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From Physical to Digital: Rule 9B and the Dematerialization of Securities of Private Companies.

1. Introduction:

Among the Diverse efforts undertaken by the Ministry of Corporate Affairs (MCA) to enhance the ease of doing business, the mandate for dematerialization of securities stands out as a paramount initiative. Dematerialization, in simple terms, involves the conversion of physical securities into a digital or electronic format. As per the FAQs on dematerialisation issued by SEBI in 2008[i], *Dematerialisation is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form and credited into the BO's account with his DP* Originally implemented for listed companies, this provision was introduced to address challenges associated with the physical transfer and transmission of securities, aiming to streamline and expedite these processes. Recognizing its success and efficiency, the scope of dematerialization was progressively expanded to include unlisted public companies, and notably, it has now been extended to encompass private companies as well.

The said provisions relating to dematerialisation ('demat') of securities is made applicable to private companies through MCA notification dated 27th October 2023 in this article we shall try to deliberate upon the crucial aspects of rule 9B of Companies [Prospectus and Allotment of Securities] Rules 2014, which talks about applicability of demat provisions to private companies.

2. Background:

As discussed above, the provisions relating to demat of securities were previously applicable only to listed public companies. Thereafter, in October 2019, a new rule called rule 9A was inserted in prospectus and allotment of securities rules. By the effect of this rule, the demat related provisions were made applicable to unlisted public companies as well. Post insertion of this rule, the unlisted public companies are required to issue securities in demat mode only. Also, as per this rule, the companies cannot allow the transfer of such securities which are in physical mode. The security holders must first get their securities dematerialised and only then can they transfer such securities. Also, the existing security holders cannot subscribe to any fresh issue of securities including bonus issue made by company, without getting the existing securities dematerialised.

Through MCA notification dated 27th October 2023, rule 9B was inserted in prospectus and allotment of securities rules 2014, by which the demat provisions were made applicable to private companies which are not small companies. The provisions of rule 9B are largely like that of rule 9A, however, there are some differences as well which we shall see hereinafter.

3. Applicability:

The applicability of rule 9B to companies is discussed in sub-rule 1 of the said rule. As per this sub-rule, this provision is applicable to those private companies which are not small companies as at the financial year ending on or after 31st March 2023. For example, if any private company is not a small company as per the balance sheet dated 31st March 2023, then it will have to comply with demat provisions whereas, if the company is a small company as

per the balance sheet dated 31st March 2023, then it need not comply with these provisions till the time it remains a small company.

However, there is one point worth noting regarding applicability of this provision. Once this provision relating to demat becomes applicable to private company, it becomes applicable to all the securities issued by that private company because, the text of rule 9B uses word 'securities' and not shares. Therefore, once demat provisions are applicable, the private company must dematerialise all the types of securities issued by it and not just equity shares. For example, if the private company has issued preference shares and non-convertible debentures in addition to equity shares, then it will have to facilitate demat of all securities including debentures.

4. Applicability to Wholly Owned Subsidiaries of Private Companies:

Rule 9B exempts only the government private companies from demat requirements. Whereas rule 9A which talks about demat of unlisted public companies, exempts wholly owned subsidiaries of public companies from this requirement. Therefore presently, wholly owned subsidiaries of public companies are exempt from demat requirement but wholly owned subsidiaries of private companies are not. Also, one point to be noted is that, even if any wholly owned subsidiaries of public company is a private company by its articles of association, then also it will be considered as deemed public company for compliance purpose and hence will be exempt from requirement of dematerialisation despite being a private company as per its articles of association.

5. Compliance due dates:

The notification introducing rule 9B clearly says that the notification shall come into effect from the date of its publication in the official gazette i.e. from 27th October 2023. Therefore, the compliance is applicable to all private companies who are not small companies from immediate effect. Also, sub-rule 2 of rule 9B prescribes the timeline by which the compliance with these provisions shall be completed. However, with respect to last date for compliance, there are 2 different situations. The rule basically provides a timeline of 18 months from the end of financial year to comply with the provisions. but the two different situations arise out of the fact that whether the company is making any fresh issue of any securities before expiry of said 18 months.

(a) In case of no fresh issue:

The first of the two situations is that the private company is not proposing to make any fresh issue of any securities within 18 months from the end of financial year 2022-23. In such circumstances, sub-rule 2 of rule 9B says that, if any private company is not a small company as per the balance sheet as at the financial year ended 31st March 2023 or thereafter then it should facilitate demat within 18 months from such financial year end.

That means, if any private company is not a small company as per balance sheet dated 31st March 2023, then demat should be facilitated within 18 months, that is, up to 30th September 2024 and if the company is not a small company as per balance sheet dated 31st December 2023, then, demat should be facilitated up to 30th June 2025.

(b) In case of proposed fresh issue within 18 months:

The second situation is that, when the private company is proposing to make a fresh issue of any securities within the said period of 18 months. In that case, if we refer to opening language of sub-rule 1 along with clause A thereof, it says that the private company within time specified in sub-rule 2 (that is, 18 months from end of financial year), shall, issue the securities only in dematerialised form. reading of opening words of sub-rule 1 with clause (a) thereof creates some confusion.

Clause (a) of sub-rule 1 says that if private company is making any kind of fresh issue of securities after this amendment becoming effective, that is after 27th October 2023, then such issue should be made in demat mode only even if it is done before expiry of time limit of 18 months. That means, if company is planning to make fresh issue of any securities before end of 18 months, then it does not have time up to 18 months for complying with demat related provisions. instead, it will have to do the same before making offer for fresh issue of securities.

So, to sum up, we can say that, if company is not going to make any fresh issue of securities within 18 months from end of financial year 2023, then it has time of 18 months for facilitating demat of securities. But if it is going to make any issue of securities, then it must facilitate demat before making such issue without waiting up to 18 months.

6. Demat compliances WRT promoters:

As per the general requirement of rule 9B the private company is simply required to facilitate demat of securities and it is at the desire of the security holder that whether and when does he want to dematerialise his holdings. However, this is not the case in case of members who are promoters, directors, or key managerial personnel ('KMP') of the company. As far as these persons are concerned, sub-rule 3 of rule 9B states that, if any private company is making any fresh issue or any buy back of any securities after the date when it is required to comply with this rule, then before making offer for such issue or buyback, private company should ensure that all types of securities held by promoters, directors and key managerial persons should be dematerialised.

In other words, if the company is not going for any fresh issue or buyback of securities before 18 months from end of financial year 2023, then the shareholding of promoters, directors, KMP can be dematerialised till the end of 18 months or even thereafter, but before the company makes any new issue or buy back of securities after the end of the said 18 months. But if the company is planning to make any issue of securities before end of 18 months, then a confusion arises. This is because the wordings used in Rule 9B (3) is *"after the date when it is required to comply with this rule, shall before making the offer, ensure that shareholding of promoters, directors, KMP is in demat mode."*

The conjoint reading of words *"within the period referred to in sub-rule 2"* used in sub-rule 1 and the words *"after the date when it is required to comply with this rule"* used in sub rule 3 create confusion that whether it means for any offer done after the expiree of said 18 months as per sub-rule 2 OR for any offer done after the date of commencement of notification even if it is within the period of 18 months. For example, if A private limited is not a small company as per Balance sheet dated 31st March 2023, then it will be required to facilitate demat of its securities by 30th September 2024, in this case the confusion is that, the requirement of dematerialisation of promoter's security holding should become applicable in case of issue of securities done before completion of 18 months, say in January 2024, or in case of issue of securities done after expiry of 18months, say in October 2024?

Till the time MCA clarifies on this, to avoid any interpretation issues, it is recommended and advised that before making any issue of securities being done post the date of this notification and even before the completion of the said 18 months, it is better to ensure that the shareholding of promoters, directors and KMP is held in dematerialised mode before making offer for such issue. That is, in case of above-mentioned example, dematerialisation of promoter's security holding shall become applicable in case of issue of securities done in January 2024.

7. Demat compliances with respect to non-promoter members:

As far as non-promoter shareholders are concerned, the demat provisions relating to them are discussed in sub-rule 4 of rule 9B. As discussed above, in case of non-promoter members the company is required only to facilitate the demat of securities, that is obtain International Securities Identification Number (ISIN) for each type of securities issued by the company, so that members can demat their security holding. But whether to demat the securities and when to do so is the call of the member himself.

In other words, the company is required only to facilitate demat of shares by obtaining ISIN. Whether or not to demat the securities is the choice of the security holder. As per sub-rule 4, the shareholder will have to get his shares dematerialised before subscribing to any fresh issue of securities made by the company or before transferring the said securities, whichever is earlier.

The timeline of 18 months is not applicable to members. It is only for the companies to facilitate demat of securities. Members are at liberty to demat their securities as per their own wish, and even after the completion of the timeline of 18 months but before transfer or subscription of fresh issue. In fact, if the member so desires, he can keep his securities in physical mode for lifetime. But this will mean that he cannot subscribe to any private placement or rights issue or even to bonus issue of securities made by the company thereafter and cannot transfer any of his securities to anyone.

8. Procedure for facilitating demat/obtaining ISIN:

In case of compliance with rule 9B, the first step is obtaining ISIN so that the securities held by the promoter as well as non-promoter members can be dematerialised. To obtain ISIN, the company must first select Registrar and share transfer Agent (RTA)and a depository and pass a board resolution for obtaining ISIN. Thereafter the company should enter into a tripartite agreement between company, RTA, and depository. Thereafter an application accompanied with all the relevant documents is filed with depository, which if found in order, ISIN is allotted to the company. Subsequently the company is expected to inform the members about having obtained an ISIN.

9. Conclusion:

So to summarise the demat related compliances, we may say that, this rule 9B says that, all private companies who are not small companies as per the balance sheet as at the financial year ended 31st March 2023 or thereafter, shall facilitate mandatorily dematerialisation of its securities within 18 months from the end of financial year and if the company is making any fresh issue of securities before such 18 months, then such facilitation of demat should be done before making offer for issue.

Further, it is recommended that security holding of promoters, directors and KMP should be dematerialised before making any fresh issue even if such issue is being made before expiry of timeline of 18 months. In case of other members, company must facilitate demat within 18

months, but it is at the discretion of the member whether he wants to demat his securities unless he wishes to transfer the securities or wants to subscribe to fresh issue of securities made by the company.

Despite being new for private companies, dematerialisation is not a new concept all together. In fact, it is a tried and tested concept in case of public companies. The experience with dematerialisation is that it saves time, money, and energy of all the parties and enhances the ease of handling securities. Despite initial problems, the private companies shall also benefit from the same. Also, this move of MCA is in line with eventually doing away with physical holding of securities.

[1] https://www.sebi.gov.in/sebi_data/docfiles/20618_t.html#:~:text=An%20investor%20can%20open%20more,and%20also%20provide%20PAN%20number.

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The Comprehensive Role of Merchant Bankers in the IPO Process: A Project Management Perspective

Introduction:

Merchant bankers are financial professionals or institutions that offer a spectrum of specialized financial services to corporations, governments, and other entities. Their multifaceted role encompasses a wide range of activities, including facilitating capital raising through underwriting and securities issuance, guiding companies through the intricacies of Initial Public Offerings (IPOs), providing advisory services in mergers and acquisitions, structuring project financing for large-scale ventures, managing risks associated with financial transactions, and assisting in corporate restructuring efforts. Merchant bankers serve as key intermediaries between entities seeking financial solutions and the broader capital markets. Their expertise lies in evaluating the financial health of clients, devising strategic financial plans, navigating regulatory landscapes, and orchestrating complex transactions that align with the unique needs and goals of their clients.

A common instance is Kotak Mahindra Capital and Avenue Supermarts –

Kotak Mahindra Capital served as a merchant banker for Avenue Supermarts' IPO in 2017. The IPO of the company, which operates the popular supermarket chain D-Mart, was oversubscribed multiple times, reflecting the successful execution of the offering[i].

Operating within a regulatory framework, merchant bankers contribute significantly to the efficient functioning of financial markets by fostering capital formation, facilitating corporate growth, and enabling strategic financial decision-making. Their role extends beyond traditional banking services, encompassing strategic financial advisory and transactional expertise that is instrumental in shaping the financial landscape of businesses and institutions.

Merchant bankers play a pivotal role in facilitating Initial Public Offerings (IPOs), guiding companies through the complex process of going public. The IPO journey is intricate and multifaceted, requiring meticulous planning and execution. This article delves into the nuanced responsibilities of merchant bankers at different stages of the IPO process – pre-IPO, during IPO, and post-IPO – with an emphasis on incorporating project management techniques to enhance efficiency and success.

I. Pre-IPO Phase: Setting the Foundation

The pre-IPO phase in an Initial Public Offering (IPO) marks the period leading up to a company's public listing on a stock exchange. During this most crucial phase, which decides in a way- a fate of IPO, companies engage in planning and preparations to ensure a successful entry into the public market. Key activities in the pre-IPO phase include strategic evaluations of the company's business model and financials, comprehensive due diligence processes, meticulous documentation of regulatory compliance, and the determination of optimal valuation and pricing strategies. Merchant bankers during this process, become one of the most important stakeholders engaging with legal advisors, Statutory Auditors, and other key-stakeholders of the Company in laying the IPO foundation. The overarching goal of the pre-IPO phase is to set a strong foundation, align the IPO with the company's strategic objectives, and position it competitively in the market, ultimately maximizing value for both the company and its potential

investors. Identifying criticalities towards projected market share in terms of business, determining issue price, understanding past legal nitigrities, strategic growth perspectives are few key-areas where expertise of Merchant Bankers play a vital role.

- ***Understanding Business Objectives:***

  Merchant bankers engage in a thorough analysis of the company's business model, financials, and growth prospects. Applying project management principles, they define clear objectives and align them with the organization's strategic goals. Close engagement between Core IPO team of the Company and Merchant Bankers becomes very critical at the point of initial IPO stage.

- ***Project Planning and Documentation:***

  In the pre-IPO phase, merchant bankers employ project management techniques to develop a comprehensive roadmap and detailed milestones for each-sub project. This includes creating detailed project plans, risk assessments, outlining the steps required for regulatory compliance and market readiness.

- ***Due Diligence and Compliance:***

  As a part of pre-requisite, Merchant bankers carry out exhaustive due diligence to identify potential issues and ensure compliance with regulatory requirements. Formalising information required for due diligence, getting engaged with stakeholders for gathering the requisite information in timely manner becomes very crucial during the process. Here, project management methodologies aid in establishing systematic procedures for due diligence, risk mitigation, and compliance checks.

- ***Valuation and Pricing Strategies:***

  One of the most important roles of Merchant bankers is to facilitate the valuation and pricing strategies of IPO. Getting involved with the promoters, investors, finance team, operations team and core IPO team is required during this stage. Launching IPO at particular time has proven to be an essence of successful IPO. Understanding the perspective of each relevant and important stakeholder is key to arrive at right valuation and pricing strategy at right time.

II. During IPO: Execution and Coordination

The execution and coordination phase during an Initial Public Offering (IPO) is a critical juncture in the journey of a company going public. This phase involves the implementation of the IPO plan, including activities such as finalizing the offering price, drafting, finalising the prospectus, and coordinating with underwriters, legal advisors, and other key stakeholders. Efficient execution demands precise timing and coordination to ensure the seamless transition from a private to a publicly listed company. Companies need to navigate regulatory requirements, engage in effective communication with potential investors, and address any unforeseen challenges that may arise during this dynamic period. The success of an IPO hinges on the careful orchestration of these elements, demonstrating the company's readiness to embrace the public market and providing investors with confidence in the offering.

- ***Marketing and Roadshows:***

  Merchant bankers employ project management methodologies to plan and execute effective marketing strategies. Assessing right time and market element to initiate road shows becomes very important which affects the IPO prospects of the Company.

Coordinating roadshows, presentations, and investor meetings demand meticulous scheduling, resource allocation, and stakeholder communication.

- ***Book Building Process:***

  Efficiently managing the book-building process is paramount. Project management tools aid in tracking investor demand, ensuring a balanced allocation of shares, and optimizing pricing based on real-time market feedback.

- ***Regulatory Compliance:***

  Navigating the regulatory landscape is a critical aspect. Merchant bankers apply project management principles to maintain compliance, tracking regulatory changes, and adapting strategies to align with evolving requirements.

III. Continued Excellence: Managing Momentum in the Post-IPO Phase

In the post-IPO phase, sustaining momentum becomes a critical objective, and the role of the merchant banker is paramount in navigating this stage successfully. The merchant banker plays a integral role in maintaining investor confidence and facilitating continued growth. Their responsibilities extend beyond the initial public offering, as they work closely with the company to ensure effective communication with stakeholders, implement strategic financial planning, and uphold transparency in reporting. The merchant banker acts as a strategic advisor, guiding the company through market fluctuations, regulatory compliance, and evolving investor expectations. By providing ongoing support and financial expertise, the merchant banker contributes significantly to the company's ability to capitalize on its newfound public status and maintain a positive trajectory in the competitive landscape.

- ***Stabilization and Investor Relations:***

  Post-IPO, merchant bankers focus on stabilizing the stock price and maintaining positive investor relations. Project management methodologies help in developing post-IPO strategies, including communication plans, investor outreach, and ongoing performance monitoring.

- ***Performance Monitoring and Reporting:***

  Merchant bankers continue to play a role in monitoring the company's performance post-IPO. Project management tools assist in setting key performance indicators (KPIs), establishing reporting mechanisms, and adapting strategies based on performance analytics.

Merchant Banker – Success Story

The recent success story of Burger King India Limited's public issue serves as a compelling illustration of how a meticulously managed IPO can yield substantial benefits for all stakeholders involved. Burger King, recognized as India’s fastest-growing quick-service restaurant chain, strategically opened its issue from December 2nd to December 4th, 2020, navigating the uncertainties in the market exacerbated by the ongoing COVID-19 pandemic. In this challenging environment, the role of the merchant bankers became particularly crucial.

Four esteemed merchant bankers, namely Kotak Mahindra Capital Limited, CLSA India Private Limited, Edelweiss Financial Services Limited, and JM Financial Limited, undertook the management of this high-profile IPO. The IPO faced delays due to regulatory requirements and the disruptive impact of the pandemic, injecting uncertainties into the minds of investors.

Undeterred, Burger King India Limited initiated a INR 810 crores issue, and astoundingly, the offering was fully subscribed within just two hours, ultimately being oversubscribed by a staggering 156 times.

Navigating through a landscape of challenges, including regulatory delays and the ongoing global health crisis, the merchant bankers played a pivotal role in gaining the trust of investors, acknowledging the heightened risks involved. These risks encompassed the outbreak of the COVID-19 pandemic, health concerns related to food quality, potential termination of agreements, shifting consumer preferences, and global brand reputation, among others.

The merchant bankers, cognizant of these challenges, meticulously executed their pre and post-issue duties, demonstrating the critical importance of due diligence. Despite the inherent complexities, the offer letter received approval from SEBI, and the public issue emerged as a resounding success. This saga underscores the indispensable role of merchant bankers in shepherding companies through the intricacies of IPOs, navigating challenges, and ultimately ensuring a prosperous outcome for both issuers and investors. It stands as a testament to how meticulous planning, steadfast diligence, and strategic execution by merchant bankers contribute significantly to the triumph of IPOs even in the face of formidable challenges.

Conclusion:

In conclusion, the role of merchant bankers in the IPO process is evidently dynamic and multifaceted. By systematically bifurcating their responsibilities across the pre-IPO, during IPO, and post-IPO phases and incorporating project management techniques, merchant bankers contribute significantly to the success of companies transitioning into the public domain. Their strategic planning, execution prowess, and adaptability ensure a seamless IPO journey, fostering sustained growth and investor confidence.

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[i] https://www.indiatoday.in/pti-feed/story/avenue-supermarts-ipo-a-huge-hit-oversubscribed-1045-times-888807-2017-03-10

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SEBI's Insider Trading Combat: Navigating the Terrain of the Structured Digital Database.

In the dynamic landscape of financial markets, integrity and transparency stand as linchpins. Guarding against unethical practices like insider trading remains a top priority for regulatory bodies worldwide. In India, the Securities and Exchange Board (SEBI) embarked on a transformative journey five years ago, unleashing a Structural Digital Database (SDD) aimed at severing the threads of insider trading—a move that redefined market surveillance and integrity. Since the establishment of the Prevention of Insider Trading (PIT) framework, SEBI as the primary overseer of securities markets, has consistently refined its arsenal to fulfil its responsibility of ensuring market integrity, preventing malpractices, and safeguarding investor interests.

A notable addition to SEBI's digital surveillance toolkit as stated above is the 'Structured Digital Database' (SDD), incorporated through the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, effective from April 1, 2019. The implementation of the structural digital database streamlines the process of tracing the flow of Unpublished Price Sensitive Information (UPSI). With this innovative system, seamlessly tracking the origination of UPSI, monitoring its flow, and ascertaining its destination, ensures a robust mechanism for maintaining confidentiality and integrity in sensitive information transactions. The introduction of SDD into the PIT landscape is spread over last five years. However, its implementation still presents occasional challenges for market participants.

This piece offers a concise overview of SDD, which is increasingly emerging as a potent tool for SEBI in investigating matters related to suspected insider trading. There have been various cases where SEBI has sought extracts of SDD as a part of adjudication process. Infosys[i], Zee Telefilms[ii], are some popular names where SDD extracts were sought for investigation purpose. Stock Exchanges have also been actively asking for SDD extracts for general inspection purpose and when there is some highly material information having significant impact on price is a standpoint that SDD is here to stay for long.

Decoding Structural Digital Database (SDD)

The Structured Digital Database (SDD) is a mandated electronic repository established under the SEBI (Prohibition of Insider Trading) Regulations, 2015, subject to periodic amendments. According to these regulations, entities entrusted with UPSI are obligated to maintain this digital database. It serves as a comprehensive record, encompassing details of individuals involved in sharing UPSI, including both the parties disclosing the information and those receiving it. This requirement extends beyond listed companies to include intermediaries such as merchant bankers, asset management companies, stockbrokers, as well as fiduciaries like auditors, transaction advisors, law firms and consultants. It functions as an electronic ledger, cataloguing individuals with access to UPSI, thereby enhancing transparency and regulatory compliance. Having said the same, anyone and everyone who is in the periphery, dealing and engaging with listed entities are to ensure that SDD is maintained.

Why SDD?

The introduction of the Structured Digital Database (SDD) stems from the imperative to create a transparent and traceable record of the legitimate flow of Unpublished Price Sensitive Information (UPSI). The Committee on Fair Market Conduct[iii] emphasized on the challenges faced by companies when UPSI, shared for legitimate reasons, potentially gets misused for insider trading. In such cases, establishing a clear link between the company and the recipient becomes challenging, hindering effective regulatory action.

In response to these concerns, SEBI amended PIT regulations and bought into effect provisions relating to SDD that establishes an information trail. This trail serves as a valuable tool for SEBI and stock exchanges during investigations into insider trading matters, enabling a more thorough and efficient examination of information flows. Some prerequisites mandated for maintaining SDD security and compliance include having systematic internal servers secure enough and password protected, timestamps as to when is the entry made by the person first having access to UPSI, tamper proofs – evidence that SDD cannot be tampered with, and access rights limited to authorized personnel only.

For listed entities, SDD compliance forms an integral part of the Annual Secretarial Compliance Report[iv], which is prepared by an independent practicing company secretary and submitted to stock exchanges. This comprehensive adherence to SDD requirements underscores the commitment to data security, regulatory compliance, and the integrity of information sharing practices.

Key Challenges in Implementing the Structured Digital Database (SDD):

- **The Dilemma:**

  The expansion of entities required to comply with SDD regulations, as codified in the amendment to the PIT Regulations, has led to uncertainties regarding applicability. Entities, especially those not regularly handling Unpublished Price Sensitive Information (UPSI), grapple with whether maintaining an SDD is necessary based on their exposure to listed entities or if relying on the data held by listed companies is sufficient.

- **Recognizing details:**

  The definitional conundrum i.e., differentiating confidential information from UPSI is a hardship. Having said this determining what information should be entered into the SDD poses as another common challenge. The subjective nature of identifying UPSI and its linkage to the maintenance of SDD prompts questions about the scope of confidential information that qualifies. For instance, during corporate actions, entities face dilemmas such as when to commence SDD maintenance and whether every stage requires data entry. The origin of corporate action ideas from external consultants adds another layer of complexity.

- **Frequency of Occurrence:**

  The frequency and timeline for entering information into SDD present ongoing questions for entities. While the PIT Regulations lack specific timelines, regulatory expectations favour real-time and immediate updates upon information sharing. Determining the optimal time to enter information into the SDD and making entries is critical. Designated persons till date see it as an obstacle as to when and how many times the entry should be made in SDD. The determination of the start date of UPSI often poses challenges.

- **Awareness:**

  Creating awareness and ensuring the entry into SDD is a significant challenge, accompanied by the percolation of data throughout the system. For individuals unfamiliar with the legal intricacies or those who are not well-versed in the regulations, the consequences of omitting their entry in SDD can be severe. According to the established code of conduct, the penalty meter is set in motion, and the repercussions are unforgiving. It underscores the critical importance of adherence to protocol, emphasizing the need for vigilance and compliance in order to avoid the potentially brutal consequences that may follow.

- **Reach:**

  All individuals, whether designated or not, internal, or external, with access to UPSI must be included in the SDD. This invites procedural constraints for entities, raising challenges in recording information for all relevant persons. Ensuring comprehensive coverage of individuals within or outside an organization is a complex task. Because once the name is entered in SDD, measure is enacted – i.e., PAN frozen. With this freeze, designated persons are restricted from trading as they possess and have access to UPSI. Complications arise, particularly in joint ventures or collaborations, where sharing PAN data might be challenging. However, the significance of providing accurate information cannot be overstated, as non-compliance with this protocol brings about stringent consequences, reinforcing the necessity for comprehensive tracking and adherence to regulatory guidelines.

- **Concord/Synchronization:**

  The necessity for both information providers and recipients to maintain SDDs introduces a requirement for clear alignment. Any disparity in the SDD during regulatory scrutiny could lead to reputational risks for the involved entities. Having quoted this the responsibility of maintaining the SDD extends beyond individual companies to encompass group entities. Having the individual companies and group companies being in sync is a daunting task.

- **Heightened Regulatory Oversight**

  SDD compliance has gained regulatory attention, with stock exchanges inspecting systems maintained by listed entities. Non-compliance led to entities being flagged as SDD non-compliant on exchange websites. Regulatory requests, often seeking SDD extracts, have become routine for listed companies, intermediaries, and investors associated with listed entities. This heightened regulatory focus makes SDD compliance a critical aspect of capital markets and M&A transactions involving listed entities.

- **Important decisions taken by promoter and not necessarily by management:**

  SDD should not be limited to management decisions alone; it should also encompass significant decisions taken by promoters. This inclusive approach ensures a comprehensive record of pivotal decisions that influence the company's trajectory. This as well becomes a challenge as promoters may take decisions which shall lead to significant material change in company’s share price but entry in SDD may be a miss shot.

The Impact Unveiled:

- **Unprecedented Transparency**

  SEBI's database revolution brought forth an era of unparalleled transparency. Tracking market movements, trade patterns, and investor behaviour became seamless, fostering an environment where suspicious activities could be swiftly identified and investigated.

  Statistics from the inaugural year showcased a marked increase in the detection of irregularities. Reports indicated a staggering 50% surge in flagged transactions, underscoring the system's efficacy in unearthing potential instances of insider trading.

- **Dismantling Insider Trading Networks**

  Insider trading, once veiled in obscurity, faced a formidable adversary in the digital database. Notorious instances of confidential information misuse, which previously slipped under the radar, now met swift intervention. SEBI's data-driven approach dismantled several clandestine networks, leading to high-profile convictions and deterrent penalties.

  Notable cases include Suumaya Industries[v], where real-time analysis of trading patterns exposed coordinated insider trading. This revelation led to landmark convictions, instilling a sense of accountability, and dissuading future malpractices.

Looking Ahead: Continual Evolution and Challenges

While the digital database heralded a paradigm shift, the journey toward fortifying market integrity is an ongoing endeavour. SEBI continues to refine its systems, embracing emerging technologies like artificial intelligence and blockchain to bolster surveillance capabilities further.

However, challenges persist, including adapting to rapid technological advancements and addressing data privacy concerns. Striking a delicate balance between surveillance and individual privacy remains a focal point in the regulatory landscape.

Conclusion:

SEBI's directive for maintaining an SDD underscores its commitment to transparency and integrity in India's securities markets. By enforcing accountability and ensuring a traceable record of UPSI dissemination, SEBI aims to regulate the flow of information within and outside organizations. However, the looming risk of regulatory action due to challenges in SDD compliance necessitates a thoughtful and nuanced approach for entities involved in handling information related to listed securities. Navigating these challenges demands careful consideration and strategic planning.

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[i] https://www.sebi.gov.in/enforcement/orders/may-2021/interim-order-in-the-matter-of-insider-trading-in-shares-of-infosys-limited_50378.html

ii https://www.sebi.gov.in/enforcement/orders/aug-2021/interim-order-in-the-matter-of-insider-trading-in-shares-of-zee-entertainment-enterprises-ltd_51820.html

iii Para 2.3 of the Report of the Committee on Fair Market Conduct dated August 8, 2018

iv https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230316-14

v https://www.sebi.gov.in/enforcement/orders/oct-2023/adjudication-order-in-the-matter-of-suumaya-industries-limited_78629.html

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Transitioning to XBRL: Mandatory Fillings for Listed Companies

Introduction

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ['PIT 2015'] mandates closure of trading window. Point 4 of Schedule B of PIT 2015 casts a responsibility on the compliance officer to close the trading window when he is of the opinion that designated persons are reasonably expected to have access to unpublished price sensitive information.

Disclosure of trading window closure

PIT 2015 does not provide for disclosure of trading window closure to stock exchange. Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') vide their circular dt: April 2,2019 stated as follows: **"** *As discussed with SEBI, this amendment has to be read in conjunction with the existing provision of Clause 4 of the Schedule B (wherein compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information). In any case, the trading restriction period is required to commence not later than end of every quarter till 48 hours after the declaration of financial results"*. Pursuant to this listed companies started intimating window closure with respect to financials to stock exchange on a quarterly, yearly and half yearly basis. Disclosure is required to be given to BSE and NSE at the end of quarter in pdf format.

BSE and NSE vide their circular dt: December 8, 2023 ['December Circular'] mandated inter-alia filing of intimation of disclosure of trading window closure in XBRL form. BSE and NSE vide their circular dt: October 20, 2015, had stated that BSE and NSE would be introducing XBRL format of filings for all disclosures to be to stock exchanges. BSE and NSE vide same circular also highlighted importance of making submission in XBRL. BSE and NSE stated as follows, "*By implementing XBRL reporting, BSE will have faster, more reliable, and more accurate handling of data along with improved analysis and better quality of information and decision-making. Human effort can switch to higher, more value-added aspects of analysis, review, reporting and decision-making. This data, when accessed by investment analysts can save effort, greatly simplify the selection and comparison of data, and deepen their company analysis. Lenders can save costs and speed up their dealings with borrowers. Regulators and government departments can assemble, validate, and review data much more efficiently and usefully than they have hitherto been able to do. XBRL reporting will enable reporting companies and consumers – (Investors, Analysts, Lenders, Regulators & governments) of financial data to switch resources away from costly manual processes, typically involving time-consuming comparison, assembly, and re-entry of data. They will be able to concentrate effort on analysis, aided by software which can validate and manipulate XBRL information"*.

Article below underlines anamolies arising out of this new criterion. It also provides detailed analysis of columns used and disclosures required to be given in XBRL form.

Proforma of XBRL submitted to stock exchange for trading window closure.

Closure of Trading Window	
Name of the Company*	ABC LIMITED
NSE Symbol*	TOTAL
BSE Scrip Code*	000000
MSEI Symbol*	NOTLISTED
ISIN*	INE0000000000
Type of Announcement*	New
Type of Event	Closure of Trading Window
Date of original announcement	
Trading Window Closure- Start date*	
Trading Window Closure- End date	
Brief details for Trading Window Closure End date	Trading window for dealing in equity shares of the Company shall remain closed from trading hours of January 01, 2023 till 48 hours after the declaration of the Unaudited Financial Results for the quarter ended December 31, 2023 for all the Directors, Designated Persons, Insiders, and their Immediate Relatives.
Purpose of the Closure of Trading Window	Financial Results
Any other disclosure w.r.t. compliance of any SEBI Act, Regulation, Circular or provision	Add details
Any other information	Add details
Remarks (website dissemination)	Add details
Remarks for Exchange (not for Website Dissemination)	Add details
Date of Report	09/01/24

XBRL utility and its anomalies:

1. **End date of trading window closure:** Currently listed entities intimate 'closure of trading window' in pdf form. Listed entities while submitting disclosures in pdf form mention as follows, "*In terms of the Company's Code of Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the trading window for dealing in the securities of the Company will be closed for Designated Persons of the Company from July 1, 2023 and the same will remain closed till 48 hours after the dissemination of the Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ended June 30, 2023. The details of board meeting for approval of unaudited financial results for the quarter ended June 30, 2023, shall be intimated in due course of time*" On perusal of the language of intimation of trading window closure it is seen that listed entities used to mention that trading window would open 48 hours after board meeting date. Listed entities were not mentioning the board meeting date or were not required to mention board meeting and consequent date of opening of trading window.

   Now the XBRL utility announcements is also seeking 'end date of trading window closure'. **In XBRL exact date would have to be mentioned as can be seen in the picture above.** So, this means board meeting date will have to be fixed by the companies before the quarter

ends. Many companies would not have practice of fixing board meeting dates at the time of end of quarter.

Considering this it needs to be noted that the disclosure of trading window closure made in XBRL form also provides for filing of **'revised XBRL utility'**. So once XBRL for trading window closure is filed specifying tentative date of board meeting and opening of trading window then after the board meeting is fixed or confirmed and it is different from the board meeting date intimated earlier i.e. at the time of intimating initial trading window closure then revised XBRL would be required to be filed. If the trading window opening date is revised due to change in board meeting date, then company will have to give a pdf intimation as well intimating revised 'trading window opening date'.

2. **Aligning start date of trading window start date:** Start date of trading window closure is also required to be submitted to BSE and NSE in XBRL form filed for giving intimation under Regulation 29 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. BSE and NSE had vide their circulars dt: January 27, 2023 made it mandatory for listed entities to submit prior intimation to stock exchange under Regulation 29 in XBRL form. XBRL utility of Regulation 29 disclosure requires listed entities to mention 'start date of trading window closure' for all events or information for which prior intimation is being given to stock exchange. December circular requires listed entities to disclose start date of trading window closure only with respect to submission of financial results. So, it needs to be highlighted that listed entities should ensure that 'trading window closure start date' as submitted as per December circular and as submitted pursuant to BSE and NSE circular dt: January 27, 2023 shall be aligned.

3. **Trading window closure intimation only for financial results or for all unpublished price sensitive information?** Pursuant to BSE circular dt: April 02, 2019, listed entities provided disclosure of trading window closure period only with respect to financial results as this circular provided for trading window closure particularly with respect to announcement of financial results. Since this circular was indicating towards window closure particularly for announcement of financial results a view can be taken that disclosure of trading window closure as per December circular both i.e. PDF and XBRL both fillings would now be required in case of announcements of financial results. Further PIT 2015 provides for sharing of unpublished price sensitive information on need-to-know basis. So even if XBRL utility for trading window closure intimation provides for intimation of trading window closure for events and information other than quarterly, half yearly and yearly financial results, disclosure of start date of unpublished price sensitive information in other scenarios is not mandated by PIT 2015 and hence need not be disclosed.

Conclusion

Further BSE and NSE Circular dt: December 8, 2023, the mandatory filings in XBRL format will apply to the following key announcements under SEBI LODR:

1. Loss of Share Certificate/Issue of Duplicate Share Certificate:
   Companies experiencing a loss of share certificates or issuing duplicate certificates will now be required to submit related disclosures in XBRL format.
2. Corporate Insolvency Resolution Process:
   Disclosures related to the initiation of Corporate Insolvency Resolution Process (CIRP) will now be submitted in XBRL format, contributing to a more standardized and efficient reporting system.

December circular further mention that during the initial stage, the stock exchanges will accept PDF filings as compliance under Regulation 30 of SEBI LODR. However, listed entities must also submit the filings in XBRL mode within 24 hours of the PDF submission. This dual-

filing approach aims to facilitate a smooth transition to XBRL reporting. It is essential for companies to note that, at a later stage (with the date to be informed separately), stock exchanges will shift to accepting only XBRL submissions. The move towards XBRL filings represents a significant step in aligning reporting practices with global standards and enhancing the efficiency and accuracy of disclosures. Listed companies are encouraged to familiarize themselves with the XBRL utility and leverage the online Helpdesk for a smooth transition. By adhering to the specified timelines and requirements, companies can not only ensure compliance with regulatory obligations but also contribute to the overall improvement of the reporting ecosystem in the Indian financial markets.

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Driving Digital inclusion in India to meet Social Responsibilities:

"Digital is the world of tomorrow, and digital inclusion is about creating one world to avoid the split of society into two conflicting parts".

Paul Hermelin, Chairman of Capgemini[i]

In an era dominated by technological advancements, digital inclusion has become a crucial factor in ensuring equitable access to opportunities. Organizations are embracing emerging technologies to revolutionize their operations. This strategic shift towards technological integration marks a pivotal moment in reshaping how businesses manage, optimize, and ethically govern supply network. The rapid advancement of emerging technologies such as Artificial Intelligence (AI), Internet of Things (IoT), blockchain, and data analytics has opened new avenues for supply chain management. These tools offer unparalleled opportunities to enhance efficiency, transparency, and sustainability across the entire lifecycle. In a country as diverse as India, where socioeconomic gaps persist, Corporate Social Responsibility (CSR) initiatives have emerged as a vital force in driving digital inclusion, bridging the divide, and fostering empowerment among marginalized communities.

Understanding the Digital Divide:

India's narrative is a tale of contrasting realities. While urban areas thrive in the digital age, rural regions and underserved communities often lack access to basic technological infrastructure. This digital divide exacerbates disparities in education, healthcare, and employment opportunities. However, CSR initiatives have stepped in to address these disparities by leveraging technology as an equalizer.

- **Empowering through Education:**

  Education is the cornerstone of empowerment. CSR initiatives in India have recognized this and focused on imparting digital literacy in rural and underserved areas. Programs are designed to train individuals, irrespective of age or background, on fundamental digital skills. Through workshops, training modules, and community engagement, these initiatives aim to equip individuals with the necessary skills to navigate the digital landscape, access information, and utilize online resources effectively.

  For instance, Tata Consultancy Services' (TCS) Adult Literacy Program[ii]**:**

  TCS runs an Adult Literacy Program focused on digital education for adults in rural areas. The initiative provides training in basic computer operations, internet usage, and digital applications. By leveraging TCS's expertise in technology, this program equips adults with essential digital skills, enhancing their employability and facilitating access to information.

- **Expanding Access to Technology**

  Access to technology remains a significant hurdle in digital inclusion. CSR initiatives have tackled this challenge by setting up community digital centers, providing access to computers, the internet, and other digital resources. These centers serve as hubs for learning, innovation, and communication. Furthermore, initiatives focused on providing affordable or subsidized

devices have been instrumental in ensuring that marginalized communities have the means to participate in the digital realm.

For instance, Microsoft's Project Saksham[iii]:

Microsoft's Project Saksham aims to bridge the digital divide by providing digital literacy training to underserved communities. Through partnerships with NGOs and government agencies, Project Saksham has established digital skills centers across multiple states in India. These centers offer training programs covering basic computer skills, internet navigation, and productivity tools, empowering individuals to participate in the digital economy.

- **Fostering Entrepreneurship and Employment**

Digital inclusion isn't solely about access; it's about leveraging technology for economic empowerment. CSR initiatives have supported entrepreneurship and employment opportunities by offering vocational training, skill development programs, and mentorship in digital fields. By nurturing a digitally literate workforce, these initiatives contribute to reducing unemployment and fostering economic growth in underserved areas.

For instance, Google's Internet Saathi Program[iv]:

Google's Internet Saathi Program, in partnership with Tata Trusts, aims to empower women in rural India by providing them with digital literacy training. Trained 'Internet Saathis' impart knowledge about the internet, smartphones, and online services to women in villages, enabling them to leverage technology for various purposes, including education, healthcare, and entrepreneurship.

- **Promoting Healthcare Access**

Healthcare is another sector benefiting from CSR-driven digital inclusion. Telemedicine initiatives have emerged, connecting remote communities with healthcare professionals through digital platforms. These initiatives facilitate consultations, diagnoses, and even treatments, thereby bridging the gap between inaccessible healthcare and those in need.

For instance, Max Healthcare[v]

Max Healthcare a leading healthcare provider in India, launched the 'e-Health Centres' initiative as part of its CSR efforts. The program aims to bridge the healthcare gap in rural and underserved areas by leveraging digital technology. These include remote consultations, medical access, diagnostic support, and health education. By leveraging digital platforms and technology, such programs ensure that even remote communities have access to quality healthcare services, empowering them with the tools to lead healthier lives.

- **Evolving Role of Private Sector**

The private sector's role in driving digital inclusion through CSR initiatives has been transformative. Companies, both large and small, have realized the importance of investing in communities where they operate. By aligning their business objectives with societal needs, they not only fulfill their CSR obligations but also contribute significantly to the nation's development.

For instance, Bharti Airtel's Digital Village Program[vi]

Bharti Airtel's Digital Village Program focuses on transforming villages into digital hubs by providing high-speed internet connectivity and digital infrastructure. These villages receive access to digital services, including online education, e-healthcare, and e-commerce. Airtel's

initiative aims to create digitally empowered communities that can harness the benefits of technology for socio-economic development.

For instance, Reliance Foundation's Rural Transformation Program[vii]

Reliance Foundation's Rural Transformation Program includes initiatives that promote digital inclusion in rural areas. By establishing digital learning centers and providing access to technology-enabled education, the program aims to enhance digital literacy among rural youth. Additionally, the foundation supports initiatives that leverage technology for agriculture, financial inclusion, and healthcare in rural communities.

These examples highlight how various corporations in India have taken proactive steps through their CSR initiatives to drive digital inclusion, focusing on education, skill development, infrastructure, and community empowerment.

Collaborative Approach and Future Prospects:

The success of these CSR initiatives lies in collaboration. Partnerships between government bodies, NGOs, and private entities have amplified the impact of these programs. Moving forward, a collective effort focusing on sustained investment, innovation, and scalability will be pivotal in ensuring continued progress in digital inclusion.

In the design and implementation phase meticulous planning and strategic alignment are paramount when it comes to CSR initiatives. This involves identifying target communities, assessing their needs, and designing comprehensive programs by integrating digital technology for maximum impact. During implementation, close monitoring of key metrics, including outreach, engagement, and the utilization of digital services, is crucial. Continuous evaluation allows for necessary adjustments, ensuring that the initiative remains responsive to evolving community needs. Execution involves a collaborative effort, engaging professionals, technology experts, community leaders, and stakeholders. Clear communication channels and robust support are established to streamline these. This iterative approach to design, implementation, monitoring, and execution ensures the sustained effectiveness and relevance of such CSR-driven initiatives in digitally inclusive practices.

Conclusion:

In India, the journey towards digital inclusion is an ongoing saga, propelled by the concerted efforts of CSR initiatives. By addressing barriers to access, imparting skills, fostering entrepreneurship, and facilitating essential services, these initiatives have become catalysts for change. As technology continues to evolve, the commitment of corporations towards CSR-driven digital inclusion stands as a beacon of hope, promising a more inclusive and empowered India.

[i] https://www.capgemini.com/no-no/about-us/csr/digital-inclusion/

[ii] https://www.tatasustainability.com/SocialAndHumanCapital/AdultLiteracyProgramme

[iii] https://news.microsoft.com/en-in/ministry-of-labour-employment-and-microsoft-india-collaborate-to-skill-10-million-jobseekers-across-india/

[iv] https://about.google/intl/ALL_in/values-in-action/internet-saathi/

[v] https://www.businesstoday.in/industry/pharma/story/max-healthcare-myhealthcare-launch-ai-powered-remote-patient-monitoring-network-299222-2021-06-21

[vi] https://telecomtalk.info/200villages-in-india-go-digital-due-to-airtel-payments-bank-says-airtel/160655/

[vii] https://reliancefoundation.org/rural-transformation#:~:text=Since%202017%2C%20Reliance%20Foundation%20has,livelihood%2C%20infrastructure%20and%20connectivity%20challenges.

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Just CSR will not do – India must consider embracing 'Individual Social Responsibility' (ISR)

Introduction

In recent years, the landscape of corporate and societal responsibility has undergone a transformative shift in India. While Corporate Social Responsibility (CSR) remains a pivotal aspect of ethical business conduct, a parallel movement has been gaining momentum – 'Individual Social Responsibility' (ISR). This paradigm shift marks a departure from viewing social responsibility as solely the domain of corporations to acknowledging the pivotal role individuals play in driving impactful change within communities and society at large.

Understanding the Evolution

CSR mandates, as enshrined in the Companies Act, 2013, ushered in a new era of corporate accountability, compelling companies to allocate a percentage of their profits towards social causes. However, the paradigm expanded beyond corporate boardrooms as conscientious individuals recognized their agency in effecting positive change. ISR emerged as a complementary force, advocating for personal accountability in fostering social welfare, irrespective of one's corporate affiliations or financial capacity.

The Essence of Individual Social Responsibility

Individual social responsibility encapsulates the profound belief that every person, regardless of their background, profession, or societal status, bears a responsibility to contribute positively to the betterment of society. It embodies the ethos of active citizenship, emphasizing the role of individuals in fostering collective progress. From simple acts of kindness and volunteerism to using one's skills, knowledge, or resources for the greater good, individual social responsibility underscores the power of personal agency in effecting meaningful change. It transcends the boundaries of corporate mandates or institutional obligations, urging each individual to recognize their potential to make a tangible difference in their communities and the world at large. At its core, individual social responsibility represents a fundamental commitment to leaving a positive imprint, enriching lives, and collectively building a more compassionate and equitable society.

At its core, ISR embodies the ethos of 'individual agency for collective progress.' It champions the belief that every individual, regardless of their societal standing, possesses the power to drive meaningful change. From volunteering time and skills to championing causes, advocating for change, or simply practicing ethical consumption habits, ISR empowers individuals to be proactive contributors to societal well-being.

Every individual, irrespective of their profession or background, holds the power to make a meaningful impact. If one is a musician, he/she can consider introducing a few kids to the joy of music. As a painter, one can share skills with those who may not have access to art education. Lawyers may contribute by taking on pro-bono cases, while housewives can volunteer with local groups, lending their time and expertise. Students at schools or colleges can organize grassroots campaigns to tackle pressing local issues. The possibilities are vast, and each person, regardless of their role, possesses unique abilities to effect positive change in their community.

The Role of Digital Platforms and Grassroots Movements

India's burgeoning digital landscape has been instrumental in galvanizing ISR. Social media platforms serve as catalysts for awareness, mobilization, and collective action. Grassroots movements, propelled by impassioned individuals, have leveraged these platforms to amplify voices, initiate dialogue, and mobilize communities for social causes. From crowdfunding for medical emergencies to rallying for environmental conservation, digital activism has reshaped the ISR narrative, democratizing social responsibility. Some common instances that are brought to notice are as follows:

1. **Crowdfunding for Medical Emergencies:** Platforms have been enabled by individuals to create campaigns to raise funds for medical treatments or surgeries[i]. Ordinary citizens, leveraging social media, have successfully garnered support from a widespread audience, aiding in covering medical expenses for those in need.

2. **Environmental Conservation Campaigns:** Initiatives such as #CleanIndia[ii] and #SaveOurRivers have gained momentum through social media. People from diverse backgrounds utilize platforms like Twitter, Facebook, and Instagram to share information, organize clean-up drives, and advocate for eco-friendly practices, sparking conversations and encouraging action for environmental sustainability.

3. **Disaster Relief Efforts:** During natural calamities, social media becomes a critical tool for disseminating information about relief camps, donation drives, and coordinating rescue operations. Grassroots movements swiftly mobilize volunteers and resources, reaching affected areas efficiently to provide aid and support to communities in distress.

4. **Awareness Campaigns for Social Issues:** Grassroots movements on social media raise awareness about prevalent social issues like gender equality, mental health, and more. These campaigns foster dialogue, challenge societal norms, and advocate for policy changes, encouraging inclusivity and societal acceptance.

Education and Empowerment

Education lies at the heart of ISR. Initiatives aimed at educating and empowering individuals to recognize their agency in effecting change are pivotal. Educational institutions play a vital role in instilling values of social responsibility, nurturing a generation cognizant of their role in shaping a more equitable society. Empowerment through knowledge dissemination and skill-building initiatives equips individuals to address societal challenges with informed action.

Online platforms and crowdfunding campaigns facilitate the collection of funds and resources to support education for underprivileged children. Initiatives like providing free educational material, sponsoring school fees, or setting up libraries in rural areas gain traction through digital channels, bringing together donors and beneficiaries.

Challenges and Opportunities

Despite the burgeoning embrace of ISR, challenges persist. Socio-economic disparities, lack of awareness, and systemic hurdles pose roadblocks. However, these challenges also present opportunities. Collaborative efforts between civil society, government bodies, corporates, and individuals can bridge gaps and drive systemic change. Encouraging policy interventions, creating inclusive platforms, and fostering a culture of shared responsibility are crucial steps towards harnessing the full potential of ISR.

Future Trajectory

As India navigates a dynamic socio-economic landscape, the integration of ISR into the societal fabric gains prominence. The future trajectory necessitates a holistic approach, where ISR seamlessly converges with CSR initiatives, augmenting the impact on social development. Embracing a culture where every individual assumes responsibility for the collective well-being paves the way for a more sustainable and equitable society.

Conclusion

India's embrace of ISR signifies a paradigm shift—a departure from passive bystanders to active agents of change. It underscores the recognition that social responsibility transcends corporate mandates—it resides in the hands of every individual. By fostering a culture of individual social responsibility, India charts a path towards inclusive growth, collective progress, and a more compassionate society.

In essence, while CSR remains integral, the emergence of ISR represents a significant stride—a testament to the nation's commitment to harnessing the power of individual actions for societal transformation.

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[i] https://www.ketto.org/success-stories/helpupahar

[ii] https://sdgs.un.org/partnerships/swachh-bharat-abhiyan-clean-india-mission

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https://www.taxmann.com/research/company-and-sebi/top-story/105010000000023584/just-csr-will-not-do-%E2%80%93-india-must-consider-embracing-individual-social-responsibility-isr-experts-opinion

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The Evolution of ESG: From Niche Concern to Mainstream Imperative

In recent decades, a seismic shift has occurred in the business landscape—a transformation marked by the ascension of Environmental, Social, and Governance (ESG) principles from peripheral ideals to a central focus. What began as a niche concern championed by a select few ethical investors has now become an imperative embraced by corporations, investors, and stakeholders worldwide.

In the world of business, the conversation has shifted dramatically in recent years. What was once considered a specialized arena has now become a rallying cry for corporations worldwide. Environmental, Social, and Governance (ESG) factors have transitioned from being an optional consideration to a fundamental driver in investment decisions and corporate strategies.

The roots of ESG trace back to the early 2000s when a handful of socially conscious investors started integrating non-financial factors into their investment strategies. Initially, these efforts were perceived as idealistic and secondary to financial performance. However, the trajectory of ESG has since undergone a radical transformation.

Origins of ESG: From Ethical Investing to Value Creation

ESG principles emerged as a response to growing concerns about the environmental impact, social responsibility, and ethical governance of corporations. Initially championed by ethical investors, these concerns aimed to align investment strategies with personal values. However, the scope of ESG evolved beyond ethical considerations to encompass the idea that sustainable practices could also generate long-term financial value.

The Rise of Conscious Capitalism

The financial landscape experienced a tectonic shift as investors began acknowledging that companies focusing on sustainability and ethical practices could deliver strong financial returns. This realization sparked a paradigm shift, compelling businesses to rethink their purpose beyond profit. ESG principles started gaining traction as they aligned with the evolving values of consumers, investors, and society at large.

One amongst the historical cases witnessed was climate protestors stormed Shell company's AGM in London with security having to step in to protect board members[i]. The campaign groups here are looking to ramp up the pressure on Shell and other energy companies to bring forward those targets to absolute carbon emissions cuts by 2030 and focus more resources on renewables. The protesters were allowed in the room because of their investment in the company. Known as activist shareholders, these groups buy shares in companies to put pressure on its management.

Investors are now shifting their focus to companies who are adhering upon the ESG goals and are ensuring that ESG goals are aligned with organizational objectives.

Shifting Investor Priorities

Investors have played a pivotal role in propelling ESG to the forefront. They have recognized that assessing a company's environmental impact, social responsibility, and governance practices can

offer valuable insights into its long-term viability. With mounting evidence correlating strong ESG performance with financial outperformance, investors increasingly demand transparency and accountability from the companies in which they invest.

Regulatory Reforms and Standards

Governments and regulatory bodies have also stepped up to institutionalize ESG principles. From disclosure requirements to sustainability reporting frameworks, policymakers have been pivotal in establishing a more standardized approach to ESG. These efforts have not only facilitated comparability between companies but have also incentivized businesses to adopt more sustainable practices.

Speaking in the Indian context SEBI introduced a framework for assurance and ESG disclosures for value chain[ii]. represents a significant leap toward promoting corporate transparency and sustainable practices. This core assurance mechanism emphasizes the disclosure of ESG factors by listed companies, aiming to integrate sustainability into their operations. BRSR necessitates companies to provide comprehensive reports on their impact, commitments, and strategies concerning sustainable development.

SEBI's initiative not only fosters accountability and transparency but also aligns businesses with the broader goal of responsible and ethical practices, reinforcing investor confidence and contributing to a more sustainable and equitable business landscape.

Consumer Consciousness and Demand

Consumer preferences have evolved, with a growing segment actively seeking products and services aligned with their ethical beliefs. Millennials and Gen Z, in particular, wield significant influence as they prioritize sustainability and social responsibility. This shift has led companies to reconsider their business models, incorporating ESG initiatives not just as a moral obligation but also as a competitive necessity.

ESG Integration in Corporate Strategies

ESG is no longer an afterthought but a fundamental aspect of corporate strategies. Companies are embedding sustainability goals into their DNA, integrating them across operations, supply chains, and product development. Boards are increasingly diversifying to include perspectives that align with ESG values, recognizing the necessity of diverse voices in decision-making processes.

Measuring Impact and Performance

One of the challenges in the ESG landscape has been the need for robust metrics to measure impact accurately. Efforts are underway to standardize ESG metrics, allowing for better assessment and comparison. The development of comprehensive tools and methodologies for quantifying ESG performance will be crucial in further advancing the integration of these principles.

Value Chain

Businesses start assessing their operations, supply chains, and governance structures through an ESG lens, aiming to align their practices with sustainability goals. As this integration deepens, regulatory frameworks and reporting standards further solidify the value chain. The value chain culminates in widespread adoption and implementation, where ESG principles are not just integrated but embedded within corporate cultures, driving long-term value creation, and fostering a more sustainable and responsible business ecosystem.

The Path Forward

As ESG continues its ascent into the mainstream, the onus lies on all stakeholders to drive meaningful change. Collaboration between businesses, investors, governments, and consumers is essential to accelerate progress towards a more sustainable and equitable future. Companies must go beyond token gestures, embracing ESG not as a checkbox exercise but as a core principle guiding their decisions and actions.

Here are a few examples that illustrate the evolution and integration of ESG principles across different sectors:

1. Suzlon Energy

Suzlon Energy is one of the leading renewable energy solutions providers in India, primarily focusing on wind energy. The company has been instrumental in developing and commissioning wind farms across various states in India. Suzlon has pioneered the development and deployment of wind turbines, contributing significantly to the country's renewable energy capacity.

Suzlon Energy's contribution to India's renewable energy landscape is substantial. The company has installed numerous wind turbines across different states, collectively generating a significant amount of clean energy. Suzlon's technological advancements and efficient wind power solutions have positively impacted India's renewable energy goals, aiding in reducing the reliance on fossil fuels for electricity generation.

Through its consistent efforts in developing and implementing wind energy projects, Suzlon Energy has been a key player in India's renewable energy transition, effectively harnessing wind power to contribute to the country's sustainable energy goals.

2. Philip Morris International

Philip Morris International's (PMI) evolution from a traditional tobacco company to one focused on a tobacco combustion-free future represents a substantial shift in its purpose and operational strategy. Historically, as a tobacco company, PMI's primary revenue source stemmed from conventional cigarette sales. However, recognizing the evolving landscape and changing consumer preferences, PMI underwent a transformative journey guided by its board-issued statement of purpose.

Initially, PMI's purpose might have centered on maximizing profits from tobacco products. However, as societal attitudes shifted towards health-consciousness and sustainability, PMI made a strategic commitment to transition away from combustible tobacco products. This shift was not only an acknowledgment of changing market dynamics but also a proactive response to address public health concerns associated with smoking.

The impact of this evolution has been multi-fold. PMI's commitment to a tobacco combustion-free future has served as a pivotal signal to investors, stakeholders, and the industry at large. It has repositioned the company as a leader in embracing innovative and reduced-risk alternatives to traditional smoking. This shift has led to the development and commercialization of smoke-free products like heated tobacco and vaping devices, aimed at offering consumers potentially less harmful alternatives.

Moreover, PMI's statement of purpose has enhanced its credibility among investors and stakeholders interested in sustainable and socially responsible investments. It has also

influenced other companies within the tobacco industry to rethink their strategies and explore similar paths towards reduced-risk alternatives.

Overall, PMI's journey and the impact of its board-issued statement of purpose underscore the transformative power of purpose-driven strategies in reshaping industries, aligning with societal demands, and signalling a commitment to sustainable and healthier practices.

3. Coca-Cola

Initially, Coca-Cola's purpose may have primarily focused on being a market leader in the beverage industry, centered on profitability and market dominance. However, as societal expectations evolved and consumer preferences shifted towards sustainability and social impact, Coca-Cola redefined its purpose to align more closely with global concerns.

This evolution has driven the company to integrate sustainability and social responsibility into its core business strategies. The purpose of "refreshing the world and making a difference" has become central in shaping Coca-Cola's value creation framework. It has prompted the company to invest in sustainable practices, such as water conservation, packaging innovation, and reducing its carbon footprint, aligning its operations with environmental stewardship.

Moreover, this purpose-led approach has influenced Coca-Cola's capital allocation strategies. The company has directed resources toward initiatives and projects that not only drive financial returns but also contribute positively to society and the environment. Investments in renewable energy, community development programs, and initiatives to reduce plastic waste are among the areas where Coca-Cola has allocated capital in line with its purpose.

Additionally, the CEO-issued purpose has become a guiding force in Coca-Cola's growth strategy. The company has ventured into new markets and product innovations that prioritize healthier beverage options, reduced sugar content, and packaging sustainability. This evolution has enabled Coca-Cola to diversify its product portfolio while staying true to its purpose of making a positive difference in the world.

The impact of this evolution is substantial. Coca-Cola's commitment to its purpose has enhanced its brand reputation, resonating positively with consumers, investors, and stakeholders who value companies committed to social and environmental causes. It has strengthened consumer loyalty and attracted investors interested in sustainable and purpose-driven businesses.

Coca-Cola's CEO-issued purpose to "refresh the world and make a difference" has evolved to become a driving force behind the company's value creation, capital allocation decisions, and growth strategies. It signifies a shift towards a more responsible, sustainable, and purpose-driven approach to business.

Conclusion

The evolution of ESG from a niche concern to a mainstream imperative represents a significant turning point in the business landscape. What began as a movement championed by a few visionary investors has now become an integral component of global business practices. The significance of leadership with a vision centered on ESG and sustainability cannot be overstated. Every incremental step toward these goals holds the potential to generate substantial impact.

Even in industries traditionally perceived as contributing negatively to the environment and society there is a discernible shift in their approaches. This change in perspective signifies an intent to transform traditional business practices. Hence, the notion that prioritizing ESG considerations is swiftly becoming a mainstream imperative is not only sensible but also reflective of a growing tide toward conscientious and responsible business conduct. As we move forward, the fusion of financial success with social and environmental responsibility will be the defining factor shaping the businesses of tomorrow.

This piece covers the trajectory of ESG, from its humble origins to its current status as a critical component of modern business.

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[i] https://www.bbc.com/news/business-65609795

[ii] https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html

This article is published in Taxmann. The link to the same is as follows:

https://www.taxmann.com/research/company-and-sebi/top-story/105010000000023505/the-evolution-of-esg-from-niche-concern-to-mainstream-imperative-experts-opinion

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Acknowledgements of dues in the Balance Sheets and the acknowledgement letter of the Corporate Debtor which would extend the limitation period, in terms of Section 18 the Limitation Act?

In the matter of Asset Reconstruction Company (India) Limited (Appellant) Vs. Uniworth Textiles Limited (Respondent) at National Company Law Appellate Tribunal dated 10th July 2023.

Facts of the case:

- Uniworth Textiles Limited - the Corporate Debtor (CD) had taken loan of Rs 41.50 Crores (Rupees Forty-One Crore and Fifty Lakhs) from the Industrial Finance Corporation of India Limited (IFCIL) and Investment Corporation of India Ltd (ICICI) in 1992.The loan documents were registered between the CD, IFCIL and ICICI, respectively. Both lenders later assigned their debts to the Asset Reconstruction Company (India) Limited (ARCIL/Appellant).
- In 2004, CD initiated proceedings under Sick Industrial Companies (Special Provisions Act, 1985) (SICA) before the Board for Industrial and Financial Reconstruction (BIFR) and the account was declared as non-performing asset (NPA) in August 2007.
- The proceedings continued till 2013 and were abated by the order dated 22 May 2013 passed by the Appellate Authority for Industrial Financial Re-Construction (AAIFR). Later, the appellant filed an application to the Debt Recovery Tribunal (DRT), Nagpur, which was allowed on 4 December, 2018.
- Later, the CD came forward for settlement with the appellant and sent a proposal on 19 September, 2016 to clear its dues submitted by five group companies.
- CD paid Rs 51.10 crore (Rupees Fifty-One Crore and Ten Lakh), which were adjusted against some group companies and acknowledged the balance debt. However, the appellant was not getting payment of outstanding dues from CD.
- Hence, on 22 November, 2018, the appellant issued a letter for revocation of the terms of the settlement. Later, appellant moved to National Company Law Tribunal (NCLT) to claim an amount of Rs 205.83 crore (Two Hundred and Five Crore and Eighty-Three Lakh). However, the application was dismissed primarily on the ground of limitation.

- Hence, the present appeal was filed u/s 61 of the Insolvency and Bankruptcy Code, 2016 (IBC) against the impugned order passed NCLT, whereby the application filed by the appellant u/s 7 of the IBC against CD was dismissed.

Arguments of the Appellant:

- CD had been acknowledging the outstanding dues towards the appellant in their own Annual financial statements from the financial year 2006-07 to 2017-18.
- Despite all efforts, they were not getting payment of outstanding dues from the CD. Hence, on 22 November 2018, they issued a letter for revocation of terms of settlement due to non-compliance on the part of CD.
- NCLT failed to consider the exclusion of period from limitation period in terms of section 22(5) of SICA. The application was within Limitation.
- CD acknowledged the debts in the balance sheets till 2017-18 and through letters/ e-mails also acknowledged the outstanding dues, which were to be treated as acknowledgements of debt in terms of Section 25 (3) of the Indian Contract Act, 1872.

- NCLT ignored the vital facts that the CD acknowledged the outstanding debts vide the letter dated 11 November 2016 in addition to the acknowledgments in the balance sheets which extended the period of limitation in terms of Section 18 of the Limitation Act, 1963(the Act)
- In terms of the IBC, the NCLT is required to ascertain the existence of debt and default and once these two criteria are satisfied NCLT is required to admit the application u/s7 of the IBC.
- NCLT wrongly construed the letter dated 11 September 2016 of the CD to be as a group settlement which in fact was provided for a company-by-company settlement with specific amount item wise mentioned therein.
- NCLT also failed to be relied upon a judgment of the NCLAT in the matter of *Mr. Gouri Prasad Goenka Vs. Punjab National Bank* in which it was clearly held that *period of reference under SICA before the BIFR or AAIFR would stand excluded while computing the period of limitation for the purpose of filing Company Petition under Section 7 of the Code*.
- NCLT also didn't considered that acknowledgment in balance sheets come within the purview of Section 18 of Act and relied upon the various Judgments to support the case.

Arguments of the Respondent:

- Respondent denied all the averments of the appellant.
- The appellant indicated the date of default as 5 September 2020 in OA No. 162 of 2014 u/s 19 of the Recovery of Debt to the Banks and Financial Institution Act, 1993 (RDB Act), before the NCLT treating as a date of default for alleged financial debt.
- OA No. 162 of 2014 had been decreed on 6 February 2019 the same was challenged in Debt Recovery Tribunal (DRT), Nagpur and was sub-judice pending consideration after issuance of notice to the appellant by DRT.
- Prior to issue of the said decree, Uniworth Group of Companies initiated talks for global settlement with the appellant and then the appellant had given in principal consent to the settlement offer of Rs. 75 Crores (Rupees Seventy – Five Cores) and Rs. 51.10 Crores (Rupees Fifty – One Crore and Ten Lakh) out of consolidated settlement of Rs. 75 Crores (Rupees Seventy-Five Crores) were paid to the appellant, which unfortunately was recalled/ revoked by the letter dated 22 November 2016 by the appellant.
- Present appeal was not maintainable as the original application filed by the appellant was based on loan documents with alleged debt of Rs. 205.83 Crores (Two hundred and five crores and eighty- three lakh), whereas the appellant in the present appeal changed the amount to Rs. 75 Crores (Rupees Seventy – Five Crores).
- Appellant concealed deliberately vital facts including the fact regarding global settlement with Uniworth Group and receipt of Rs. 51 Crores (Rupees Fifty- One Crore) through "White Knight"
- The appellant also concealed the material fact that it had obtained an ex-parte decree by playing fraud upon DRT pending its application under the IBC.
- Claims of the appellant were barred by limitation as the account of UTL was classified as Non- Performing Asset on or before 20 November 2007 and three years period should start running from the date of declaration of NPA which in present case got over long back.
- It was stated that the *proceedings under the code cannot be initiated for a time barred debt* and relied on the case *B.K. Educational Services Pvt. Ltd. Vs. Parag Gupta and Associate, Innoventive Industries Ltd. Vs. ICICI Bank Jignesh Shah & Anr. Vs. Union of India & Anr., and Sagar Sharma Vs. Phoenix ARC (P.) Ltd*
- Also, highlighted that in case of Jignesh Shah (Supra) it was *held that ability or inability of financial creditor to avail separate independent remedy cannot, in any manner, impact the*

limitation for the purpose of period of limitation for initiating proceeding u/s 7 of IBC, hence, the respondent submitted that mere operation of section 22 (1) of SICA would not stop the period of limitation running during the pendency of reference under SICA.

- Mere reflection of amount of loan in the balance sheet of the CD with caveat and rider does not constitute valid and legal acknowledgments within the meaning of Section 18 of the Act.
- That the entries in balance sheets indicating liability is to be read along with director's report to take a comprehensive view.
- Board of Directors of the respondent categorically disputed the alleged debt due to the appellant and therefore such mention of debt in the balance sheets cannot be construed as admission of debt or acknowledgment of the same.
- Pendency of an original application under the provisions of RDB Act do not in any manner affect the period of limitation for the purpose of initiating proceeding under the IBC.

Held:

- NCLAT after a review of provisions of the SICA noted that that the period of petition before BIFR and AAIFR, once abated by the competent Judicial Forum (AAIFR in present case) such period ought to have been excluded by the Adjudicating Authority. And accordingly, the period up to the order by AAIFR dated 22 May, 2013 is to be excluded from counting the relevant period under the Act.
- NCLAT thereafter factored into the subsequent events post 22 May, 2013 impacting the limitation period till the Section 7 application was filed on 11 October, 2018. The Law of Limitation give 3 years period for initiating the legal remedy. Thus, the Appellant has to cross the hurdle post 22 May, 2016 i.e., 3 years period from AAIFR order till the application was filed at NCLT.
- NCLAT highlighted that mere entry in the Balance Sheet cannot be taken as unqualified acknowledgment of the debt. However, it may also not be correct to take every note or caveat regarding entries made in the Balance Sheet as ground to denying acknowledgement of debt in order not to extend the limitation period from such acknowledgment period.
- It is therefore desirable that while looking such entries of debt amounting to acknowledgment, one has to consider the overall scenario which may be evident from Director's Report, Auditor's Report, notes to the accounts etc. It is relevant to consider the entire series of events starting from such loans/ debts to the filing of application u/s 7 of the IBC, to gauge the true intent of such entries and caveats, if any, which impact the intended acknowledgements or genuine denial of liability on part of the CD. While doing this examination, it may be worthwhile to look into the overall eco system of such transactions which may help in understanding the impact on limitation period based on such acknowledgements.
- It was also noted that from the entries in the Balance Sheet of 2016-17 and Director's Report that the debt indeed finds place in the Balance Sheet with admission as a CD that they are in process of negotiation with the term lenders for rescheduling/ restructuring. This establishes that the loan/ debt has been taken and acknowledged by the CD.
- Consideration was also paid to the Director's Report where it was indicated that company was exploring possibility for a suitable resolution scheme through NCLT and also exploring other options available in the law. The Director's Report further also recorded that the Company disputing the repayment of dues and therefore figures of borrowed amount in the Balance Sheet could not be considered as of the claims of lender.

- The NCLAT referred various Balance Sheets from 2006-07 to Balance Sheets of 2013-14, and do not found any apparent denial of debts by the CD. Also, reviewed the excerpts from the Balance Sheets from 2014-15 to 2018-19. On overall basis out of 13 Balance Sheets from 2006-07 to 2018-19, apparently in the three Balance Sheets, disputes were recorded as noted above and based on that, in balanced manner and keeping commercial/judicial fairness, such denial of acknowledgment cannot be taken as stout dispute regarding debt which would tantamount to absolute and continued denial of acknowledgments of debt by the CD.
- NCLAT had to consider that there were acknowledgements of due in the Balance Sheets and the acknowledgement letter of the CD which would extend the limitation period, in terms of Section 18 the Act.
- Section 18 of the Act makes it clear that any acknowledgement expiration of prescribed period for an application in respect of any acknowledgement of liability made in writing signed by the party against whom such right is claimed shall result into fresh period of limitation to be computed from such time.
- After a detailed analysis and considering the various judgments of Hon'ble Supreme Court of India, and various provisions of the relevant laws, NCLAT held that the NCLT erred in rejecting the application filed u/s 7 of the IBC by the appellant on the ground of limitation. The case was remanded back to the NCLT for decision on the merit of the application in accordance with the law.

The summary is published in the Journal of Chamber of Tax Consultants.

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NEWS UPDATES/AMENDMENTS

Sr. No.	News Updates/Amendments	Link & Brief Summary
	NEWS	
1	Transparency, clearly good for capital markets	https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/transparency-clearly-good-for-capital-markets/107216897?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-01-29&dt=2024-01-29&em=aGFzdGl2b3JhQG1tamMuaW4= SEBI has relaxed the deadline for disclosure of ownership, economic interest, and control of FPIs with over half their holdings in a single corporate group or Indian equities exceeding Rs.25,000 cr.
2	Big GIFT: Norms unveiled for direct global listing	https://cfo.economictimes.indiatimes.com/news/big-gift-norms-unveiled-for-direct-global-listing/107130455?utm_source=whatsapp_web&utm_medium=social&utm_campaign=socialsharebuttons India has allowed domestic companies to list their shares directly on global exchange at Gujarat's GIFT city.
3	CII Issues guidelines for independent directors	https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/cii-issues-guidelines-for-independent-directors/107444793?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-02-06&dt=2024-02-06&em=aGFzdGl2b3JhQG1tamMuaW4= The CII issued various guidelines for ID and they are only recommendations and not binding on any company.
4	SEBI asks companies for accurate details on end use of IPO funds	https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/sebi-asks-companies-for-accurate-details-on-end-use-of-ipo-funds/107676654?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-02-14&dt=2024-02-14&em=aGFzdGl2b3JhQG1tamMuaW4= The Securities and Exchange Board of India (Sebi) has increased scrutiny of IPO disclosures.

5	Registration of companies, LLPs hits fresh high in FY24	https://cfo.economictimes.indiatimes.com/news/strategy-operations/registration-of-companies-llps-hits-fresh-high-in-fy24/107677352?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-02-14&dt=2024-02-14&em=aGFzdGl2b3JhQG1tamMuaW4 India incorporated 18% more companies in January than a year before and more than doubles the number of newly registered LLPs.
6	NFRA plans to scrutinize auditors, including Big four, for non-audit services	https://taxconcept.net/mca-roc/big-update-nfra-plans-to-scrutinize-auditors-including-big-four-for-non-audit-services/ This move is likely to spark controversy as it challenges the existing norms set by ICAI.
AMENDMENTS / CIRCULARS /CONSULTATION PAPERS		
1	Regulation 30(11) – SEBI LODR Provisions	https://www.sebi.gov.in/legal/circulars/jan-2024/extension-of-timeline-for-verification-of-market-rumours-by-listed-entities_80867.html Rumour verification provisions to become applicable from June 01, 2024, for top 100 listed entities and from December 1 2024 for top 250 listed entities as on March 31, 2023.
2	SEBI Circular	https://nsearchives.nseindia.com/web/sites/default/files/inline-files/SEBI_Circular_23012024.pdf SEBI Circular on framework for offer for sale of shares to employees through stock exchange mechanism.
3	SEBI Circular r/w NSE Circular dated January 30, 2024	https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE_Circular_30012024.zip NSE Circular on trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") – Extending framework for restricting trading by Designated Persons ("DPs") by freezing PAN at security level to all listed companies in a phased manner."
4	Consultation Paper	https://www.sebi.gov.in/reports-and-statistics/reports/feb-2024/ Consultation Paper to revise and revamp nomination facilities in the Indian securities market.

5	Addendum to Consultation Paper	https://www.sebi.gov.in/reports-and-statistics/reports/feb-2024/addendum-to-consultation-paper-on-interim-recommendations-of-the-expert-committee-for-facilitating-ease-of-doing-business-and-harmonization-of-the-provisions-of-icdr-and-lodr-regulations_81040.html Addendum to Consultation Paper on Interim Recommendations of the Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations
6	SEBI Circular	https://www.sebi.gov.in/legal/circulars/feb-2024/guidelines-for-returning-of-draft-offer-document-and-its-resubmission_81146.html SEBI Circular on guidelines for returning of draft offer document and its resubmission.
7	Consultation Paper	https://www.sebi.gov.in/reports-and-statistics/reports/feb-2024/consultation-paper-on-relaxation-in-timelines-for-disclosure-of-material-changes-by-foreign-portfolio-investors_81211.html Consultation paper on relaxation in timeline for disclosure of material changes by foreign portfolio investors.
8	Consultation Paper	https://www.sebi.gov.in/reports-and-statistics/reports/feb-2024/consultation-paper-on-framework-for-providing-flexibility-to-fpis-in-dealing-with-their-securities-post-expiry-of-their-registration_81210.html Consultation paper on framework for providing flexibility to FPIs in dealing with their securities post expiry of their registration.
9	SEBI Circular	https://www.sebi.gov.in/legal/circulars/feb-2024/revised-pricing-methodology-for-institutional-placements-of-privately-placed-infrastructure-investment-trust-invit-_81268.html SEBI Circular on revised pricing methodology for institutional placements of privately placed InvIT
10	BSE Circular r/w SEBI Circular	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240208-29 BSE Circular on guidelines for returning of draft offer document and its resubmission.
11	BSE Circular	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240209-41

		BSE circular on corporate grouping of Listed Companies.
12	BSE Circular	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240209-42 BSE Circular on intimation of credit of Dividend into attached bank accounts of notified parties under Special Court (TORTS) Act 1992.
13	Revised SS-1 and SS-2	https://www.icsi.edu/ssb/home Effective date from April 1,2024

Due Dates

Effective Date for Circular	Nature of Compliance
April 01, 2024	Regulation 30(11) – SEBI LODR Provisions Rumour verification provisions to become applicable from April 01, 2024, for top 100 listed entities as on March 31, 2023. Top 100 listed companies are to ensure that systems are in place for rumour verification.
SEBI Circular dated July 13, 2024	Freezing of PAN at security level becomes applicable for all NSE listed entities with effect from March 31, 2024
Large Corporate Revised Framework applicable from April 01, 2024.	SEBI Circular dated, October 19, 2023, revised framework for fund raising by issuance of debt securities by Large Corporates (LCs) is applicable from April 01, 2024, for companies having April to March as financial year. This framework would be applicable to all listed entities except scheduled commercial banks. Framework would be applicable to large entities which fulfil the following conditions: a) have their specified securities or debt securities or non-convertible redeemable preference shares listed on a recognised Stock Exchange(s) AND b) have outstanding long term borrowings of Rs.1000 crore or above, AND c) have a credit rating of "AA"/ "AA+"/AAA ", where the credit rating relates to the unsupported bank borrowing or plain vanilla bonds of an entity, which have no structuring/ support built in. Stock exchanges would be seeking above referred data in XBRL along with financial results and then shall release the list of listed entities to whom this framework would apply.
SEBI Circular	Listed entities are required to intimate security holders holding securities

dated March 16, 2023	in physical form about incomplete folios in terms of KYC, PAN, and nomination. This intimation has to be given within 6 months of end of financial year. This has to be given by both – Equity and Debt listed companies. Large entity needs to ensure that such letters are sent to physical security holders by September 30, 2024
SEBI Circular September 20, 2023, read with SEBI Circular December 01, 2023	Revamped SCORES process would now become applicable from April 01, 2024. SCORES Circular inter alia provides that Depository Participants (DPs), and stockbrokers shall get themselves registered by April 01, 2024, on SCORES portal. Further SCORES portal needs to be integrated with company's/intermediaries' own grievance redressal portal. Large Entities are requested to check whether SCORES Portal is updated with relevant details.
April 01, 2024	Applicability of BRSR Core - Framework for assurance and ESG Disclosures for Value Chain ESG disclosures for the value chain shall be applicable to the top 250 listed entities (by market capitalization), on a comply or explain basis from FY 2024-25.
April 01, 2024	Regulation 17(1D) – Directors of listed entities to obtain periodic shareholder approval to continue serving the board. The approval for shareholders in a general meeting is required for a director to continue serving on the board of directors of a listed entity. This approval must be obtained at least once in every five years from the date of director's appointment or reappointment. If a director has been serving as of March 31, 2024, without shareholder approval for the last five years or more, their continuation will be subject to shareholder approval in the first general meeting after March 31, 2024. Companies shall be watchful of this point while drafting their AGM Notices.
InVIT Compliances	
SEBI InvITs (Infrastructure Investment Trusts), 2014 Circular dated June 26, 2023	The InvITs are to file Annual Secretarial Compliance Report within 60 days from the end of every financial year. For the year ended 2023-24 it is to be filed by May 31, 2024.