

JAIPUR BRANCH OF CIRC OF ICAI

JAIPUR REFLECTION

E-NEWSLETTER



DECEMBER 2022

Key Highlights:

- *TAX TREATMENT OF DIVIDEND*
- *Green Finance in India*
- *Central & State Government Subsidy Schemes*
- *Quick primer on Use of Convertible Notes in Early Stage Financing*



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

From the desk of Chairman



Dear Esteemed Professional Colleagues!!!

Year's end is neither an end nor a beginning but a going on, with all the wisdom that experience can instil in us. Greetings of winter season to all of you.

After a short relaxing break now again re-activate for completion of GST Annual Returns, where the due date in December is approaching. Hope the members would have managed to cherish festivals and its sweets.

Also remember to stay fit amidst all because a healthy mind rests only in a healthy body.

In this month we organised CA Students' Talent Search (III), 2022 - Essay Competition and Nukkad Drama. Students participated in this event with full of enthusiasm and enjoyed a lot.

We also organised Seminars on Start-up India Scheme and opportunities for CAs in the Start-up world, Underwriting and Risk Analysis in Banking and Changes & Updates in GSTR 9 & 9C and Two days National Conference on Manthan 3.0 CA Profession - Ocean of opportunities under the aegis of Committee for Members in Practice.

In the effort to upgradation IT skill set of fellow members this month we organized one day seminar on various latest topics of Excel and Tally.

Amidst all this, we wish once again a happy and safe winter session to all our members.

Your appreciation and valuable feedback are the biggest gift to Chairman and committee members for their efforts, if you have any suggestions and comments, I'm always a phone call or an e-mail away!

Always Best Regards,

CA. Kuldeep Gupta

Chairman

+91-9929927262

kuldeep@guptaca.org



From the desk of Secretary



My Dear Professional Colleagues,

“The future belongs to those who believe in the beauty of their dreams.”

Last month we witnessed the historical event, ICAI hosted World Congress of Accountants at Mumbai for the first time in India. We take in pride that the event was well organized and witnessed thousands of foreign delegate's participations in the conference. We can draw a message from the conference that India and Indian CAs' can lead the Global Accounting world in the future. There is ample opportunity for leadership and professional work within and outside the country. We need to diversify, modify our way of approach, and excel in our profession. Adopt Technological aspects wherever possible to simplify, save time and to improve your efficiency.

The Highlight of this month's activity was CA Students' Talent Search (III), 2022 - Chess and Debate Competition. CA students participated with full zeal and enthusiasm. These activities add new colours in the hard life of CA students. Certificates and Mementoes were presented to the winners.

Series of Various seminars were organized under the “Manthan” Series. The response of members was overwhelming.

I wish all my friends, their family members a Happy and prosperous Christmas. It is being the last month of our calendar year, we need to revisit our past, introspect our acts, rectify in future conducts and make a new resolution to upcoming year to come out like phoenix with newness in all our thoughts, acts and conducts of our life in future for the welfare of self, family, profession, and society at large.

I wish you all Happy and introspective year end.

In service of the Profession,

CA. Ruchi Gupta

Secretary

+91-8875000468

gupta_ruchi31@yahoo.co.in



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TAX TREATMENT OF DIVIDEND



CA. Pradeep Kumawat

Meaning of Dividend

Dividend usually refers to the distribution of profits by a company to its shareholders

Taxability of dividend

The taxability of dividends in the hands of the company as well as shareholders from Assessment Year 2021-22 would be as under:

Obligation of the Domestic Companies

The Domestic Companies shall not be liable to pay DDT on dividend distributed to shareholders on or after 01-04-2020. However, domestic companies shall be liable to deduct TDS under Section 194

Taxability in hands of shareholders

Section 10(34), which provides an exemption to the shareholders in respect of dividend income, is withdrawn from Assessment Year 2021-22. Thus, dividend received during the financial year 2020-21 and onwards shall now be taxable in the hands of the shareholders. Consequently, Section 115BBDA which provides for taxability of dividend in excess of Rs. 10 lakh has no relevance as the entire amount of dividend shall be taxable in the hands of the shareholder.

The taxability of dividend and tax rate thereon shall depend upon many factors like residential status of the shareholders, relevant head of income.

In case of a non-resident shareholder, the provisions of Double Taxation Avoidance Agreements (DTAAs) and Multilateral Instrument (MLI) shall also come into play.

Head of Income

A person can deal in securities either as a trader or as an investor. The income earned by him from the trading activities is taxable under the

head business income. Thus, if shares are held for trading purposes then the dividend income shall be taxable under the head business or profession.

Whereas, if shares are held as an investment then income arising in

nature of dividend shall be taxable under the head other sources.

Tax rate on Dividend Income

The dividend income shall be taxable at normal tax rates as applicable in case of an assessee

Deductions from dividend income

Where dividend is assessable to tax as business income, the assessee can claim the deductions of all those expenditures which have been incurred to earn that dividend income such as collection charges, interest on loan etc.

if dividend is taxable under the head other sources, the assessee can

claim deduction of only interest expenditure which has been incurred to earn that dividend income to the extent of 20% of total dividend income. No deduction shall be allowed for any other expenses including commission or remuneration paid to a banker or any other person for the purpose of realising such dividend

TAX TREATMENT OF DIVIDEND

Taxability in case of Non-Resident Shareholders

Section	Assessee	Particulars	Tax Rate
115AC	Non-resident	Dividend on GDRs of an Indian Company or Public Sector Company (PSU) purchased in foreign currency	10%
115AD	FPI	Dividend income from securities (other than units referred to in section 115AB)	20%
	Investment division of an offshore banking unit	Dividend income from securities (other than units referred to in section 115AB)	10%
115E	Non-resident Indian	Dividend income from shares of an Indian company purchased in foreign currency.	20%
115A	Non-resident or foreign co.	Dividend income in any other case	20%

Advance tax liability on dividend income

If the shortfall in the advance tax instalment or the failure to pay the same on time is on account of dividend income, no interest under section 234C shall be charged provided the assessee has paid full tax in

subsequent advance tax instalments. However, this benefit shall not be available in respect of the deemed dividend as referred to in Section 2(22)(e)

Green Finance in India



CA. Geetika Sharma

Green finance is a phenomenon that combines the word of finance and business with environmentally friendly behaviour. In order to encourage the regular flow of investment into environmental objective, the concept of green finance is emerged with the aim to support the green growth financially. It strategically promotes green industry including environmental pollution prevention projects and renewable energy development projects. It aims to achieve the goal of a low carbon economy

Green finance can be described as set of financial regulations, standards, norms and products that pursue an environmental objective. It refers to the financial arrangements that are specific to the use for projects that are environmentally sustainable or projects that adopt the aspects of climate change. Environmentally sustainable projects include the production of energy from renewable sources like solar, wind, biogas, etc.; clean transportation that involves lower greenhouse gas emission; energy efficient projects like green building; waste management that includes recycling, efficient disposal and conversion to energy, etc. Moreover, project defined sustainable under the disclosure requirement for Green Debt Securities include climate change adaptation, sustainable waste and water managements, sustainable land use including sustainable forestry and agriculture, and biodiversity conservation. In order to meet the financial needs for these types of projects, new financial instruments such as green bonds; carbon market instruments (e.g. carbon tax); and new financial institutions (e.g. green banks and green funds) are being established. They together constitute green finance.

India is gifted with immense natural resources which keeps it separate from the other economies across the

globe. Infusing New Life into Green Development, India is addressing the issue of climate change with various initiatives to usher in a movement for sustainable living. Alongside the government, individuals, corporations, and organisations too must participate in this action to mitigate the climate hazards today. Under India's G20 Presidency, The Development Working Group Committee discussed Green Finances for Climate Action, as part of a public policy initiative, taking steps both at national and subnational levels to balance environmental sustainability.

Earlier on 9 November 2022, the government approved India's First Sovereign Green Bonds Framework in a bid to strengthen the country's commitment towards its Nationally Determined Contribution (NDCs) targets and help in attracting global and domestic investments in eligible green projects.

India's first-ever green bonds are set to focus on funding solar power projects, followed by wind and small hydro projects in an attempt to tap the domestic debt market to finance clean projects.

The issuance of Sovereign Green Bonds will help the Government of India in tapping the requisite finance from potential investors for deployment in public sector projects aimed at reducing the carbon intensity of the economy. This framework sets forth the obligations of the Government of India as a Green Bond issuer.

The Reserve Bank has also been taking proactive policy measures to promote and support green finance initiatives. It has included the small renewable energy sector under its Priority Sector Lending (PSL) scheme. The Reserve Bank noted the risk of a climate change on financial assets and the need to accelerate the green finance for environment-friendly sustainable development. It acknowledges the challenges in the

Green Finance in India

development of green finance, such as “greenwashing” or false claims of environmental compliance, plurality of definitions, maturity mismatches between long-term green investment and short-term interests of investors. It further notes the need for policy action to establish a framework that promotes the green finance ecosystem in India by fostering awareness through coordinated efforts. In the context of green financial institutions, Indian Renewable Energy Development Agency (IREDA), a government-backed agency for promoting clean energy investments, announced plans to become India’s first Green bank in May 2016. India Infrastructure Finance Corporation Limited (IIFCL) also launched a dedicated scheme known as the ‘credit enhancement scheme’ for funding viable infrastructure projects with bond tenors above five years (Jan, 2020).

In India, while there have been improvements in public awareness and financing options, the major challenges could be high borrowing costs issuing green bonds, false claims of environmental compliance, plurality of green loan definitions, maturity mismatches between long-term green investment and relatively short-term interests of investors. Given the large size of domestic

market and much smaller penetration of green instruments so far, there remain vast opportunities to be tapped. Increased coordination between investment and environmental policies and an implementable policy framework for both national and state levels in addressing the existing frictions. In this vein, some of the policy measures such as deepening of corporate bond market, standardisation of green investment terminology, consistent corporate reporting, and removing information asymmetry between investors and recipients can make a significant contribution in addressing some of the shortcomings of the green finance market

The development of green finance in India indicates that there have been some improvements in public awareness and financing options in recent years. It suggests that a reduction in the asymmetric information regarding Green Projects through better information management systems and increased coordination amongst stakeholders could pave the way towards sustainable long term economic growth.

Central & State Government Subsidy Schemes



CA Shivam Maheshwari

Mukhyamantri Laghu Udyog Protsahan Yojana ('MLUPY')

Objectives & Eligibility

- MLUPY ('the scheme') was launched in 2019 by Rajasthan Government with the objective of providing subsidized loans through Financial Institution to facilitate the establishment of enterprises in the state and to provide new employment opportunities to all sections of the society.
- Along with newly established enterprises, pre-established enterprise are also eligible for expansion / diversification / modernization projects.
- Under the scheme Individual applicants as well as institutional applicants (self-help groups / societies / partnership firms / LLP firms / companies) are also eligible. The establishment of the enterprise under the scheme shall be Rajasthan State. The minimum age of the individual applicant shall be 18 years.
- Under the scheme, loans are provided for

manufacturing, service and business enterprises through financial institutions like (Nationalized Commercial Bank, Private Sector Scheduled Commercial Bank, Scheduled Small Finance Bank, Regional Rural Bank, Rajasthan Financial Corporation, SIDBI and Urban Cooperative Banks).

Loan Amount & Subsidy Quantum

- Under the scheme, interest subsidy on loans up to Rs. 10 crore is available for new Manufacturing and Service Enterprises and up to Rs. 1 Crore for units going for expansion/ diversification/ modernization.
- The maximum limit of loan for trading sector is Rs. 1 crore. The nature of the loan may be composite loan, term loan or working capital (including CC Limit).
- As per RBI guidelines, collateral security is not needed on loans upto Rs. 10 lakh.

The Interest Subsidy is granted to the beneficiaries on the loan provided by banks which is payable as follows for five years:

S. No.	Maximum Loan Amount	Interest Subsidy
1.	Up to 25 Lakhs	8%
2.	25 lakhs to 5 crore	6%
3.	5 crore to 10 crore	5%

Process

- Loan applications up to Rs. 10 lakh can be forwarded directly to the banks without any interview and loans above Rs. 10 lakh will be forwarded to the bank after being scrutinized by the District Level Task Force Committee.
- Therefore, in order to avail interest subsidy for applications above 10 lakhs, loan sanction should take place only after approval from concerned District Industries Center ('DIC') office. For applications below

10 lakhs, it will be necessary to submit an application for approval to DIC within a maximum period of 90 days from the date of first loan disbursement.

Key Considerations

- The Scheme is effective till 31 March 2024.
- Under the scheme, maximum period for interest subsidy, on loans provided by financial institutions will be 5 years or the loan tenure of applicant, whichever is lower.

Central & State Government Subsidy Schemes

- Any increase in loan amount approved earlier by DIC on basis of project report submitted by applicant under the scheme will not be considered eligible for interest subsidy.
- In case of expansion/ diversification/ modernization, interest subsidy will be payable only on the additional term loan and working capital loan taken for the expanded project.
- In case any ineligible unit takes interest subsidy under the scheme, 18 percent penal interest will be recovered along with the interest subsidy already paid.
- For projects where cost of land is included, for land, only 25 percent of the total loan amount will be eligible for interest subsidy.
- Applicants whose family members have taken capital subsidy or interest subsidy in any scheme of central or state government in last 5 years shall be ineligible for applying under the scheme.

Ineligible Activities

- Manufacture and sale of products made of meat, liquor and intoxicants.
- Explosive substances.
- Transport vehicle, the on-road price of which exceeds Rs.10 lakh.
- Non-recyclable polythene and plastic products that harm the environment
- Products/activities banned by Government of India/State Government from time to time.
- Agriculture and allied activities (including animal husbandry, poultry, fisheries).
- Mining, real estate related activities.
- Educational institutions and coaching related activities.
- Activities conducted by non-profit organizations

such as NGOs, trusts.

Prime Minister's Employment Generation Programme (PMEGP)

The Scheme

- Government of India had in August 2008, approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme ('PMEGP' or 'The Scheme'). It was launched by merging the two schemes that were in operation till 31st March 2008, namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in non-farm sector for rural as well as urban areas.

- PMEGP is in operation since 2008-09 and has been approved for continuation over the 15th Finance Commission cycle i.e., for the period of five years from 2021-22 to 2025-26.

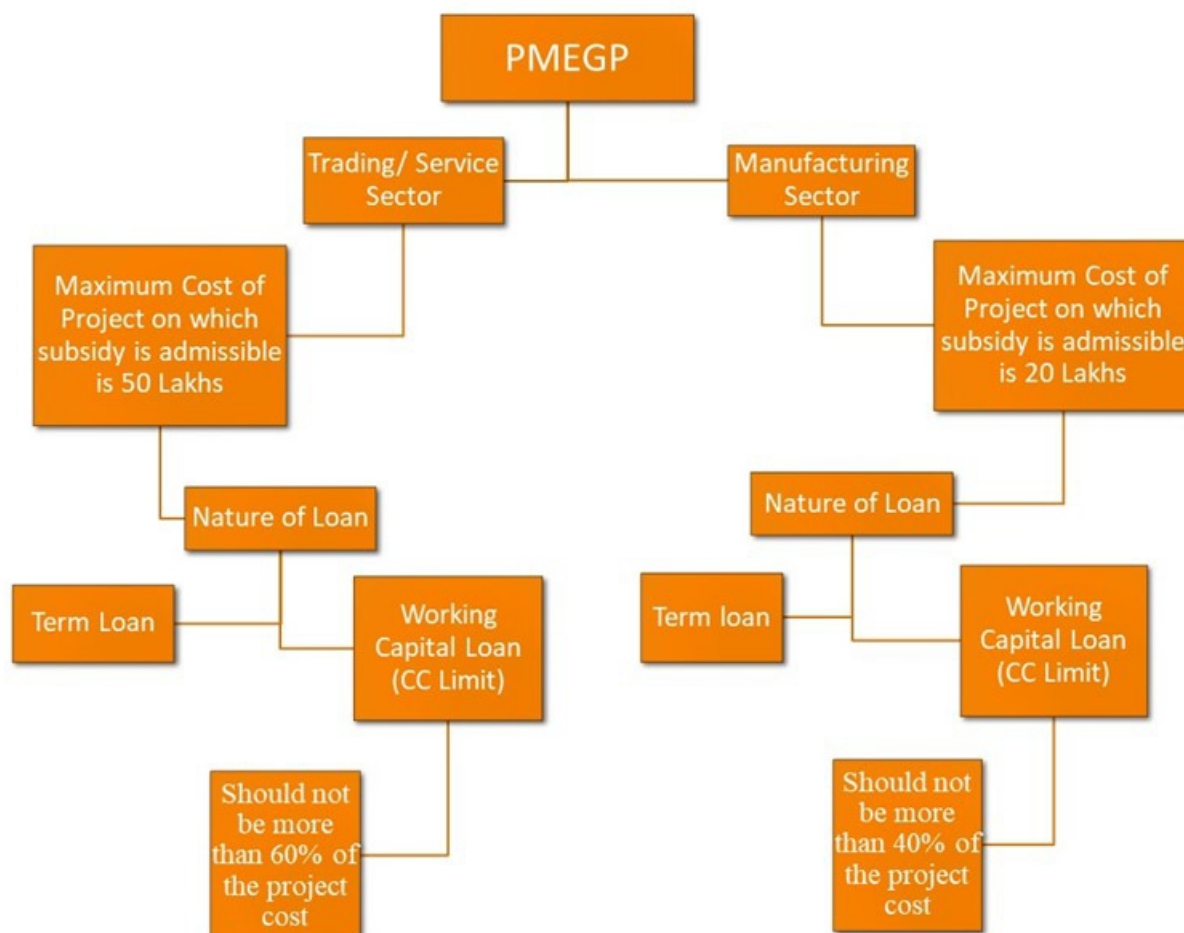
Objectives

- To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.
- To bring together widely dispersed traditional artisans! rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
- To increase the wage-earning capacity of workers and artisans and contribute to increase in the growth rate of rural and urban employment.

Quantum and Nature of Financial Assistance

Categories of beneficiaries under PMEGP (for setting up of new enterprises)	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)	
		Urban	Rural
Area (location of project/unit)			
General Category	10%	15%	25%
Special Category (including SC,ST,OBC, Minorities, Women, Ex-Servicemen, Transgenders, Differently-abled, NER, Aspirational Districts, Hill and Border areas(as notified by the Government) etc.	5%	25%	35%

Central & State Government Subsidy Schemes



Eligibility

- Only individual applicants, above 18 years of age are eligible. (Institutional applicants including self-help groups / societies / partnership firms / LLP firms / companies are ineligible).
- For project costing above Rs.10 lakh in Manufacturing sector and above Rs. 5 lakh in Trading/ Service sector, beneficiaries should possess at least VIII standard pass educational qualification.
- Assistance is available only for new projects sanctioned specifically under the PMEGP.
- Projects financed jointly i.e., financed from two different sources (Banks / Financial Institutions), are not eligible for Margin Money (subsidy) assistance.
- Existing Units and units that have already availed Government Subsidy under any other scheme of Government of India or State Government are also not eligible.

- Projects without Capital Expenditure are not eligible for Financing under the Scheme.

- Only one person from one family is eligible for obtaining financial assistance for setting up of projects under PMEGP. The 'family' includes self and spouse.

Key Considerations

- For the projects where the Capital Expenditure reaches the maximum ceiling of the project cost for Manufacturing/ Service sector units, the Bank can consider sanctioning of additional funds over and above Rs. 50 Lakhs and Rs. 20 Lakhs respectively. In such cases, the additional funds over and above Rs.50 lakh/20 lakhs will not be covered for subsidy.
- Subsidy (Margin Money) will be kept in the Term Deposit Receipt (TDR)/ Subsidy Reserve Fund (SRF) for three years at bank branch level in the name of the beneficiary. No interest will be paid on the TDR/SRF, and no interest will be

Central & State Government Subsidy Schemes

charged on loan disbursed for the corresponding amount of TDR/SRF. For e.g. If project cost is Rs. 50 lakhs and applicant is eligible for 25% subsidy, Rs. 12.5 lakhs will be kept in a fixed deposit with the bank which will be released only after 3 years, and interest will be charged by the bank only on 37.5 lakhs.

- Cost of the land can not be included in the Project cost.
- This scheme indirectly also provides for interest subsidy apart from capital subsidy by charging nil rate of interest on the margin money (subsidy) amount . To illustrate, if applicant is offered an interest rate of 12% on loan amount of Rs.50 lakhs, interest shall be charged by the bank only on the amount of Rs. 37.5 lakhs (net amount excluding subsidy) which brings the overall rate of interest for the applicant to 9% (weighted average) along with the direct subsidy of 12.5 lakhs to be released after 3 years.
- Fixed capital investment per head worker should not exceed Rs. 3 Lakhs. (i.e. employment generation of minimum one person per 3 lakhs of capital expenditure).
- Margin Money (subsidy) will be 'one time assistance', from Government. For any enhancement of credit limit or for expansion/modernization of the project, Margin Money (subsidy) assistance is not available except in case of units selected for upgradation through 2nd loan under this Scheme.
- 10 days Entrepreneurship Development Programme (EDP) (virtual mode) will be mandatory for claiming the subsidy.

Negative List of Activities

The following list of activities will not be permitted under PMEGP for setting up of micro enterprises/ projects /units:

- (i) Any Industry/ Business connected with Meat (slaughtered), i.e., processing, canning and/or serving items made of it as food, production/ Manufacturing or sale of intoxicant items like Beedi/Pan/ Cigar/Cigarette etc., any Hotel or Dhaba or sales outlet serving liquor, preparation/producing tobacco as raw materials, tapping of toddy for sale will not be allowed. However, serving/selling non-vegetarian food at Hotels/Dhabas will be allowed.

Central & State Government Subsidy Schemes

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(i) Activities prohibited by Local Government/Authorities keeping in view environment or socio-economic factors will not be allowed.

(ii) Manufacturing of polythene carry bags of less than 75 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems. Thickness of polythene carry bags shall be governed by the Ministry of Environment, Forest and Climate Change notification for plastic waste management rules and amendments from time to time.

(iii) Any Industry/Business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing), Horticulture, Floriculture, Animal Husbandry will not be allowed. However, value addition under these will be allowed under PMEGP. Off Farm/Farm Linked activities in connection with sericulture, horticulture, floriculture etc. will also be allowed.

Following industries/ Business connected with Animal Husbandry will also be allowed:

- a) Dairy — Milk and other dairy products through primarily cows but also sheep, goats, camels, buffaloes, horses, and donkeys.
- b) Poultry - Poultry, kept for their eggs and for their meat, include chickens, turkeys, geese and ducks.
- c) Aquaculture — It is the farming of aquatic organisms including fish, molluscs, crustaceans and aquatic plants
- d) Insects - including Bees, Sericulture, etc. (As a special case piggery, which is a major source of livelihood in North east region ('NER') may also be allowed in NER states only).

Quick primer on Use of Convertible Notes in Early Stage Financing



CA. Shubham Sharma

Fundraising has always been engrossing for the founders. But those who have raised funds know the impediments involved in the procedure as such.

Precisely, when you are an early stage startup, which is still in process of building a product, the haggling over valuation or compliance intricacies for that matter is much more cumbersome.

There comes into picture the Convertible Notes (hereinafter may be referred as "CN" or Note). The reason for CN been in vogue these days is that they have induced us to look out in them the solution of the indispensable requirements of early stage financing

- Notes are quick,
- Notes do not require multiple documents and the necessity of making changes in the charter documents as compared to the priced equity round.
- And most importantly notes help investors and founders to sidestep the friction of agreeing on a valuation.

What is a Note?

CN is a financing instrument which is used to provide funds to companies in advance of issuing shares.

Note quintessentially is form of a debt which has the ability to either be repaid or be converted to equity at some future date in accordance with terms and conditions mentioned in the note.

Note may or may not be bearing the interest.

If it is included the interest will usually start accruing from the day the convertible note is signed until the day, note becomes due and payable or converts.

The primary intention of convertible notes, as the name suggest is to convert them into shares. The triggers for the conversion of a Note are generally the "Qualified Financing", "Merger or Acquisition", or "Maturity".

"Qualified Financing"-

A Note automatically gets converted into the "Qualified

Securities" (Usually "Equity Shares") when a startup gets "Qualified Financing".

Simply put, "Qualified financing" generally is an equity financing round by the startup to raise capital from investors, at a predetermined level, in accordance with terms of the Note

Thus, a financing round is a "Qualified Financing" round typically only if the startup raises at least a threshold amount of new capital.

The amount that can constitute a "Qualified financing" may vary depending upon various elements, right from how much the company is raising from convertible notes or which stage the company is currently at to the solution offered by the company is

B2B or B2C.

Before the conversion, as discussed, note will technically classify as debt and therefore rank higher in the event company becomes insolvent, hence, having a "Qualifying amount" for conversion protects an investor from betting on a company which is underfunded in case a company gets the funding way below the expectations of the investor (i.e. "Qualifying Amount").

However, utmost care should be taken while setting a lower bound amount. As setting it too high may have risks of having the money not converted even at a true financing round.

Moreover, there may be cases where things don't go as planned and the next round is not a "Qualifying round" and the company prefers to go for a "Bridge round" then in those cases the Note holder will have an option to convert or not the same.

"Merger or Acquisition"

It is often seen in the ecosystem that early stage startups get merged into other entity or acquired by a larger entity. In those cases there are few clauses in the note addressing the same including but not limited to-

Quick primer on Use of Convertible Notes in Early Stage Financing

- Pro rata distribution of the proceeds from acquisition post conversion of CN into shares.
- The conversion of the note into preferred shares, thereby providing the Note holder the protection of liquidation preference among others.
- The entitlement of note holder to a return of certain amount like multiplier of 2X, 3X etc.

"Maturity Date of Note"

Maturity date in the note means the date, at which time, or any time thereafter, CN technically would need to be repaid if it is still outstanding or will have to be converted to equity on terms agreed upon (Generally at the option of the CN holder).

Although usually there is a clause of extension of the maturity date, and VCs in all probability end up extending the date, as in most of the cases, where maturity date is the triggering point, the company does not have enough liquidity to do the repayment of the debt along with interest.

However, VCs can explicitly demand otherwise.

Understanding the Dilution Due to Note

Understanding the Dilution, while raising through Note is indeed a challenge from both the founder and investor perspective, as they do not have any valuation in hand to discuss upon.

For instance, consider a scenario where company X has raised seed stage finance using convertible note and the company raised series

A priced equity round (Assuming it is a "Qualified Amount") at a huge valuation, thereby resulting in a very small multiplier for conversion, in spite of the fact that seed stage investors have taken the highest risk. To fix this issue and protect the interest of seed stage investor, who is indeed entitled to some privileges over the later stage investors, Note contains clauses of "Valuation Cap" and "Discount". Both these clauses give the Note-holder the benefit of being first to invest. Hence, most of the haggling while issuing a CN is done by the founder over these two terms.

"Valuation Cap"-

Valuation cap is the maximum value at which convertible note would convert in a qualified financing stage regardless of the valuation done at such qualified financing stage. For instance, Company X is raising in series A \$1M priced equity round (Assuming it to be "Qualified financing") at \$4M pre-money valuation. Before this

round the company raised \$100K through convertible note and \$1M was "Valuation Cap" as agreed upon between founders and investors.

Now, this triggers the automatic conversion of Note. But, conversion here will have a valuation cap of \$1M. Thus, it will result in a greater number of shares than if

convertible note is converted at the terms of the round i.e. \$4M pre-money valuation. "Valuation cap" can have a great impact on the dilution, however, as discussed above it's pertinent to understand here that the seed stage investor has taken higher risk hence entitled to better economics.

"Discount"-

Another variable which serves the similar purpose that of "Valuation Cap" and somewhat similar to it, is "Discount". Discounts also have a significant impact on the dilution of the company.

For instance, continuing with the previous example assume that the seed stage investor has made the investment of \$100K with no valuation cap but discount of 40% to series A valuation. This will again result in a greater number of shares than if the convertible note converted at the terms of the round.

Simply put, the convertible note holder would get an effective 40% lower price per share than that paid by the Series A investor.

At this juncture, it is also imperative to discuss here that the interest rate is also a key element to be considered for dilution. The reason behind this is, on a conversion, the accrued interest can be thought of as acting like an additional discount.

Overall, the interest rate is one of those factors which impacts the investor's return and therefore can form part of the negotiations.

Moreover, it is noteworthy here that CN can be drafted using both discount and valuation cap and even neither of them (In rare cases). In the case of the former, a convertible note holder will have an option to choose either the discount or the

valuation cap according to whatever results in his favor.

The foregoing primer on Note is not all-encompassing, but I hope it will give you a brief idea about the Convertible Notes. It is strictly advisable to consult a lawyer before entering into any such agreement.

ACTIVITIES BY JAIPUR BRANCH

PROGRAM ON START-UP INDIA SCHEME AND OPPORTUNITIES FOR CAs IN THE START-UP WORLD



Date : 7-12-2022 Speaker: CA. Rajat Chetani

CA STUDENTS' TALENT SEARCH(III), 2022- ESSAY COMPETITION AND NUKKAD DRAMA



Date : 8-12-2022 Nukkad Drama Judges: CA Ashutosh Lata, CA Amit Khandal, CA Amit Samriya & CA. Priyank Sharma Winners: Devansh Agarwal, Priya Gupta, Ashi Agarwal, Anshul Jain, Aarav Bangar, Aditya Oswal Essay Competition Judges: CA Sachin Kumar Gupta & CA Swapnil Bhandari Winners: Devanshu Garg, Nikhil Agrawal, Priyam Jain

ACTIVITIES BY JAIPUR BRANCH

PROGRAM ON CHANGES & UPDATES IN GSTR 9 & 9C



Date : 9-12-2022 Speaker: CA. Pulkit Khandelwal

PROGRAM ON GSTR-9/9C - ISSUES AND SOLUTIONS



Date : 24-12-2022 Speaker: CA. Keshav Gupta

CIRC - CRICKET



ACTIVITIES BY JAIPUR BRANCH

TWO DAYS NATIONAL CONFERENCE “MANTHAN 3.0 CA PROFESSION - OCEAN OF OPPORTUNITIES”



Day One

Date : 26-12-2022 **Speaker:** CA Vijay Gupta, CA Prateek Rawat, CA RA Sharma & CA Ruchi Gupta

Day Two

Date : 27-12-2022 **Speaker:** CA Udit Bhargava, CA(Dr.) Abhishek Sharma, CA Sumit Dhadha & CA Prayas Sharma

ACTIVITIES BY JAIPUR BRANCH

CA STUDENTS' TALENT SEARCH (III), 2022 - CHESS AND DEBATE COMPETITION



Date : 28-12-2022 Chess Competition Judge: Sh. Bhagwati Prasad Sharma

Winners: Narayan Singh Shekhawat, Prateek Mittal

Debate Competition Judges: CA Akhil Pachori, CA Pallavi Joshi & CA Naman Jain

Winners: Disha Tulsian, Khushi Lahoty

ACTIVITIES BY JAIPUR BRANCH

MANTHAN 5.0 FULL DAY SEMINAR ON CODE OF ETHICS : SWORD & SHIELD FOR PROFESSIONALS



Date : 29-12-2022 **Speaker:** CA Anil Yadav & CA Kuldeep Gupta

ONE DAY SEMINAR ON ADVANCE EXCEL & TALLY



Date : 30-12-2022 **Speaker:** Sh. Karni Singh & Sh. Maneesh Pareek

ACTIVITIES BY JAIPUR BRANCH

MANTHAN 6.0 FULL DAY SEMINAR ON AUDITING STANDARDS



Date : 31-12-2022 **Speaker:** CA Harsha Ramnani, CA Apoorv Mathur, CA Mohit Chaturvedi & CS Mukesh Kumar Heda

Jaipur Branch

#ICAI_IN_NEWS



सीए ओरिएंटेशन कार्यक्रम 8 को

जयपुर @ पत्रिका प्लस, कमेटी फॉर मेम्बर्स इन प्रैक्टिस आफ द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया की ओर से 8 जनवरी को नए प्रैक्टिसिंग चार्टर्ड एकाउंटेंट्स के लिए एक दिवसीय ओरिएंटेशन कार्यक्रम का आयोजन किया जाएगा। कमेटी चेयरमैन सीए प्रकाश शर्मा ने बताया कि कार्यक्रम में सीए केतुल पटेल, सीए ज्ञान चंद पीपारा, सीए भारत सोहिण्या, सीए निखिल



तोतुका, सीए कोशिक सी पटेल, सीए धीरेन शाह कार्यक्रम में नए अवसर, द ऑडिट डायमेंशन, बेस्ट प्रैक्टिस सहित अन्य विषयों पर चर्चा करेंगे।

एक दिवसीय सामान्य मंथन 5.0 का आयोजन

आज इंटरनल ऑडिट स्टैंडर्ड्स की उपयोगिता पर की चर्चा



बैथक, जयपुर

अभिषेक शर्मा, सीए प्रकाश शर्मा, सीए अमित शर्मा, सीए सुनील शर्मा

प्रतीक व नारायण शतरंज के विजेता



जयपुर @ पत्रिका प्लस, द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया जयपुर शाखा में बोर्ड ऑफ स्टडीज ऑफ

मंथन में दी नए कानून और संशोधन की जानकारी तत्वावधान में बांचे।

देशभर के चार्टर्ड अकाउंटेंट्स जयपुर में करेंगे चर्चा



बैथक, जयपुर

कमेटी फॉर मेम्बर्स इन द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया जयपुर शाखा में देशभर के चार्टर्ड अकाउंटेंट्स के साथ चर्चा करेंगे।

सस्टेनेबिलिटी रिपोर्टिंग स्टैंडर्ड्स पर चर्चा

जयपुर @ पत्रिका प्लस, कमेटी फॉर मेम्बर्स इन प्रैक्टिस ऑफ द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया जयपुर शाखा में सस्टेनेबिलिटी रिपोर्टिंग स्टैंडर्ड्स पर चर्चा करेंगे।



एक दिवसीय सेमिनार 'मंथन 5.0' का आयोजन

जयपुर, समाचार जगत न्यूज। आई.सी.ए.आई. जयपुर शाखा में एक दिवसीय सेमिनार 'मंथन 5.0' का आयोजन किया गया।

'मंथन 3.0' का शुभारंभ



बैथक, जयपुर। आईसीआई की कमेटी फॉर मेम्बर्स इन प्रैक्टिस के तत्वावधान में जयपुर ब्रांच में दो दिवसीय सेमिनार 'मंथन 3.0' का

श्रम कानून की दी जानकारी



जयपुर @ पत्रिका प्लस, बारे में बताया। सीए विजय

सीए स्टूडेंट नेशनल टैलेंट सर्च-2022 में छात्रों ने जीते प्राइज



नए प्रैक्टिसिंग चार्टर्ड एकाउंटेंट्स के लिए एक दिवसीय ओरिएंटेशन 8 को

जयपुर समाचार जगत न्यूज। कमेटी फॉर मेम्बर्स इन प्रैक्टिस ऑफ द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया के द्वारा जयपुर में 8 जनवरी को नए प्रैक्टिसिंग चार्टर्ड एकाउंटेंट्स के लिए एक दिवसीय ओरिएंटेशन कार्यक्रम होतल। जयपुर में आयोजित किया जा रहा है। सीए प्रकाश शर्मा, चेयरमैन कमेटी फॉर मेम्बर्स इन प्रैक्टिस एवं सेंट्रल काउंसिल मेंबर सीए पी.सी.टी. के बारे में परिचय देते हुए बताया कि प्रैक्टिस में सदस्यों के लिए समिति (कमिटी) चार्टर्ड एकाउंटेंट्स अधिनियम, 1949 के नियमों के तहत भारतीय चार्टर्ड एकाउंटेंट्स संस्थान की एक गैर-रिगिड समिति है। इस समिति का गठन फरवरी, 2010 में हुआ। इस समिति को सीए फर्मों के समेकन और क्षमता निर्माण की सुविधा के लिए स्थापित करने के लिए सेवा या धार्मिक सीए फर्मों द्वारा सामान्य की जाने वाली विभिन्न समस्याओं का समाधान किया जा सके और उनकी क्षमता को मजबूत करने के साथ-साथ सीए फर्मों के समेकन के लिए व्यापक दिशानिर्देश प्रदान करने के लिए विभिन्न साधनों की आवश्यकता और कार्यवाही किया जा सके। इस प्रकार समिति का अंतिम उद्देश्य सीए फर्मों के साथ-साथ छोटे और मध्यम व्यवसायों को इनके अग्रणी चार्टर्ड एकाउंटेंट्स को मदद से जीतने के लिए मजबूत करना है।

ब्रांच स्तरीय सीए स्टूडेंट नेशनल टैलेंट सर्च-2022 का आयोजन

जयपुर, 28 दिसंबर (ज्यो): दी इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया जयपुर शाखा में ब्रांच स्तरीय सीए स्टूडेंट नेशनल टैलेंट सर्च-2022 का आयोजन किया गया, जिसमें सीए फर्मों ने प्रतियोगिता का पूरा दौर में सीए पर शाखा, क्षेत्रीय स्तर और अखिल भारतीय स्तर पर आयोजित किया जा रहा है।



जयपुर @ पत्रिका प्लस, बारे में बताया। सीए विजय

सीए स्टूडेंट नेशनल टैलेंट सर्च-2022 में छात्रों ने जीते प्राइज



नए प्रैक्टिसिंग चार्टर्ड एकाउंटेंट्स के लिए एक दिवसीय ओरिएंटेशन 8 को

जयपुर समाचार जगत न्यूज। कमेटी फॉर मेम्बर्स इन प्रैक्टिस ऑफ द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया के द्वारा जयपुर में 8 जनवरी को नए प्रैक्टिसिंग चार्टर्ड एकाउंटेंट्स के लिए एक दिवसीय ओरिएंटेशन कार्यक्रम होतल। जयपुर में आयोजित किया जा रहा है। सीए प्रकाश शर्मा, चेयरमैन कमेटी फॉर मेम्बर्स इन प्रैक्टिस एवं सेंट्रल काउंसिल मेंबर सीए पी.सी.टी. के बारे में परिचय देते हुए बताया कि प्रैक्टिस में सदस्यों के लिए समिति (कमिटी) चार्टर्ड एकाउंटेंट्स अधिनियम, 1949 के नियमों के तहत भारतीय चार्टर्ड एकाउंटेंट्स संस्थान की एक गैर-रिगिड समिति है। इस समिति का गठन फरवरी, 2010 में हुआ। इस समिति को सीए फर्मों के समेकन और क्षमता निर्माण की सुविधा के लिए स्थापित करने के लिए सेवा या धार्मिक सीए फर्मों द्वारा सामान्य की जाने वाली विभिन्न समस्याओं का समाधान किया जा सके और उनकी क्षमता को मजबूत करने के साथ-साथ सीए फर्मों के समेकन के लिए व्यापक दिशानिर्देश प्रदान करने के लिए विभिन्न साधनों की आवश्यकता और कार्यवाही किया जा सके। इस प्रकार समिति का अंतिम उद्देश्य सीए फर्मों के साथ-साथ छोटे और मध्यम व्यवसायों को इनके अग्रणी चार्टर्ड एकाउंटेंट्स को मदद से जीतने के लिए मजबूत करना है।

आईसीआई कमेटी फॉर मेम्बर्स इन प्रैक्टिस की ओर से जयपुर



जयपुर, समाचार जगत न्यूज। आईसीआई की कमेटी फॉर मेम्बर्स इन प्रैक्टिस के तत्वावधान में जयपुर ब्रांच में दो दिवसीय सेमिनार 'मंथन 3.0' का आयोजन किया गया।

दो दिवसीय सेमिनार 'मंथन 3.0' ओसियन फॉर अपॉर्चुनिटीज का समापन



जयपुर @ पत्रिका प्लस, द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया जयपुर शाखा में एक दिवसीय सेमिनार 'मंथन 5.0' का आयोजन किया गया।

सीए सदस्यों को बताया कोड ऑफ कंडक्ट का महत्व

जयपुर @ पत्रिका प्लस, द इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया जयपुर शाखा में एक दिवसीय सेमिनार 'मंथन 5.0' का आयोजन किया गया। सेंट्रल काउंसिल मेंबर सीए प्रकाश शर्मा ने सीए सदस्यों को ग्लोबल प्रैक्टिस में कोड ऑफ कंडक्ट का महत्व बताया।

ग्लोबल प्रैक्टिस में बताया कोड ऑफ कंडक्ट

सिटी रिपोर्टर। आईसीआई, जयपुर शाखा में सेमिनार 'मंथन 5.0' का आयोजन किया गया। सेंट्रल काउंसिल मेंबर सीए प्रकाश शर्मा ने सीए सदस्यों को ग्लोबल प्रैक्टिस में कोड ऑफ कंडक्ट का महत्व के बारे में अवगत कराया। जयपुर शाखा की सचिव सीए रुचि गुप्ता ने बताया कि प्रथम सत्र में क्षेत्रीय परिषद के सिकासा अध्यक्ष एवं सीकर सीए अनिल यादव ने सीए सदस्यों के साथ व्यावहारिक अनुभव साझा किए। उन्होंने बताया कि आश्वासन सेवाओं के अंतर्गत ऑडिट की गुणवत्ता तकनीक को बढ़ाने के बारे में बताया। दूसरे सत्र में जयपुर शाखा अध्यक्ष एवं सीकर सीए कुलदीप गुप्ता ने बताया कि इंटरनेशनल एथिकल स्टैंडर्ड्स बोर्ड्स ऑफ एकाउंटेंट्स के मानकों के अनुसार आई.सी.ए.आई. ने भी वर्ष 2020 में जो बदलाव किये हैं।