



## Azadi Ka Amrit Mahotsav Activity

### “Sky High- Symposium -32 Webinar” conducted by Women Members Empowerment Committee of ICAI on 14<sup>th</sup> December 2022

**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)

**Women Members Empowerment Committee Organises**

**75 Azadi Ka Amrit Mahotsav**

# Sky High - Symposium-32

Live Webinar

for Women by Women Every Wednesday

**14<sup>th</sup> Dec, 2022**  
5.00 PM to 7.00 PM

FEES NIL

2 CPE Hours Unstructured

Registration and participation link:  
<https://live.icai.org/wmec/14122022/>

Questions related to the topic may be sent in advance at [wmec@icai.in](mailto:wmec@icai.in) or LIVE at the time of Webinar itself at the same link

**NOCLAR, Amendments to SEBI LODR and its impact on Related Party Transaction**

**Become the Best Version of Yourself**

**CA. Ananthi Amarnath**  
Welcome Address

**CA. Poonam Pathak**  
Introductory Remarks

**CA. Sripriya Kumar**  
Chairperson, WMEC & CL&CGC  
Vice-Chairperson, IBC Committee

**CA. Priti Paras Savla**  
Vice-Chairperson, WMEC, CL&CGC,  
Sustainability Reporting Standards Board

**Co-ordinators**

**CA. Khushboo Shah** **CA. Jayna Shah** **CA. Anne Jose J.** **CA. Krina Shah**

As part of country wide Azadi ka Amrit Mahotsav initiatives, envisaged by Government of India, to commemorate and celebrate 75 years of India's Independence, the Women Members Empowerment Committee (WMEC) of ICAI organized “Sky High- Symposium -32 Webinar” on 14<sup>th</sup> December 2022.

CA. Ananthi Amarnath and CA. Poonam Pathak were speakers of the said webinar. Coordinators for the day were CA. Khushboo Shah, CA. Jayna Shah, CA. Anne Jose J and CA. Krina Shah.

The webinar covered discussion on “NOCLAR, Amendments to SEBI LODR and its impact on Related Party Transaction”. Deliberations were made on Responding to Non-Compliance with Laws & Regulations, Definitions & Applicability, Scope of Laws & Regulations, Responsibilities of Employing Organization's Management & TCWG, Professional Accountants, Consequences of Non-Compliance, SEBI LODR Amendments- Related Party & Related Party Transactions, Definition of Related Parties & Related Party Transactions, Audit Committee's

# Approval, Information to be reviewed by Audit Committee, Materiality threshold and Shareholders Approval, Enhanced Disclosures, etc.



Non-Compliance with Laws & Regulations (NOCLAR)  
SEBI LODR AMENDMENTS – Related Parties and Related Party Transactions

CA Ananthi Amarnath  
December 14, 2022

### Introduction

#### Responding to Non-Compliance with Laws and Regulations (NOCLAR)

- While providing professional services to clients or carrying out professional activities for an employer, a Professional Accountant (PA) may come across an instance of Non-Compliance with Laws and Regulations (NOCLAR), or suspect NOCLAR committed, or about to be committed, by the client or the employer.
- Recognizing that such a situation can often be a difficult and stressful one for PAs and accepting that they have a prima facie ethical responsibility of not to turn a blind eye to the matter, NOCLAR was introduced to help guide the PAs in dealing with the situation and in deciding how best to serve the public interest in these circumstances.
- Section 260 of Code of Ethics 2019 Volume I has been made specifically applicable to Senior Professional Accountants in service, being employees of listed entities. This section in the Code of Ethics is required to be read along with the ICAI Announcement on September 29, 2022.
- Section 360 of code of Ethics 2019 Volume I is applicable to Professionals in practice.
- Applicable from October 1, 2022.

### Consequences of Non-Compliance

- Brand & reputation Risk for the organisation.
- Reputation risk for the community of accountants
- Punitive actions for non-compliance may result in fines and loss
- Failure to comply is considered as unlawful and the results may impact the larger public interest

### DEFINITION OF RELATED PARTIES

**Before Amendment:**

- A 'related party' as defined under Section 2(76) of the 2013 Act and the applicable accounting standards or Ind AS, and
- Any person or entity belonging to the promoter or promoter group of the listed entity and holding 20 per cent or more of the shareholding of the listed entity.

**After Amendment:**

- A 'related party' as defined under Section 2(76) of the 2013 Act and the applicable accounting standards or Ind AS,
- Any person or entity forming part of the 'promoter' or promoter group of the listed entity (effective from 1 April 2022)
- Any person or any entity, holding equity shares in the listed entity either directly or on a beneficial interest basis as prescribed under Section 89 of the 2013 Act at any time during the immediately preceding financial year:
  - 20 per cent or more, or (effective from 1 April 2022)
  - 10 per cent or more (effective from 1 April 2023).

### AUDIT COMMITTEE'S APPROVAL

**Before Amendment:**

- Prior approval of the audit committee for all Related Party Transactions (RPTs)

**After Amendment:**

- Prior approval of all RPTs and subsequent, material modifications

Audit committee needs to define material modifications and disclose it as part of the policy on materiality of RPTs and on dealing with RPTs, (effective from 1 April 2022)

- A RPT to which the subsidiary of a listed entity is a party, but the listed entity is not a party if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds threshold of:
  - 10 per cent of the annual consolidated turnover in accordance with the last audited financial statements of the listed entity (effective from 1 April 2022)
  - 10 per cent of the annual standalone turnover in accordance with the last audited financial statements of the subsidiary (effective from 1 April 2023).
- Additionally, an audit committee's approval would not be required if the listed subsidiary is subject to compliance with Regulation 23 and Regulation 15(2) of the Listing Regulations.
- For RPTs of unlisted subsidiaries of a listed subsidiary, prior approval of the audit committee of the listed subsidiary would suffice.

### INFORMATION TO BE REVIEWED BY AUDIT COMMITTEE

- Details of transaction:
  - Type, material terms and particulars of the proposed transaction
  - Tenure of the proposed transaction (particular tenure should be specified)
  - Value of the proposed transaction.
- Details of the related party:
 

Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise).
- Transaction value as a percentage of turnover:
  - The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis should be additionally provided)
  - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.

### TRANSACTIONS EXEMPT FROM AUDIT COMMITTEE AND SHAREHOLDER'S APPROVAL

**Before Amendment:**

- No approval is required for the following transactions:
  - Between two government companies
  - Between a holding company and its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the AGM for approval

**After Amendment:**

- No approval is required for the following transactions:
  - Between two government companies
  - Between a holding company and its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the AGM for approval
  - Between two wholly-owned subsidiaries of the listed holding company whose accounts are consolidated with such holding company and placed before the shareholders at the AGM for approval



### ENHANCED DISCLOSURES

**Before Amendment:**

- Disclosure of RPTs on a half yearly basis with 30 days from the date of publication of standalone and consolidated financial results
- Format as specified by the accounting standard for annual results
- Submit to stock exchange and publish on company's website
- The High Value Debt Entities (HVDE) to submit these disclosures along with the standalone financial results for the half year (this provision is applicable on a "Comply or explain" basis till March 31, 2023 and on a mandatory basis from April 1, 2023).
- Disclosures in the Annual report and Corporate Governance Report

**After Amendment:**

- Disclosure of RPTs on a half yearly basis with 15 days from the date of publication of standalone and consolidated financial results (effective from 1, 2023) and on the date of publication of standalone and consolidated financial results (effective April 1, 2023)
- Format as specified by the SEBI
- Submit to stock exchange and publish on company's website
- The High Value Debt Entities (HVDE) to submit these disclosures along with the standalone financial results for the half year (this provision is applicable on a "Comply or explain" basis till March 31, 2023 and on a mandatory basis from April 1, 2023).
- Disclosures in the Annual Report and Corporate Governance Report to additionally consider disclosures of loans and advances in the nature of loans advanced to firm companies in which directors are interested by name and amount. However, this requirement will not be applicable to listed banks.
- Banks/NBFCs: Transactions such as acceptance of fixed deposits by banks/NBFCs undertaken with related parties, at the terms uniformly applicable/offered to all shareholders/public should also be reported.



The webinar also covered Session on "Become the Best Version of Yourself". Topics discussed were Believe in yourself, Self-Discipline, Health is Wealth, Importance of self-talks, Forgiveness, Key to Success, Mindfulness, etc.

## How many of you wanted to be healthy??

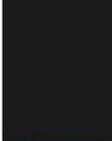



*"Everything you want in life has a price connected to it. There is a price to pay if you want to make things better, a price to pay for leaving things as they are, a price for everything."*



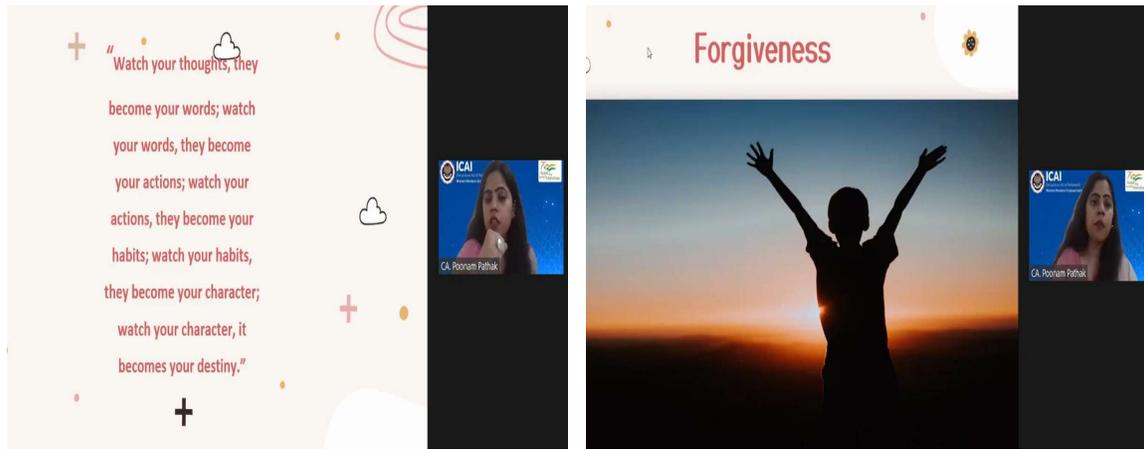
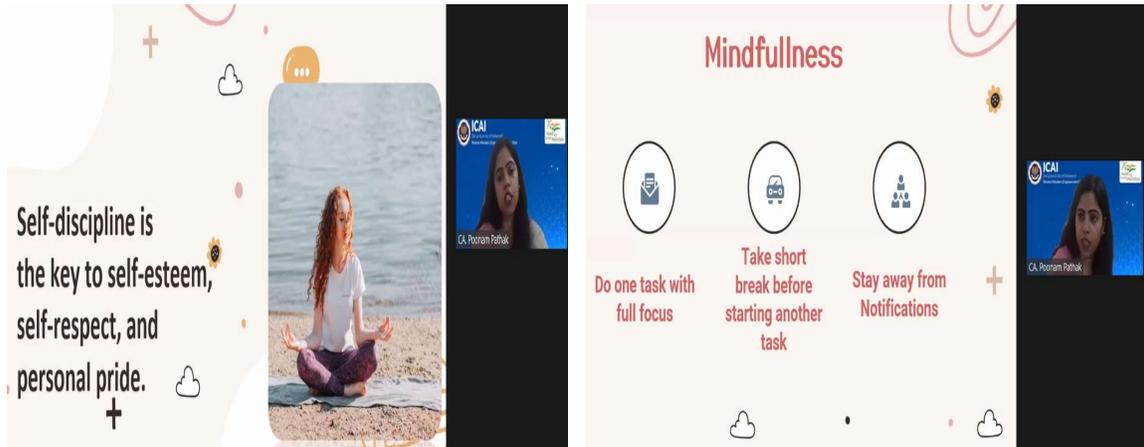

IT STARTS WITH YOU

- Figure out who you are as a person, rather than the role you are playing.
- Change is only constant, don't be afraid
- Limiting your own growth
- Not choosing is also a choice
- Detachment
- Success and failures both are part of process



The value of time is not how many things you get done, but the joy you experience in the things that you do.



The webinar concluded by giving Vote of Thanks to the Speakers and the participants.

Glimpses of the Webinar held on 14<sup>th</sup> December 2022



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Women Members Empowerment Committee



Khushboo Shah



Poonam Pathak

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Krina

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