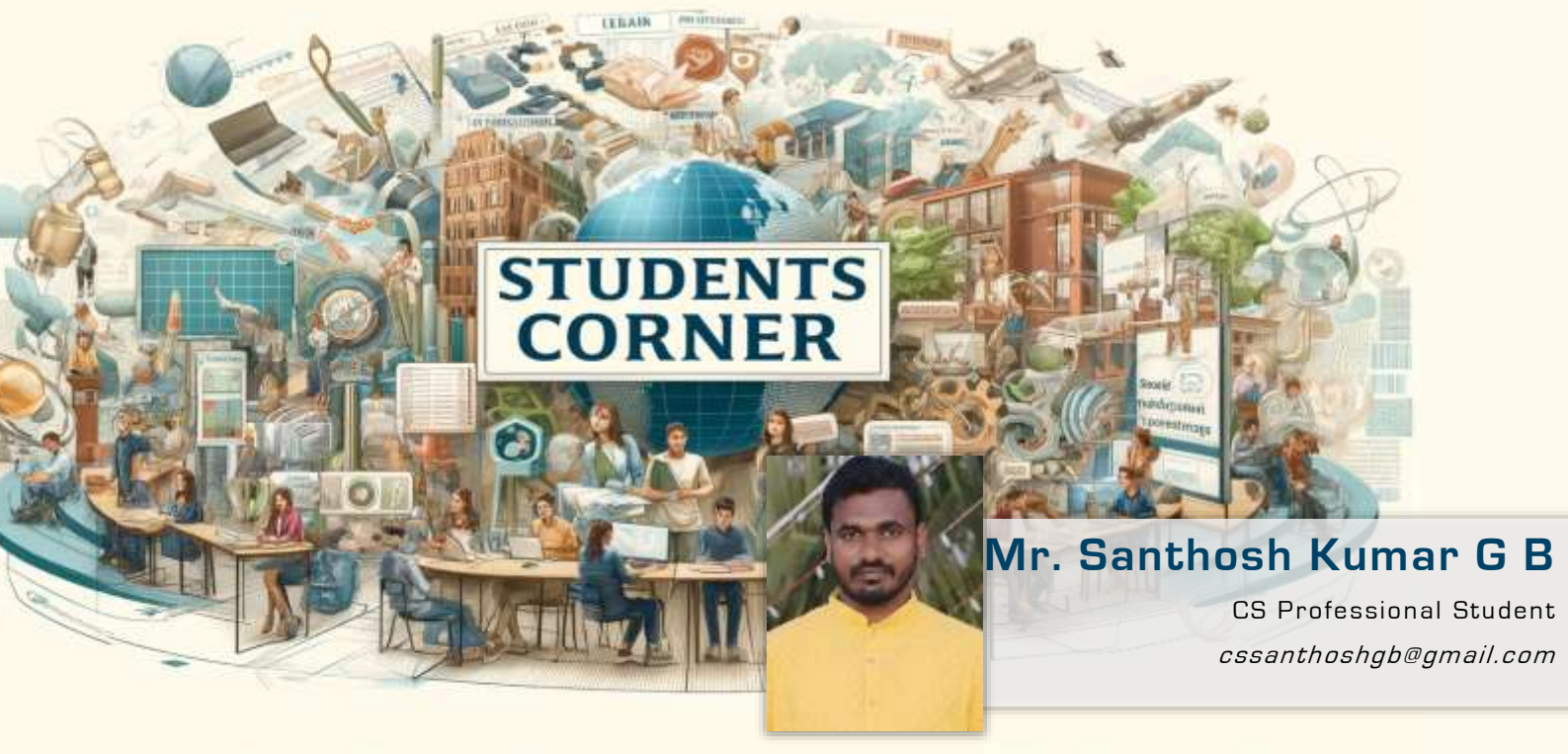
*Exclusion of GST @18% on non-residential dues. GST is not applicable for foreign delegates.

The above fee includes speech, 150 dinner (1st Morning / Evening conference, tea, coffee, conference kit and booklet). The delegate fee is payable to advance with a non-refundable registration for the Convention and for through online mode only. Please note that payments will not be accepted through demand draft, cheque, cash, etc.

Registration Link: <https://tinyurl.com/3re62saw>

CS B. Narasimhan, President, The ICSI | CS Dharmajay Shetty, Vice President, The ICSI | CS Pawan C. Chandra, General Member, The ICSI | CS Ashish Mohan, Secretary, The ICSI | CS Mohit Ganesh Gupta, Chairman, WCI, The ICSI

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STUDENTS CORNER

Mr. Santhosh Kumar G B

CS Professional Student
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Budget 2024 - Highlights

Budget, 2024 [Budget] Presented by FM Nirmala Sitharaman, Has received many criticisms by people, economists, and businesspeople throughout the country. However, here are few things that can help us to understand the budget

1. Basics of Budget

Budget was presented as a road map for our Pursuit of Viksit Bharat. The budget focuses on. 4 major castes, Viz,

- Annadata (Farmer)
- Garib (Poor)
- Mahilayen (Women)
- Yuva ([Youth)

Further, the theme of budget was

- employment,
- skilling Youths,
- MSMEs and
- Middle Class.

2. Budget with Respect to Employment and Skilling:

There are 3 schemes for employment linked incentives.

- One Month Wage to new entrants in all formal sectors in 3 instalments up to ₹15,000 is announced. It is expected to be benefiting 210 lakh youths, this helps those who are freshers and first timers.
- Second one is with respect to job creation in manufacturing Sector. This scheme is linked to first time employees. Under this scheme employees and employers, both will be benefited from EPFO contribution in specified scales for the first 4 years. It is expected to benefit 30,00,000 youths.
- In the third Scheme, Government will reimburse EPFO contribution of employers up to Rs. 3000 per month for 2 years for all new hires. This scheme expected to generate 50,00,000 jobs in 5 years.
 - 20,00,000 Youth will be skilled over 5 years.
 - 1000 Industrial training institutions will be upgraded.

3. Budget with Respect to Manufacturing and Services.

- Following are the major proposals that have been announced in Budget wrt MSMEs:

- a. Credit guarantee schemes for MSMEs engaged in Manufacturing sector to boost MSMEs
- b. There will be new assessment model for MSME credit.
- c. Credit support to MSMEs during the stress.
- Individual under Tarun category now can avail loan up to ₹20,00,000. The limit is increased to 20,00,000 from 10,00,000.
- Following are the major proposals that have been announced in Budget wrt Industries:
 - a) 12 Industrial Parks under NICD programme and rental housing with dormitory type accommodation for industrial workers in PPP mode with VGF Support.
 - b) Strengthening of Tribunal and Appellate Tribunals to speed up Insolvency Resolutions and additional tribunals to be established.
- Internships:
 - a) Schemes for providing internship opportunities in 500 top companies to 1,00,00,000 youth in 5 years.
 - b) Allowances of ₹5000 per month along with one time assistance of ₹6000 through CSR funds.

4. Taxation

- Budget increased tax on Short Term Capital Gain on financial assets from 15% to 20% and rate remains same on all other assets. Further, it proposes 12.5% on all long-term capital gains Including financial and non-financial assets [earlier it was 10%] by increasing the exemption limit of capital gain from ₹1,00,000 to ₹1,25,000. With respect to Long Term Capital Gain, under new structure, Taxpayer can opt the rate of tax either 20% tax rate with indexation or new tax rate i.e. 12.5% without indexation.
- Standard Deduction is ₹75,000 increased from ₹50,000.
- New slab rates are introduced as follows:

Total Income	Rate of tax
Up to Rs 3 Lakhs	Nil
From 3,00,001 to 7,00,000	5%
From 7,00,001 to 10,00,000	10%
From 10,00,001 to 12,00,000	15%
From 12,00,001 to 15,00,000	20%
Above 15,00,000	30%

- Angel tax abolished for all categories of investors now startups can attract more funds for their businesses.
- Securities Transaction Tax on futures and options increase to 0.2%.
- Corporate tax rate on foreign companies reduced from 40% to 35%.

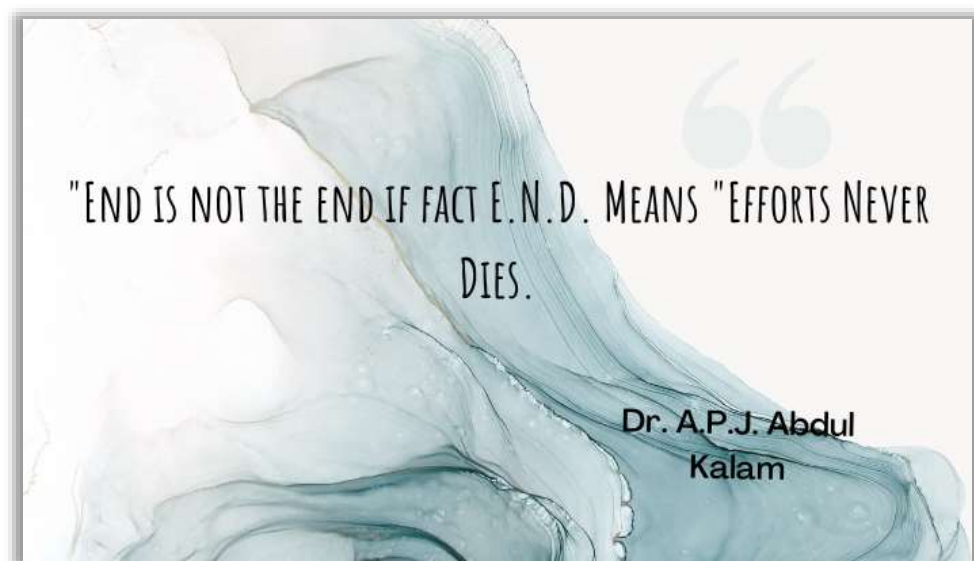
5. Rural and Urban Land Related Actions in Budget:

- Land records in urban areas will be digitalised. With GIS mapping.
- Bhu-Aadhaar/ Unique Land Parcel Identification Number will be introduced, and establishment of Land Registry are being proposed in the budget.
- Digitization of cadastral maps and survey of maps, subdivision as per current ownership.

6. Other Important Announcements:

1. Budget allocated Rs.47,559 Cr for Commerce and Industry and Rs. 1,48,000 Cr for education purpose.
2. Government. To set up working women hostels to promote women participation in workforce.
3. 100 branches of India Post Payment Bank to be set up in North-East.

4. 2,66,000 crore rupees provisions made for rural development.
5. Voluntary closure of LLPs.
6. MSME Buyers turnover threshold reduced for mandatory onboarding to trade reduced from 500 crore to ₹250 crore.
7. Debt recovery tribunals to be strengthened and additional tribunals to be established to speed up recovery.
8. 14 large cities with a population above 30,00,000 will have a transit-oriented development plan.
9. Investment ready plug and play industrial parks to be developed in or near 100 cities.
10. Next generation reform proposals- NPS Vatsalya in which parents can contribute for child converts to regular NPS accounts when child become major.
11. Financing Pool of ₹1,00,000 crore to spur private sector Driven research and innovation at commercial scale.
12. The government has proposed to set up a venture capital fund of ₹1000 crore for the space economy.
13. Rules for FDI and overseas investment will be simplified, including nudging privatisation using Indian rupee for overseas investment.
14. Proposes to reduce customs duties on gold and silver to 6% and 6.5% on platinum.



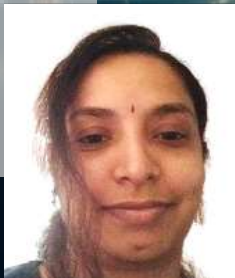
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Companies Act, 2013

Updates on Notifications

MCA has amended Companies [Adjudication of Penalties] Rules, 2014 which shall be known as Companies [Adjudication of Penalties] Amendment Rules, 2024.

The following rule shall be inserted after rule 3 of the principal rule.

“3A. Adjudication Platform.-

[1] On the commencement of the Companies [Adjudication of Penalties] Amendment Rules, 2024, all proceedings (including issue of notices, filing replies or documents, evidences, holding of hearing, attendance of witnesses, passing of orders and payment of penalty) of adjudicating officer and Regional Director under these rules shall take place in electronic mode only through the e-adjudication platform developed by the Central Government for this purpose.

[2] In case the e-mail address of any person to whom a notice or summons is required to be issued under these rules is not available, the adjudicating officer shall send the notice by post at the last intimated address or address available in the records and the officer shall preserve a copy of such notice in the electronic record in the e-adjudication platform referred to in sub-rule [1]:

Provided that in case no address of the person concerned is available, the notice shall be placed on the e-adjudication platform.”

This Rule shall come into force on 16 September 2024.

G.S.R 476(E)

Updates on General Circulars

MCA has merged forms IEPF-3 with IEPF-4 and IEPF-7 with IEPF-1 in MCA V3. These new forms will be processed through straight through process.

The amount required to be transferred under relevant provisions shall be transferred online on MCA 21 through “Pay Miscellaneous Fee” service under “Investor Education and Protection Fund” option.

General Circular No - 07/2024

Update on SEBI Circulars

Enabling ESG Rating Providers (ERPs) to undertake ESG rating activities under IFSCA

International Financial Services Centres Authority (IFSCA) is hereby added to the list of financial sector regulators/ authorities to enable ERPs to undertake ESG rating activities in the International Financial Services Centre - Gujarat International Finance Tech - city (IFSC - GIFT City)

The ESG ratings undertaken by an ERP under the guidelines of IFSCA shall be under the purview of IFSCA.

Any issue arising from the activities of such SEBI registered ERPs in the IFSC shall be dealt with by IFSCA under the powers exercisable under Section 12 and 13 of

IFSCA Act and regulations and subsidiary instructions made thereunder.

IFSCA shall be responsible for dealing with complaints, enforcement actions and furnishing information to third parties, including statutory or judicial bodies, in respect to the services provided by the ERPs in the IFSC.

This Circular shall be applicable with immediate effect.

SEBI/HO/DDHS/DDHS - POD3/P/CIR/2024/103

Under Circular Number

SEBI/HO/DDHS/DDHS- POD3/P/CIR/2024/102

Credit Rating Agencies are also allowed undertake

rating activities in the International Financial Services Centre Gujarat International Finance Tech - city (IFSC-GIFT City).



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IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the Jurisdiction of Ministry of Corporate Affairs)

CSBF
COMPANY SECRETARIES BENEVOLENT FUND

What exactly is CSBF?
The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.
The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

Is it the right time to enrol in CSBF?
CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

Is it a requirement?
Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution.
If you do not want to leave behind such a situation in your absence, enrol in CSBF today.

Advantages of enrolling into CSBF

- 1 To ensure that your immediate family has some financial support in the event of your unfortunate demise
- 2 To finance your children's education and other needs
- 3 To ensure that you have extra resources during serious illness or accident
- 4 Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

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