

# MMJCINSIGHTS

November 29, 2024



# Index

Sr. No.	Particulars
<b>LODR</b>	
<b>1.</b>	<b>Appointment-Reappointment of Non- Executive Director: What Shareholders Should Know</b>
<b>2.</b>	<b>Non-Executive Director Remuneration: What Shareholders Should Know</b>
<b>FEMA</b>	
<b>3.</b>	<b>Decoding operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment</b>
<b>IBC</b>	
<b>4.</b>	<b>Summary -In the matter of Times Innovative Media Limited (Appellant) Vs. Pawan Kumar Aggarwal (Liquidator/Respondent no.1) and Anr., at National Company Law Appellate Tribunal (NCLAT) New Delhi dated 19 September 2024</b>  <b>Operational Creditors Cannot Claim Priority Over Unsecured Financial Creditors in Liquidation</b>
<b>NEWS UPDATES</b>	
<b>VIEW SHARED IN MEDIA BY MMJC PARTNERS</b>	



## Appointment-Reappointment of Non- Executive Director: What Shareholders Should Know

### Introduction

The appointment and reappointment of Non-Executive Directors (NEDs) play a crucial role in corporate governance, as outlined by **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)**, particularly **Regulation 17**, which mandates a balanced board composition with at least one-third independent directors. This framework is designed to enhance oversight and maintain a separation of powers within the board.

Proxy advisory firms raised concerns about the appointment and reappointment of NEDs, focusing on issues like transparency, conflicts of interest, and too much control from promoters, which can affect the independence of the board.

This article will look at these concerns, using tables to outline the governance challenges linked to NED appointments and reappointments, emphasizing the need for strong governance practices.

#### A. Governance Concerns: The table below lists the common concerns identified:

Sr. No.	Concern Type	Description	Examples
1	Low Attendance	Non-executive directors failing to attend the majority of board meetings, affecting effective oversight.	A director attended only 30% of meetings in a year, questioning their ability to contribute meaningfully.
2	Holding Multiple Full-Time Positions	Non-executive directors holding full-time roles in multiple companies, raising concerns about their contribution at board meetings.	A director was serving as a full-time executive in three companies simultaneously, limiting their attention.
3	Skewed Remuneration Practices	Compensation practices that do not align with industry standards or company performance.	A company paid non-executive directors 5x the industry average, with no clear basis for such compensation.

4	Conflict of interest	Non-executive directors involved in transactions with related parties, posing conflicts of interest.	Director having financial interest in a vendor who was awarded a major contract, raising questions of impartiality.
5	Non-compliance with Articles of Association (AoA)	Directors not adhering to the stipulations outlined in the company's AoA.	A director was appointed without following the procedural norms specified in the AoA.
6	Board effectiveness	Lack of clear and adequate disclosure regarding director actions, compensation, or conflicts of interest.	<p>Company was seeking shareholders' approval for the reappointment of Mr. X as a Non-Executive Director (NED) who had earlier served as managing director.</p> <p>While his profile and attendance record of NED were satisfactory, proxy advisors still raised governance concerns over his reappointment.</p> <p>Proxy advisors highlighted that during Mr. X's tenure as Managing Director, three Independent Directors had resigned, citing reasons of misalignment with the company's strategic decisions.</p> <p>These resignations of Independent Directors had cast a doubt on governance practices of the company.</p>
7	Failure in Minority Shareholder Protection	Decisions taken by non-executive directors that disregard the interests of minority shareholders.	Concerns have been raised regarding Mr. A's reappointment, as he represented an investor group involved in a preferential issue proposal that attracted regulatory intervention due to potential favouritism. As a result, all 12 board members, along with the company, were required to face prosecution by regulator. Although Mr. A did not vote on the preferential issue proposal, proxy advisors believe his role may have influenced the decision, implying that his fiduciary duty to all shareholders was compromised. As a result, they are opposing his reappointment.



8	Undermining of Role of nomination and remuneration committee	Concerns raised on appointment of NED as the institution he was representing had right to appoint 2/3 <sup>rd</sup> of directors.	<p>The company sought shareholder approval for the appointment of Mr. L as a Non-Executive Nominee Director, nominated by N, which has the right to appoint 2/3<sup>rd</sup> of the board members. Proxy advisor highlighted that this significant promoter control undermines the role of the Nomination and Remuneration Committee (NRC).</p> <p>While the NRC is intended to identify and recommend qualified directors, the rights granted to N may limit the NRC's function to merely approving nominations rather than exercising independent judgment. This situation raises concerns about the effectiveness and independence of the NRC, despite compliance with legal requirements. Proxy advisors emphasizes that such disproportionate board control could weaken governance standards.</p>
9	Profit-Sharing Agreements	Concerns regarding directors being party to profit-sharing agreements that lack transparency and pose risks.	<p>The company sought shareholder approval for the re-appointment of Mr. K as a Director. While there are no major concerns regarding his profile or attendance, proxy advisors raised significant issues regarding a profit-sharing agreement between A Ltd and the promoters of the company. Proxy advisors also stated that profit-sharing agreement was not adequately disclosed to shareholders, limiting transparency. The agreement may encourage promoters to prioritize immediate financial gains over long-term company grow</p>
10	Directorship in Competitor Companies	Issues identified with directors holding positions in competitor companies that create conflicts of interest.	Instances where directors hold roles in competing firms, raising concerns about potential leakage of sensitive information.
11	No Cooling-Off Period	Concerns when the appointment of a non-executive director indicates a loss of independence without a cooling-off period.	Instances where non-executive directors are re-appointed without a cooling-off period following their tenure as independent directors.

12	Sub-judice Matters	Concerns arise when directors are involved in ongoing legal cases, affecting their suitability for board positions.	The company seeks shareholder approval to reappoint a director despite his recent legal issues. He was arrested by Enforcement Directorate in November 2022 for transactions involving his personal entities, though not directly related to the company, and was later pardoned for cooperating in the investigation. Following his arrest, the company relieved him of executive duties, citing a "temporary inability to perform." The proxy advisor questions why he remains on the board if he cannot perform executive duties. Although there is no legal barrier to his reappointment, the proxy advisor expresses concerns about appointing individuals facing serious charges and refrains from supporting his reappointment until the matter is resolved
13	Non-compliance with Approval for Articles of Association Post-IPO	Failure to obtain shareholder approval for Articles of Association after an IPO, affecting governance.	<p>Company had sought shareholders' approval for appointment of Ms. S as Non-Executive Director not liable to retire by rotation as per Article 102 (d) of Part A of the Articles of Association of the Company.</p> <p>Proxy advisors stated that clause 102(d) of articles of association states that, "<i>After the consummation of the IPO, A ltd will have the right to nominate 1 (one) Director on the Board as long as A ltd continues to hold at least 10% of the shareholding of the Company on a fully diluted basis, subject to such right being approved by the Shareholders of the Company by way of a special resolution after the Consummation of the IPO in accordance with Applicable Law</i>".</p> <p>Therefore, unless the above Clause of the AoA is approved by shareholders through a special resolution, articles 102 is not in force.</p> <p>Hence, any appointment pursuant to such clause shall be void.</p> <p>Further proxy advisors highlighted that appointment of Ms. S is not liable to retire by rotation. Therefore, she will be appointed for perpetuity since the company has not mentioned any specific term for his appointment and she is not liable to retire by rotation. Proxy advisors stated that appointment of a director for perpetuity defeats the basic objective of evaluation of performance as a prominent parameter for reappointment, as the director in question would continue regardless of her performance, NRC / Board will have no role in this regard.</p>



## Conclusion

In conclusion, the appointment and reappointment of non-executive directors are vital for ensuring effective governance in a company. Shareholders must be vigilant and consider the various concerns outlined above when voting on these matters. Addressing issues such as transparency, conflicts of interest, and compliance with regulations is essential for maintaining board independence and protecting shareholder interests. By fostering strong governance practices, companies can build trust with their shareholders and enhance their long-term success.

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

<https://www.taxmann.com/research/company-and-sebi/top-story/10501000000024741/appointment-reappointment-of-non-executive-director-what-shareholders-should-know-experts-opinion>

This article is written by **Vallabh Joshi- Senior Manager- [vallabhjoshi@mmjc.in](mailto:vallabhjoshi@mmjc.in)** and **Animesh Joshi-Associate- [animeshjoshi@mmjc.in](mailto:animeshjoshi@mmjc.in)**



## Non-Executive Director Remuneration: What Shareholders Should Know

### Introduction

Appointment and remuneration of non-executive directors ('NED') is always a matter of concern. Practices adopted by companies in remunerating NEDs has always been the talk of the town. Hence it becomes necessary to understand concerns raised by proxy advisors in remunerating NEDs. In this article we will explore various governance concerns raised by proxy advisors related to the remuneration of the NEDs.

### A. Governance Concerns related to the remuneration of the non-executive directors:

#### 1. Skewed Remuneration Practices

Sr. No.	Concern Type	Description	Example
1	Skewed remuneration favouring promoter directors	Promoter directors receive disproportionate remuneration compared to others.	The company seeks to continue a director's term as NED, but the proxy advisor raises concerns that his commission is skewed—nearly four times that of other NEDs and even exceeding the MD's fixed pay. This, they argue, blurs the line between executive and non-executive roles.
2	Disproportionate compensation for the Non-Executive Chairman	The Chairman's pay significantly exceeds that of other directors.	The Non-Executive Chairman of a company received over ten times the average pay of other non-executive directors, accounting for 58% of the total commission. Proxy advisors highlighted this excessive remuneration and suggested that the policy is disproportionately favourable to the chairman.
3	Inadequate Justification	Frequent issues arise where companies provide insufficient explanation for high or skewed commission structures, leading to governance concerns.	A company proposed substantial commission for a Non-Executive Director, which is equivalent to that of an Executive Director, with inadequate justification and no similar compensation for other NEDs.



## 2. Cap On remuneration (Amount and Period):

Sr. No.	Concern Type	Description	Example
1	No Absolute Cap	Many companies seek approval for non-executive director remuneration calculated as a percentage of profits without establishing an absolute cap, leading to uncertainty for shareholders.	Multiple companies have been noted for proposing commissions for NEDs without an absolute cap, raising concerns about the total commission that could be payable.
2	Perpetual Approval	Recurring concern about approvals being sought for perpetuity without a specified duration, making them effectively indefinite.	A company sought approval for a commission to NEDs not exceeding 1% per annum, without a fixed cap or specified period for these payments.

## 3. Other:

Sr. No.	Concern Type	Description	Example
1	Gender bias in remuneration favouring male directors	Male directors receive higher pay than female counterparts, indicating bias.	At one company, male promoter directors were awarded substantial pay packages, while a female director with similar qualifications received a fraction of the amount. This disparity suggested an underlying gender bias in the company's remuneration practices, as noted by proxy advisors.

## Conclusion:

The governance concerns raised by proxy advisors regarding Non-Executive Director (NED) remuneration highlight the need for transparent and balanced remuneration policies. Key issues include the absence of a cooling-off period for transitioning from Independent Director (ID) to NED roles, skewed pay structures favouring promoter directors with limited experience, and significant pay disparities between the Non-Executive Chairman and other directors. Additionally, gender bias in remuneration and recurring issues with promoter director pay policies reveal systemic imbalances. Shareholders should scrutinize NED compensation

structures to ensure they align with principles of fairness and good governance, fostering a more equitable approach to director remuneration and maintaining corporate governance integrity.

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

<https://taxguru.in/company-law/non-executive-director-remuneration-shareholders.html>

This article is written by **Animesh Joshi -Associate-** [animeshjoshi@mmjc.in](mailto:animeshjoshi@mmjc.in)



## Decoding operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment

The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (NDI Rules) have established clear guidelines around the limits and parameters for foreign portfolio investment (FPI) in India. Under Schedule II of these rules, individual FPIs are subject to a holding limit of 10% of the total paid-up equity capital on a fully diluted basis. This restriction also applies to the collective holdings of an FPI group (meaning the combined investments of an FPI and its affiliates or associates cannot exceed the 10% threshold).

Any portfolio investment by an FPI that exceeds this 10% limit, whether held individually or as part of a group, will need to be divested in order to bring the holdings back down to the prescribed limit. Alternatively, the entire investment by such an FPI can be reclassified and considered as foreign direct investment (FDI) as per NDI Rules.

To provide clarity and standardize the process, the Reserve Bank of India (RBI) has now issued an operational framework for how this reclassification from FPI to FDI should be handled and reporting requirements. This framework lays out the specific steps involved for an FPI to have their investment re-designated as FDI when they exceed the 10% ownership (by each FPI or along with investor group) threshold.

RBI vide the circular has listed below conditions and pre requisites for reclassification of FPI to FDI

### 1. Reclassification not permitted under prohibited sectors

The NDI Rules prohibit FDI in sectors including lottery, gambling, chit funds, Nidhi companies, trading in transferable development rights, real estate business, manufacturing of cigars, tobacco and tobacco products, as well as activities that are not open to the private sector and foreign technology collaborations.

Schedule II of the NDI Rules further provides for an aggregate FPI limit of 24% in sectors that are prohibited for FDI. This means that individual FPI investors along with their investment group, are allowed to hold up to a 10% stake, with the total portfolio investment in these prohibited sectors capped at 24%. However, the RBI circular makes it clear that reclassification of FPI investments will not be permitted in these prohibited sectors.

This ensures consistency with the overarching FDI policy framework and keeps the prohibited sectors closed off to direct Foreign Direct Investment, while still allowing limited degree of foreign investment.

### 2. Obtaining requisite approvals and compliance to Schedule I

Reclassification of FPI to FDI shall be in compliance with Schedule I of the NDI Rules. Such Investment shall be in compliance with the entry routes, sectoral cap and other attendant conditionalities specified in Schedule I of the Rules.

Necessary approvals from the Government shall be obtained in case of reclassification leading to breach of sectoral caps prescribed or reclassification of portfolio investment into Foreign Direct Investment held by any person situated in/ citizen of countries sharing land borders with India.

Failure to secure the requisite regulatory or government approvals for such reclassification will necessitate compulsory divestment of the investment holdings that exceed the permissible thresholds within time limits prescribed by RBI and SEBI.

### 3. Reporting under Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, a pre requisite to reclassification

For the purpose of reclassification, the Company/ FPI or the AD Bank as the case may be shall be required to complete the reporting prescribed under the above mentioned Regulations.

- The Company shall be responsible for reporting of issue of shares in Form FC GPR, where fresh issue of shares to FPI leads to reclassification of FPI to FDI.
- The FPI shall be liable to report transfer of shares in Form FC TRS, where the investment by such FPI exceeds the prescribed portfolio investment limits pursuant to acquisition of shares from the secondary market.
- The AD Bank shall be responsible for reporting the amount of Foreign Portfolio investments reclassified as FDI as disinvestment by FPI in Form LEC(FII).

The date of investment causing breach of portfolio investment limits shall be treated as the date of reclassification and the reporting shall be ensured within the prescribed timelines.

### 4. Freezing of purchase transactions by the Custodian upto completion of reclassification

On the investment falling beyond the portfolio investment limits, the custodian shall freeze the purchase transactions by FPI until the completion of reporting of reclassification is completed. On the completion of requisite reporting, the custodian shall unfreeze the FPI transactions and transfer the equity instruments of the Indian company from the FPI demat account to demat maintained for holding FDI.

### 5. Compliance to FDI framework

Once the equity instruments held by the FPI are reclassified and transferred to demat maintained for holding FDI, all the compliances and reporting as applicable to FDI under Schedule I of the Rules shall apply to the investment held by the Foreign Portfolio Investor as FDI. Such investment reclassified as FDI shall be continue to be treated as FDI even if the investment falls to a level below ten percent subsequently.

**Conclusion:** The Reserve Bank of India's (RBI) recent guidelines have brought much-needed clarity to the process of reclassifying FPI into FDI. By clearly outlining the prerequisites, reporting requirements and conditions for this reclassification, the RBI has provided a transparent framework for investors to navigate this transition. Notably, the RBI has stipulated that the regulatory approvals required for investments from countries sharing a land border with India will also apply to FPIs seeking to reclassify as FDI.

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

<https://www.taxmann.com/research/fema-banking-insurance/top-story/10501000000024772/decoding-operational-framework-for-reclassification-of-foreign-portfolio-investment-to-foreign-direct-investment-experts-opinion>

This article is written by **Kumudini Bhalerao – Senior Partner** [kumudiniparanjape@mmjc.in](mailto:kumudiniparanjape@mmjc.in) and **Ridhi Gada- Manager** - [ridhigada@mmjc.in](mailto:ridhigada@mmjc.in)



**Summary -In the matter of Times Innovative Media Limited  
(Appellant) Vs. Pawan Kumar Aggarwal (Liquidator/Respondent  
no.1) and Anr., at National Company Law Appellate Tribunal (NCLAT)  
New Delhi dated 19 September 2024**

**Operational Creditors Cannot Claim Priority Over Unsecured Financial Creditors in Liquidation**

***Facts of the Case:***

- An application was filed u/S 9 of the Insolvency and Bankruptcy Code, 2016 (IBC) for initiating the Corporate Insolvency Resolution Process (CIRP) against Brand Connect Communications (India) Private Limited (CD). The CIRP commenced with an order dated 27 March, 2018.
- In the CIRP of the CD, the claim of Times Innovative Media Limited - the Appellant was admitted as an Operational Debt and the claim of ex-director respondent no.2 was admitted as an Unsecured Financial Debt.
- By an order dated 28 January 2019, the National Company Law Tribunal (NCLT) directed for liquidation of the CD.
- In the stakeholders' consultation meeting, the liquidator informed that as per section 53 of the IBC, respondent no. 2 of the CD would get priority over the appellant in the distribution of the liquidation estate.
- An objection was raised by the appellant claiming priority in payment of its operational debt over the payment to ex-director- respondent no.2 who was unsecured financial creditor. The objection of the appellant was that in the distribution u/s 53 of IBC priority should not be given to a related party.
- The objection of the appellant was rejected by the liquidator vide its communication dated 3 September 2021.
- The NCLT vide order dated 24 April 2024, held that appellant who is an operational creditor cannot be given any preference over the debt of the unsecured financial creditor. It was also held that Section 53 of the IBC does not envisage any difference between unsecured financial creditor and related party unsecured financial creditor.
- Aggrieved by this order an appeal was filed at National Company Law Appellate Tribunal (NCLAT).

**Arguments of the Appellant:**

- The ex-director- respondent no. 2 of the CD, being a related party cannot be given priority in the distribution of proceeds of liquidation assets of the CD, ahead of the appellant/ operational creditor.
- The ex-director - respondent no. 2 of the CD had to be treated as an equity shareholder and a related party of the CD, and therefore, he was not entitled to a priority in the waterfall mechanism under section 53 of the IBC, as he wears was a promoter/director/ equity shareholder and a financial creditor. Therefore, he ought to be considered under the head of an equity shareholder.
- Reliance was placed on *J.R. Agro Industries P. Limited v. Swadisht Oils P. Ltd.*- and the judgment of the Hon'ble Supreme Court in *Arun Kumar Jagatramka v. Jindal Steel and Power Limited & Anr.* as well as judgment of the Hon'ble Supreme Court in *M.K. Rajgopalan v. Dr. Periasamy Palani Gounder & Anr.* where in it is submitted that a related unsecured debtor has to be treated differently in the waterfall mechanism from the unrelated unsecured creditors and the operational creditor. Operational Creditor debt has to be given priority over debt of related party unsecured creditor.

### Arguments of the Respondent 1 (Liquidator)

- The inclusion of the ex-director -respondent no. 2 of the CD as an unsecured financial creditor in the list of stakeholders was never challenged. The objection was raised only after the stakeholders' consultation meeting.
- The ex-director-respondent no.2 of the CD had advanced the loan on 2 February, 2011 and thereafter, he resigned as a director on 1 October, 2013 thus, the ex-director-respondent no. 2/ of the CD would not fall within the ambit of a related party of the CD.
- Section 53 of the IBC does not envisage any difference between an unsecured financial creditor, i.e., the appellant/ operational creditor and a related party unsecured financial creditor, i.e., the ex-director/ respondent no. 2/ of the CD.
- Section 53(1) of the IBC provides that liquidation assets shall be distributed in the order of priority as enumerated therein. In the order of priority, financial debts owed to unsecured creditors are at Clause (d). Clause (f) deals with any remaining debts and dues. The operational debt of the appellant falls under clause (f). Thus, on plain reading of section 53(1), it is clear that financial debts owed to unsecured creditors ranked higher than debt of operational creditor.
- The Hon'ble Supreme Court in *Swiss Ribbons Private Limited and Anr. v. Union of India and Ors.* had occasion to consider section 53 of the IBC. The Hon'ble Supreme Court held that there is intelligible differentia between the financial debts and operational debts. The reason for differentiating between financial debt and operational debt was noticed and differentiation was upheld. The Bankruptcy Law Reforms Committee Report also highlighted the importance of financial debt and dues of unsecured financial creditor were kept higher than the remaining debts within which operational debt now formed.
- Definition of 'financial debt' as contained in Section 5(8) of IBC does not indicate any exclusion of financial debt which is reflected by any transaction with the CD by related party.
- When a financial debt is extended by related party the consequence for such creditor is captured in section 21 of IBC. As per section 21(2) of IBC, a financial creditor if it is related party of the CD shall not have any right of representation, participation or voting in a meeting of the CoC. Further by virtue of Section 29A, related party may incur any of the disqualifications under Section 29A. With respect to filing of the claim as per Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations 2016, the claim by the financial creditors can be filed as per regulation 18 **Scheme of regulations 2016 does not indicate that related party is excluded from filing a claim.**

### Arguments of the Respondent No. 2 (supporting the case of liquidator):

- The loan was advanced by the ex-director -respondent no. 2 of the CD in 2011 to 2012, which loan had been partly repaid by the CD.
- The financial debt of the ex-director-respondent No. 2 of the CD was admitted and he was treated as an unsecured financial creditor, which was never challenged.

### Held:

- Financial debts owed to unsecured creditors rank higher than debts of operational creditors. The appellant/ operational creditor cannot claim any priority in the distribution of the assets of the CD as compared to unsecured financial creditor, who was the appellant/ ex-director in the present case.
- The Operational Creditor which is appellant in this case cannot claim any priority in distribution of assets of the CD as compared to unsecured financial creditor and the appeal was dismissed.

This article is written by **Esha Tandon- Deputy Manager- [eshatandon@mmjc.in](mailto:eshatandon@mmjc.in) and Arti Ahuja Jewani- Partner- [artiahuja@mmjc.in](mailto:artiahuja@mmjc.in)**

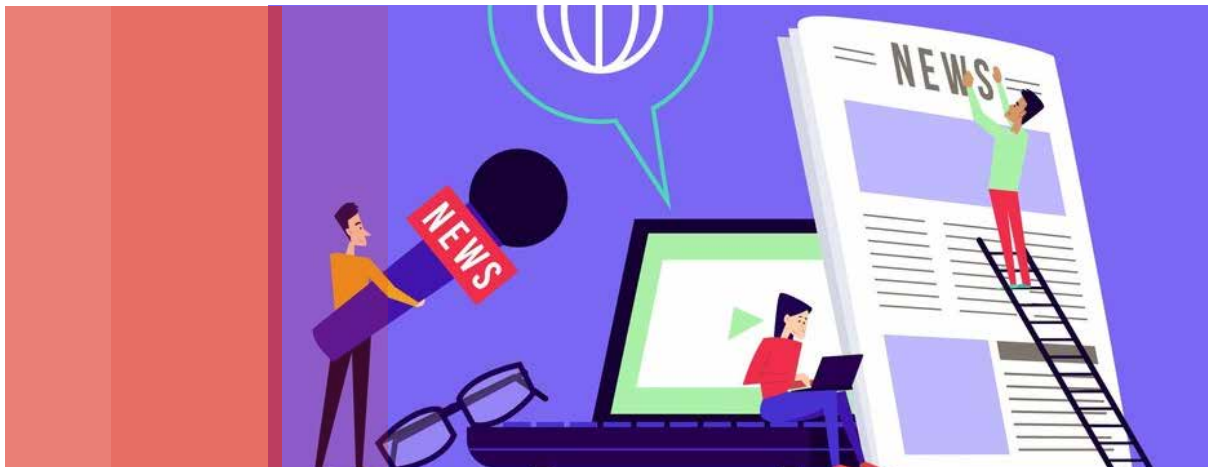


## NEWS UPDATES FOR THE MONTH OF NOVEMBER 2024

Sr. No.	News Updates	Link & Brief Summary
	<b>NEWS</b>	
1	Minority investors show less dissent as cos hear them out	<a href="https://economictimes.indiatimes.com/markets/stocks/news/minority-investors-show-less-dissent-as-cos-hear-them-out/articleshow/115320330.cms">https://economictimes.indiatimes.com/markets/stocks/news/minority-investors-show-less-dissent-as-cos-hear-them-out/articleshow/115320330.cms</a>
2	ASSOCHAM proposes simplified TDS rates and tax reforms in pre-budget 2025-26 recommendations	<a href="https://cfo.economictimes.indiatimes.com/news/tax-legal-accounting/assocham-proposes-simplified-tds-rates-and-tax-reforms-in-pre-budget-2025-26-recommendations/115448075">https://cfo.economictimes.indiatimes.com/news/tax-legal-accounting/assocham-proposes-simplified-tds-rates-and-tax-reforms-in-pre-budget-2025-26-recommendations/115448075</a>
3	Failure to disclose foreign assets, income to invite Rs 10L penalty: I-T department	<a href="https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/failure-to-disclose-foreign-assets-income-to-invite-rs-10l-penalty-i-t-dept/115399933">https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/failure-to-disclose-foreign-assets-income-to-invite-rs-10l-penalty-i-t-dept/115399933</a>
4	ICAI Urges MCA to Reconsider NFRA's Audit Standard Amendments	<a href="https://www.caclubindia.com/news/icai-urges-mca-to-reconsider-nfras-audit-standard-amendments-24119.asp">https://www.caclubindia.com/news/icai-urges-mca-to-reconsider-nfras-audit-standard-amendments-24119.asp</a>
5	India's forex reserves fall to \$675.65 billion, down \$6.4 billion as of Nov 8	<a href="https://cfo.economictimes.indiatimes.com//news/economy/indias-forex-reserves-fall-to-675-65-billion-down-6-4-billion-as-of-nov-8/115350137">https://cfo.economictimes.indiatimes.com//news/economy/indias-forex-reserves-fall-to-675-65-billion-down-6-4-billion-as-of-nov-8/115350137</a>
6	IBC recovery on companies' fair values up, claims down	<a href="https://cfo.economictimes.indiatimes.com//news/governance-risk-compliance/ibc-recovery-on-companies-fair-values-up-claims-down/115350026">https://cfo.economictimes.indiatimes.com//news/governance-risk-compliance/ibc-recovery-on-companies-fair-values-up-claims-down/115350026</a>
7	New audit regime in sync with Viksit Bharat vision: NFRA chief	<a href="https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/new-audit-regime-in-sync-with-viksit-bharat-vision-nfra-chief/115320685">https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/new-audit-regime-in-sync-with-viksit-bharat-vision-nfra-chief/115320685</a>
8	New GSTN feature to correct mistakes in GST invoice matching process for claimin ..	<a href="https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/new-gstn-feature-to-correct-mistakes-in-gst-invoice-matching-process-for-claiming-input-tax-credit-know-how-it-works/115276875">https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/new-gstn-feature-to-correct-mistakes-in-gst-invoice-matching-process-for-claiming-input-tax-credit-know-how-it-works/115276875</a>



9	ECBs by Indian cos contract 1.1 billion in September: RBI data	<a href="https://cfo.economictimes.indiatimes.com//news/ecbs-by-indian-cos-contract-1-1-billion-in-september-rbi-data/115240952">https://cfo.economictimes.indiatimes.com//news/ecbs-by-indian-cos-contract-1-1-billion-in-september-rbi-data/115240952</a>
10	NFRA recommends 40 auditing standards for LLPs to central government	<a href="https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/nfra-recommends-40-auditing-standards-for-llps-to-central-government/115665899">https://cfo.economictimes.indiatimes.com//news/tax-legal-accounting/nfra-recommends-40-auditing-standards-for-llps-to-central-government/115665899</a>



## VIEWS SHARED IN MEDIA BY MMJC PARTNERS

Sr. No.	Topic for Media Comment	Link
1.	<b>Sebi Proposes Stricter SME IPO Norms, Hikes Minimum Allotment</b>	<a href="https://www.businessworld.in/article/sebi-proposes-stricter-sme-ipo-norms-hikes-minimum-allotment-539774#goog_rewarded">https://www.businessworld.in/article/sebi-proposes-stricter-sme-ipo-norms-hikes-minimum-allotment-539774#goog_rewarded</a>
2.	<b>IPOs: Why Sebi Wants to Double Minimum Subscription Limit in SME Issues? Know All Sebi Proposals</b>	<a href="https://www.msn.com/en-in/money/news/ipos-why-sebi-wants-to-double-minimum-subscription-limit-in-sme-issues-know-all-sebi-proposals/ar-AA1upDPc?ocid=finance-verthp-feeds">https://www.msn.com/en-in/money/news/ipos-why-sebi-wants-to-double-minimum-subscription-limit-in-sme-issues-know-all-sebi-proposals/ar-AA1upDPc?ocid=finance-verthp-feeds</a>
		<a href="https://www.news18.com/business/ipo/ipos-why-sebi-wants-to-double-minimum-subscription-limit-in-sme-issues-know-all-sebi-proposals-9126390.html">https://www.news18.com/business/ipo/ipos-why-sebi-wants-to-double-minimum-subscription-limit-in-sme-issues-know-all-sebi-proposals-9126390.html</a>
3.	<b>SEBI to overhaul SME IPO framework raises retail application minimum to Rs 2lakh.4.</b>	<p><a href="https://www.fortuneindia.com/macro/sebi-to-overhaul-sme-ipo-framework-raises-retail-application-minimum-to-2-lakh/119200">https://www.fortuneindia.com/macro/sebi-to-overhaul-sme-ipo-framework-raises-retail-application-minimum-to-2-lakh/119200</a></p> <p>Stricter compliance requirements would ensure there are checks and balances in place for detecting undesired manipulations. SEBI had amid this in December 2023 made additional surveillance measures applicable to the SME segment in order to increase surveillance on unwarranted trading practices. With these compliance requirements in place it is likely that compliance costs for SME might get escalated," says Makarand M Joshi, founder of advisory firm MMJC.</p>
4.	<b>RBI allows FPIs to reclassify investments above the prescribed limit in a company as FDI</b>	<p><a href="https://www.thehindubusinessline.com/companies/rbi-allows-fpis-to-reclassify-investments-above-the-prescribed-limit-in-a-company-as-fdi/article68856458.ece">https://www.thehindubusinessline.com/companies/rbi-allows-fpis-to-reclassify-investments-above-the-prescribed-limit-in-a-company-as-fdi/article68856458.ece</a></p> <p>Kumudini Bhalerao, Partner, MMJC and Associates, observed that the framework reinforces the necessity for obtaining applicable regulatory approvals prior to any reclassification.</p>
5	<b>SEBI's Handbook of Statistics 2023-24 highlighting fund mobilization in capital market</b>	<p><a href="https://investmentguruindia.com/newsdetail/comment-on-sebi-s-handbook-of-statistics-2023-24-highlighting-fund-mobilization-in-capital-market-by-makarand-m-joshi-founder-mmjc-and-associates---a-corporate-compliance-firm592781">https://investmentguruindia.com/newsdetail/comment-on-sebi-s-handbook-of-statistics-2023-24-highlighting-fund-mobilization-in-capital-market-by-makarand-m-joshi-founder-mmjc-and-associates---a-corporate-compliance-firm592781</a></p> <p>While compliance is often perceived as a burden, entrepreneurs themselves don't seem to view it that way. In fact, despite concerns around an</p>

	<p>increased regulatory compliance, the surge in public offerings paints a different picture.</p> <p>SEBI’s Handbook of Statistics 2023-24, reveals a substantial growth of 3,700% in the number of mainboard IPOs and an impressive 402% increase in SME IPOs since 2013-14.</p> <p>This significant rise underscores the importance of building a robust investment infrastructure, essential for achieving the vision of a "Viksit Bharat," where financial dependence on foreign investment is reduced. It also speaks about risk reward approach of investors and faith they have in system</p> <p>To attract and empower domestic investors, the influx of new companies to the market is crucial, expanding local investment options.</p> <p>Additionally, investment products like REITs and INVITs play a pivotal role in supporting domestic investor participation and further diversifying investment opportunities.</p> <p>For developed capital market more and more companies should enter the market providing a broader range of investment opportunities for investors, which in turn fosters economic growth and innovation across industries.</p>
--	---

