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Capital Markets and Securities Regulation : Shaping Trust, Transparency and Sustainable Growth



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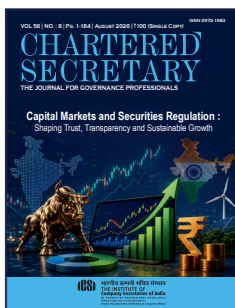


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EDITORIAL

The strength of a nation's economy is often reflected in the depth, resilience and integrity of its capital markets. The rapid evolution of financial instruments, digital trading platforms, sustainable finance products and cross-border investments have created unprecedented opportunities. At the same time, it has also introduced new dimensions of risk, complexity and regulatory challenges driven by technological innovation, globalization, increasing retail and institutional participation giving rise to ever-evolving regulatory frameworks. Amidst these developments, corporate governance and regulatory compliance have emerged as key determinants of market credibility and investor trust. This is where the CS professionals, as "Guardians of Governance" assume a pivotal role. Transparency remains the cornerstone of efficient markets and the Securities and Exchange Board of India (SEBI) has played a transformative role in modernizing Regulatory initiatives focusing on transparency in public offerings, related party transactions, beneficial ownership disclosures and corporate governance which have significantly contributed to enhancing market confidence. The ICSI has also taken initiatives in creating awareness amongst its members and stakeholders, on various regulatory initiatives in collaboration with regulators, and various workshops for the same have been held across the country.

As we explore this month's theme of the Journal *"Capital Markets and Securities Regulation: Shaping Trust, Transparency and Sustainable Growth"*, it seeks to examine emerging trends, regulatory developments and governance perspectives that are redefining the contours of capital markets. Through informed discourse and professional insight, we endeavour to contribute to a deeper understanding of how effective regulation and responsible governance can build more resilient, inclusive and sustainable financial markets for the future.

In the Global Connect Section, the author, through the article **'Artificial Intelligence and Algorithmic Governance: Strengthening Markets'**, emphasises on the transformative role of artificial intelligence in enhancing market efficiency, strengthening regulatory oversight, improving risk management practices, and fostering greater transparency resulting in investor confidence. An invigorating article in the Social Impact Review section, **'Connecting Capital with Impact: A Global Perspective on Social Stock Exchanges'** showcases the evolution of Social Stock Exchanges (SSEs) across the world and how they connect investors' capital with measurable social and environmental impact, including insights from India's Social Stock Exchange initiative. The article in the Research section **'Carbon Footprint vs. Capital Pay-outs: Reconciling Shareholder Returns with Climate Capital under Indian Law'** sheds light on the emerging interplay between corporate sustainability obligations and shareholder value creation, while examining how businesses can balance climate-related investments with expectations of equitable shareholder returns within the framework of Indian corporate and securities laws. The article **'AI Governance and Algorithmic Accountability: A Framework for Boards, Company Secretaries and Capital Markets'** brings forth a captivating viewpoint on the governance challenges

arising from the increasing use of artificial intelligence, highlighting the need for robust accountability frameworks, board oversight, ethical safeguards, and the pivotal role of Company Secretaries in ensuring responsible AI adoption. The author through the article **'Artificial Intelligence, Algorithmic Governance and the Future of Securities Markets'**, gives an outline on the profound impact of AI-driven technologies on securities markets, the regulatory and governance considerations associated with algorithmic decision-making, and the future trajectory of capital markets in an increasingly technology-enabled financial landscape. An innovative insight is visible through the article **'Beyond Approval: RPT Definitions, Compliance Gray Areas and the Independent Director's Diligence Standard'** as it throws light on the evolving regulatory complexities surrounding Related Party Transactions (RPTs), highlighting the critical advisory, compliance, and governance services rendered by Company Secretaries in ensuring transparency, regulatory adherence, and informed board decision-making. The article, **'Greenwashing in Indian Capital Markets: Evaluation of SEBI's ESG Disclosure Framework and Sustainable Finance'**, bares the ESG challenges and a how to look out for strengthening disclosure standards, enhancing credibility of sustainability reporting, safeguarding investor interests, and fostering genuine responsible business practices in an era of increasing focus on sustainable finance. The article **'Guardians at the Gate: Re-examining Audit Committee and Independent Director Scrutiny of Related-Party Transactions in the Post-2025 Framework'**, emphasises on the role of Audit Committees and Independent Directors, where heightened oversight, enhanced diligence, and robust governance mechanisms are indispensable for safeguarding stakeholder interests and upholding the integrity of corporate decision-making. A thought-provoking insight is explored through the article **'Beyond NSE: Delegated Regulatory Power and Public Accountability in India's Securities Market Institutions'**, which examines the balance between regulatory delegation, institutional accountability, market integrity, and the evolving governance architecture of India's securities market ecosystem. The articles **'The Known Unknown: Price Sensitive Information in the Age of Market Rumours'** and **'Strategic Capital Allocation: A New Governance Frontier against Shareholder Activism'** bring to light the much needed and strengthened disclosure practices, enhance transparency in communications, reinforce governance safeguards, and adopt proactive boardroom strategies to maintain investor confidence and long-term value creation.

Through these rich insights presented in this issue, I invite our esteemed readers to explore and join the continuing dialogue on fostering transparent, accountable, and sustainable market practices. Only through collective wisdom and purposeful action, we can shape a governance ecosystem that strengthens investor confidence, advances economic progress, and creates enduring value for generations to come.

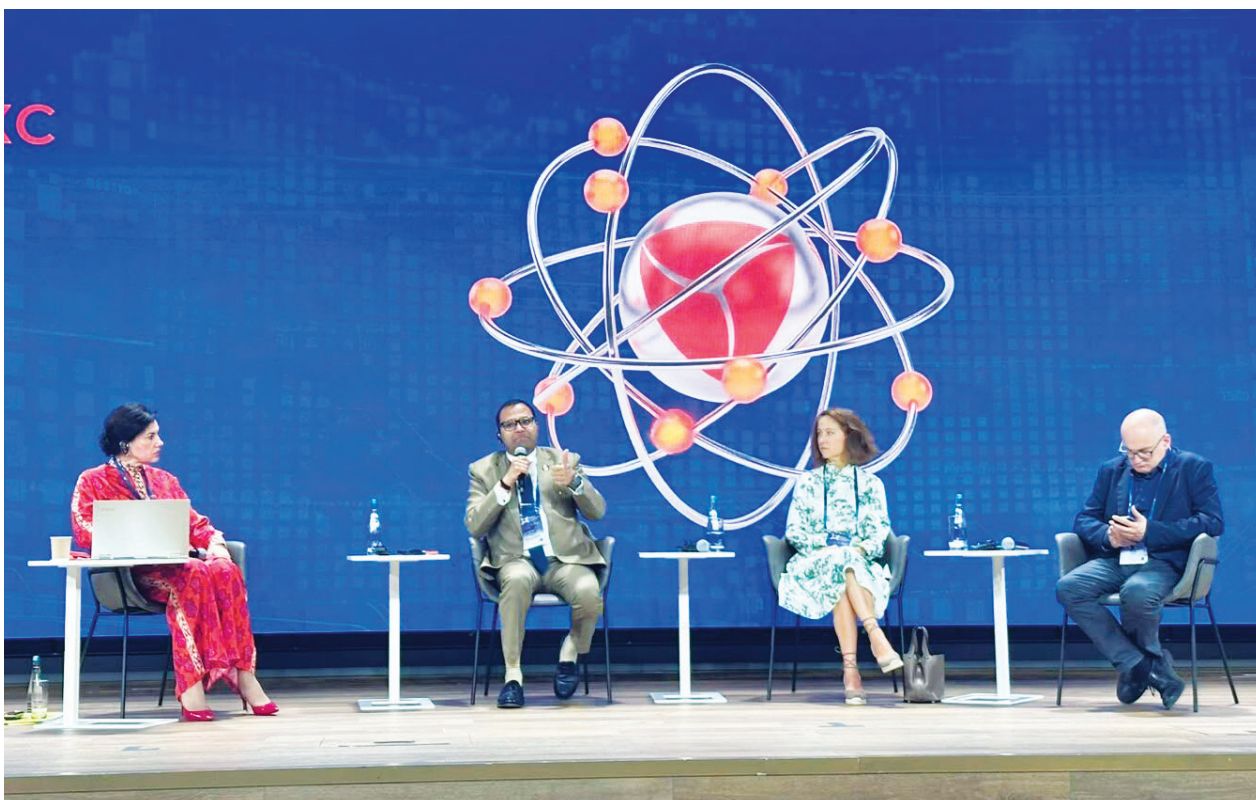
Happy Reading!

CS Asish Mohan
(Editor - Chartered Secretary)

ICSI Delegation visit to Moscow, Russia



CS Pawan G. Chandak, President, The ICSI and CS Rajesh Tarpara, Central Council Member, The ICSI met with Ms. Neelam Rani, Consul General of India in St. Petersburg, Russia to highlight the role of Company Secretaries in advancing governance and compliance and to emphasize ICSI's efforts towards strengthening these areas on July 08, 2026.



CS Pawan G. Chandak, President, The ICSI was the Panelist in the session 'Balance Without Borders - International Corporate Governance' trends at 20th Anniversary International Forum on Corporate Governance organized by National Corporate Secretaries Association (NCSA), Russia at Sberbank AgileHome, Moscow on July 09-10, 2026.

ICSI 5th International Conference held at Mauritius from August 03-05, 2026

Theme: Strengthening Governance in VUCA World

Chief Guest: Dr. The Hon'ble Mrs. Jyoti Jeetun, Minister of Financial Services and
Economic Planning, Republic of Mauritius

Guest of Honour: Mr. Anurag Srivastava, High Commissioner of India, Port Louis, Mauritius

Opening Plenary



Plenary - II



Plenary - III



Special Session



Plenary - IV



Plenary - V



Plenary - VI



Plenary - VII



Plenary - VIII



Study Tour



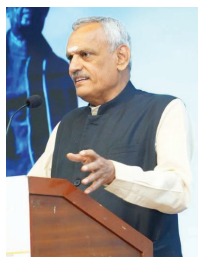
Roundtable with Industry Stakeholders



Group Photo



ICSI Western Regional Convocation held on July 04, 2026 at Ahmedabad, Gujarat



ICSI Southern Regional Convocation held on July 18, 2026 at Thiruvananthapuram, Kerala



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ICSI inks MoUs with National University of Advanced Legal Studies & Chinmaya Vishwa Vidyapeeth in the presence of CS Pawan G. Chandak, President, The ICSI, CS Dwarakanath C., Vice-President, The ICSI, CS Venkata Ramana R., Central Council Member, The ICSI & CS Asish Mohan, Secretary, The ICSI for enhanced learning & research.



CS Pawan G. Chandak, President, The ICSI, CS Dwarakanath C., Vice-President, The ICSI, CS Venkata Ramana R., Central Council Member and CS Asish Mohan, Secretary, The ICSI at Kerala State Conference 2026 hosted by Kochi Chapter of The ICSI on July 17, 2026.



CS Pawan G. Chandak, President, The ICSI and CS Dhananjay Shukla, Immediate Former President, The ICSI visited Bhubaneswar Chapter of The ICSI on July 22, 2026.



CS Pawan G. Chandak, President, The ICSI, CS Dwarakanath C., Vice-President, The ICSI and CS Asish Mohan, Secretary, The ICSI visited Kendriya Vidyalaya, Pattom & Mar Ivanos College, Thiruvananthapuram to foster academic collaborations and mentor the next generation of professionals.



35th Annual Regional Conference of EIRC of The ICSI held on July 18-19, 2026. CS Sandip Kumar Kejriwal and CS Rupanjana De, Central Council Members, The ICSI graced the occasion.



ICSI-CCGRT, Manesar conducted its 11th RCLDP from July 01-15, 2026. CS Dhananjay Shukla, Immediate Former President, The ICSI graced the programme.



Inaugural Session of the 12th RCLDP (July 20 to August 03, 2026) organized by ICSI-CCGRT, Manesar on July 20, 2026. CS Dhananjay Shukla, Immediate Former President, The ICSI honoured the session.



ICSI-CCGRT, Kolkata organized a one-day Capacity Building Workshop on Labour Codes in collaboration with the Calcutta Management Association on July 25, 2026.



The ICSI-CCGRT, Kolkata inaugurated its 21st batch of the CLDP on July 22, 2026. CS Rupanjana De, Central Council Member, The ICSI inspired the participants with words of encouragement.



ICSI-CCGRT, Hyderabad conducted valedictory session of 10th CLDP, Phase-2 on July 17, 2026. Chief Guest Shri Pankaj Kumar, VP – Finance, MYK Laticrete, Hyderabad and CS Venkata Ramana R., Central Council Member, The ICSI graced the session.



ICSI-CCGRT, Hyderabad conducted 11th CLDP, Phase-2 from July 20, 2026 to August 04, 2026. Chief Guest Shri L. Sivanand, CFO, TV9 Associated Broadcasting Company Private Limited, Hyderabad and CS Venkata Ramana R., Central Council Member, The ICSI graced the inaugural session.



ICSI-CCGRT, Mumbai organized a Two-Days Residential/Non-Residential Workshop on Merger & Amalgamation on July 17-18, 2026.



Ms. Ravneet Kaur, Chairperson, CCI, addressed the Regional Workshop on Competition Law organised by ICSI-EIRC & CCGRT, Kolkata in association with CCI in the presence of CS Sandip Kumar Kejriwal & CS Rupanjana De, Central Council Members, The ICSI.



Capacity Building Series on Corporate Laws on the theme 'Deciphering Provisions of the Companies Act, 2013' held by ICSI-CCGRT, Hyderabad on July 18-19, 2026. CS Venkata Ramana R., Central Council Member, The ICSI graced the programme.



ICSI-CCGRT, Mumbai organised 11th CLDP - Phase-II in residential mode from July 07-21, 2026.



SIRC of The ICSI conducted the 18th Southern India Regional Conference of Practising Company Secretaries on July 03-04, 2026 on the theme 'Tangent - Where Competency Meet Ideals'. CS Dwarakanath C., Vice-President, The ICSI was the Chief Guest and Shri D. Arvind, Senior Advisor, Former Technical Member (T), Hon'ble NCLT was the Guest of Honour.



2nd Batch of CLDP Phase-1 conducted by SIRC of The ICSI from June 17, 2026 to July 03, 2026.



SIRC of The ICSI conducted programme on 'Branding, Risk Resilience and Value Creation' on July 17, 2026.



WIRC of The ICSI participated in the SEWA Day in association with Vishnu Shakti Foundation on July 17, 2026.



Teacher's Conference organized and Agreement executed for ICSI Study Centre with D. J. Malpani College, Sangamner, Dist. Ahilyanagar by Pune Chapter of The ICSI on July 19, 2026 at Sangamner.



Bengaluru Chapter of The ICSI hosted the “Karnataka State Conference of Company Secretaries” of ICSI–SIRC, on the theme “Metamorphosis: Sector Specific Governance Architect” on June 27, 2026. Mr. Soumitra Bhattacharya, Former MD and presently the Non-Executive Chairman of Bosch Limited was the Chief Guest and CS Dwarakanath C., Vice-President, The ICSI was the Guest of Honour. CS Venkata Ramana R., Central Council Member, The ICSI was also present.



Bengaluru Chapter of The ICSI jointly with the ICSI-IIP, organised a Full-Day Seminar on "The New Resolution Landscape: Recent Amendments – Transforming CIRP & Liquidation" on July 04, 2026. The inaugural session was graced by Dr. Ashok Kumar Mishra, Govt. Nominee, The ICSI and Former Technical Member, NCLAT as the Chief Guest and CS Dwarakanath C., Vice-President, The ICSI as the Guest of Honour.



Rajasthan State Conference organised by NIRC and hosted by the Jaipur Chapter of The ICSI on the theme ‘Unlocking Growth Through IPOs: Governance, Compliance and Value Creation’ on July 11, 2026. Smt. Manju Sharma, Hon’ble Member of Parliament, Jaipur, CS Manoj Kumar Purbey and CS Suresh Pandey, Central Council Members, The ICSI graced the programme.



MoU signed for ICSI Study Centre at Solapur on July 16, 2026 with Sangameshwar College (Autonomous) and Hirachand Nemchand College (Autonomous).



MoU signed for ICSI Study Centre with TC Baramati College, Baramati on July 23, 2026.



Teacher's Conference organised by Pune Chapter of The ICSI on the theme 'Empowering Educators' on July 17, 2026 at ASM College Pimpri, Pune.



Nashik Chapter of The ICSI organised a Felicitation Ceremony to honour the students who successfully passed the CSEET Examination, June 2026 session on July 22, 2026.



Nashik Chapter of The ICSI organised the Chapter Level Round of the 25th All India Debate Competition, 2026 on the topic 'Social Media is Addictive or Beneficial' on July 14, 2026.



Thane Chapter of The ICSI organised a visit of the participants of the 15-days EDP batch to Bombay Stock Exchange (BSE), Mumbai on July 29, 2026.



The Institute organised a Retirement Felicitation Ceremony to honour employees attaining superannuation and to recognise their dedicated service and significant contributions to the Institute. Ms. Ranjana Gupta and Ms. Kiran A. Ludbe were felicitated upon their retirement.



Bengaluru Chapter of The ICSI organised a seminar on 'Exploring Opportunities for CS under IAGES' on June 13, 2026.



Delegation of Bhubaneswar Chapter of The ICSI held a meeting with Shri Hemant Sharma, IAS, Additional Chief Secretary to The Government of Odisha and Shri R. K. Sharma, IPS, Special Secretary, Home Department, Government of Odisha on July 31, 2026.



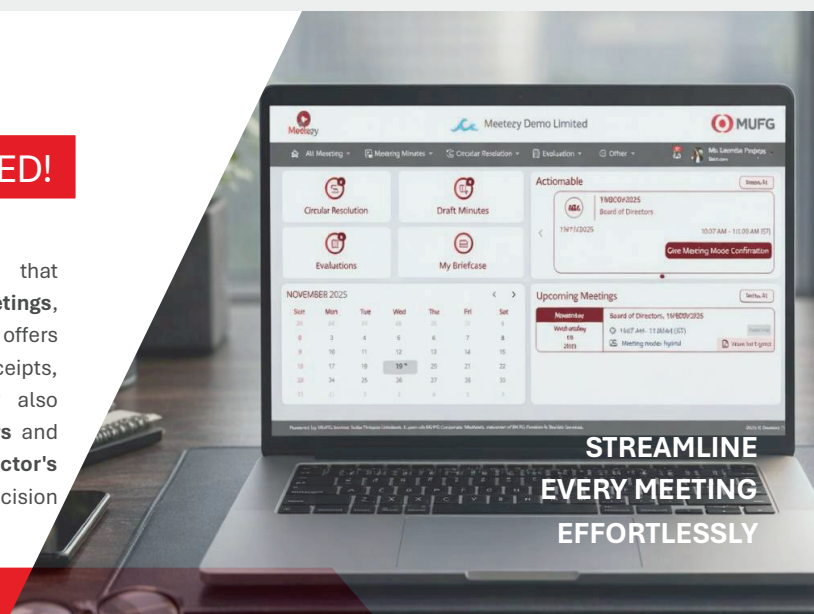
ICSI MoU signing with Chandraroop Dakle Jain College of Commerce, Shrirampur, Dist. Ahilyanagar on August 04, 2026 at Shrirampur.

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गुरुशब्दस्त्वन्धकारः स्यादुशब्दस्तन्निरोधकः॥

(The one who takes us from darkness to light is rightly called a Guru.)



Dear Professional Colleagues,

If the Indian Independence Day is a celebration that each one of us as a proud citizen looks forward to, there are a host of other days forming part of the Indian culture and heritage, which time again, give us a reason to celebrate.

It is only a few days ago, that each one of us on the occasion of Guru Poornima, tried our level best to find time and extend our reverences, our gratitude and our never-ending love to the noble souls, who shaped our journey, our life, and who led us to light in the moments of darkness. And while days like Teachers' Day are celebrated globally, days like this one come with their own uniqueness. There comes a time in life, where while on the one hand, you are extending wishes to your gurus, and then there are those who come and tell you, how their lives have been touched by your actions and your conduct.

And nothing stands as fulfilling compared to this feeling, which both humbles you and fills you with great pride in the same instant.

My heartfelt gratitude to each one of you...!!!

TAKING THE MAURITIUS ROUTE: DELIBERATING GOVERNANCE IN A VUCA WORLD

If the month of June was witness to our travels in the Northern Hemisphere towards Japan and Amsterdam for the IPDFP and the ICGN Summer Conference; the month of July found us packing our bags to move southwards.

As much as the island country of Mauritius is known for its picturesque beaches and quite ambience - there

is so much more to this nation from an economic and strategic perspective.

Mauritius connects the tripod of Africa – Asia – and – Middle East. And today it is not just known for its scenic beauty but is seen as: a trusted financial centre, a maritime partner, a thriving democracy AND a bridge between continents.

It seemed apt for a choice, that a country such as this one is cherry picked for moving forward on deliberating upon "Strengthening governance in the VUCA world".

While, the vision of ICSI "to be a global leader in promoting good corporate governance" alone is the driving factor, but what we truly believe in is leading with unity and transforming the world.

I feel immensely warmed by the hospitality of the country and extend my heartiest gratitude towards **Dr. The Hon'ble Mrs. Jyoti Jeetun, Minister of Financial Services and Economic Planning, Mauritius** and **Mr. Anurag Srivastava, High Commissioner of India, Port Louis, Mauritius** for presiding over as the Chief Guest and Guest of Honour at the Opening Plenary and according greater impetus to our thoughts and actions.

I am also grateful to the Former Presidents as well as the expert speakers who made all the deliberations worthwhile. And last but not the least my profound happiness of the success of the event hails from the support and presence of all the delegates. I believe the event and each and every session during the 3-day Conference would not only strengthen ties between the nations but also re-emphasise the significance of governance in a VUCA world.

A big thanks to all of you...!!!

INDIA-RUSSIA RELATIONS : STRATEGIC PARTNERSHIP WITH ENDURING VALUE

"No matter how low the temperature dips below minus during the Russian winter, India-Russia friendship has always remained in 'plus', it is full of warmth."

- Prime Minister Narendra Modi

From an external affairs perspective, India and Russia have always shared a friendship forged through history and strengthened by trust. And this partnership has been rooted in mutual respect, strategic autonomy, and shared interests. From defense to space, the relationship continues to evolve while preserving its historic foundation. But the true enduring strength of this relationship lies in consistency, reliability, and mutual confidence. The past decade or so has demonstrated the fact that their long-standing partnership can adapt to changing global realities.

Given this backdrop, strengthening governance together seems all the more imperative. So when the invite came for the **20th Anniversary International Forum on Corporate Governance** organised by the **National Corporate Secretaries Association (NCSA)**, **Russia at Moscow**, it was a big yes from our end.

Participating during the session on **"Balance Without Borders - International Corporate Governance trends"** as a Panellist not only accorded us with the opportunity to share our ideas and showcase our initiatives on the Russian platform but to gain insights into a perspective different than ours.

The varied approaches to attain the same goal, the futuristic line of thoughts, the transformative chain of ideas were indeed phenomenal.

But what was even more remarkable was the fact that during this visit, we got the opportunity to meet the **Consul General, Consulate General of India, St. Petersburg - Ms. Neelam Rani**.

Sharing insights with her on the activities being undertaken by ICSI in the areas of Climate Change and fostering a culture of responsible investment - was nothing short of endearing.

Not only am I truly gratified by this visit but I am absolutely sure that the days ahead will find us pursuing meaningful collaborations with our Russian counterparts much like our Heads of States...!!!

CSBF: STRENGTHENING THE SAFETY NET

The nation, the guests, the gathering at the International Conference in Mauritius accorded us the perfect opportunity to share another new development with our members. The Company Secretaries Benevolent Fund or CSBF serves as a safety net for Company Secretaries who are the members of the fund and their family members in times of distress. To further solidify the foundations of this initiative, it has been decided that, with effect from October 04, 2026, the ICSI Foundation Day of ICSI, Financial Assistance will be enhanced to Rs. 15 Lakh from Rs. 10 Lakh in the case of death of a member below the age of 60 years. At the same time, the subscription for Life Membership of CSBF will be revised to Rs. 15,000 from Rs. 10,000.

Apart from the regular subscription amount, to support the fraternity and to strengthen the Fund, we would also urge you to donate a minimum of Rs. 1,000 to the CSBF. The Top 10 donors to the CSBF will be facilitated at the Foundation Day of ICSI.

The year 2026 marks the Golden Jubilee of CSBF – and what better way to celebrate the same than by showing greater support to our fellow members of the ICSI Family.

I would urge all the members who have not subscribed until yet, to utilise this opportunity and build a safety net around you and your loved ones.

CAPITAL MARKETS & SECURITIES REGULATION: POSITING INDIA AS THE STRONGEST FINANCIAL HUB ON THE GLOBE

Initiated as an innovative endeavour, it was thought fit that alignment may be brought about amidst - One, the theme of Chartered Secretary Journal and Two, the theme of Pan India Events hosted by the Regional Offices and Chapters of ICSI.

This month as we bring to you focussed articles on the distinct aspects of Capital Markets and Securities Regulation; equally focussed deliberations have been initiated across India under the overarching umbrella of Capital Markets Week - an event which for each one of us, as Company Secretaries, has been nothing short of a legacy.

With partners hailing from Regulators to Stock Exchanges; it would be a delight to chalk out the Action Plan to restructure governance in the Indian

Capital Markets - which on the one hand, are dealing with global tribulations on a constant basis; and with the impacts of digital transformation and AI, on the other.

Akin to every ICSI initiative, the success of this one too, hinges upon your participation.

So come one, come all... let's reshape the future ourselves...!

SME FUND RAISING CONCLAVES: A SEBI INITIATIVE

Amidst preparing for the Capital Markets Week, another event that we proudly partnered in hosting was the SME Fund Raising Conclaves. An initiative of SEBI and jointly hosted by ICSI, Stock Exchanges and AIBI, the events, hosted at ICSI Noida and ICSI-CCGRT Manesar, were presided over by Shri Rajesh Kumar Dangeti, Chief General Manager SEBI, who not only clarified doubts and developed a deeper understanding of the prevailing Regulatory environment; but also fostered greater trust and a sense of familial relations amongst all the participants.

Our heartiest appreciations towards SEBI for the endeavour and towards all the representatives for their wholehearted participation. It goes without saying that we look forward to many more such fantastic collaborations.

7TH ICSI BOARD MENTORSHIP PROGRAMME : PURSUING EXCELLENCE TOGETHER

Entering into its 7th edition - the intent, the motive, the goal and objective for the coveted ICSI Board Mentorship Programme, have been set. Reminiscing memories of the past editions, Port Blair indeed came across as a worthy choice.

While we invite all of you for all our events - national or regional - it is for this particular Programme that we expect you to not come alone but bring your entire Board along.

And to add to the list of invitees, it would be delightful if the senior management of your corporate joins in. For as far as the journey of governance is concerned - the destination cannot be arrived at alone...

Block your diaries from October 7th to 10th, for the islands of Andaman and Nicobar await you...!!!

54TH NATIONAL CONVENTION: FINDING GOVERNANCE IN THE LAND OF LORD JAGANNATH

Yes... The stage is being set. The panellists finalised. The food menu picked well. And the articles for the Souvenir too. What is left is your decision. And if you were being any sceptic as to the registration fee, the dates of Early Bird registrations too, have been extended.

So before the last day arrives... call on your besties, your professional buddies, remind your senior colleagues, buzz in your junior ones - and make this 3-day event a very-very memorable one...!

ICSI CORPORATE GOVERNANCE AWARDS: REGISTRATIONS OPEN

The National PCS Conference has been successfully accomplished; the National Convention has been set in motion as well, and just as we will be wrapping up the Convention - the tables will be laid to evaluate the companies on the various parameters of governance.

But for us to be able to do that, what we require from you is to fill in the applications and send them to us, complete in all respects, accompanied by all attachments.

While there may be many of you who might be sure shot about your company's win; there will be those who might not be so sure of it. To the ones falling in the second category - I would extend a word of advice -

"The art of not being ready and doing it anyways will take you far."

You might not be completely right in your answers. But you will surely be right in your intent. And intent is what we are looking forward to - when striving for excellence in corporate governance.

So good luck to all of you...!!!

With warm regards



CS Pawan G. Chandak
President, ICSI

Activity Highlights of July, 2026

MEETINGS WITH DIGNITARIES

- Ms. Neelam Rani, Consul General of India, in St. Petersburg, Russia

ICSI GLOBAL CONNECT

MEETING AT CONSULATE GENERAL OF INDIA, ST. PETERSBURG

CS Pawan G. Chandak, President, The ICSI and CS Rajesh Tarpara, Council Member, The ICSI, met Ms. Neelam Rani, Consul General of India in St. Petersburg, Russia, on July 08, 2026, to highlight the role of Company Secretaries in advancing governance and compliance and to emphasize ICSI's efforts towards strengthening these areas.

20TH ANNIVERSARY INTERNATIONAL FORUM ON CORPORATE GOVERNANCE

ICSI participated 20th Anniversary International Forum on Corporate Governance organised by the National Corporate Secretaries Association (NCSA), Russia held during 09-10 July 2026 at Sberbank AgileHome, Moscow. CS Pawan G. Chandak, President, The ICSI was called upon as a Panellist at the session on Balance Without Borders - International Corporate Governance trends.

ICSI MEMBERS

54TH NATIONAL CONVENTION OF COMPANY SECRETARIES – REGISTRATIONS OPEN

The Institute is organising the 54th National Convention of Company Secretaries scheduled from 05th September to 07th September, 2026 at MAYFAIR Sanctuary, Niladri Vihar, Bhubaneswar. The Registrations for the event have been opened. Members are requested to reap benefits

of Early Bird Registration. Detailed flyer of the event is placed elsewhere in this Journal.

26TH ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE

In pursuit of its commitment to foster a culture of good governance across the Indian corporate sector, the Institute established the ICSI National Awards for Excellence in Corporate Governance in 2001. Since then, the Awards have evolved to encompass new categories recognising best practices and innovation in diverse domains. Building on this proud legacy, applications for the 26th edition of the ICSI National Awards for Excellence in Corporate Governance will be opening shortly.

GST DAY, 2026

The Institute celebrates GST Day every year on July 01 in order to create awareness and commemorate the introduction of GST on July 1, 2017. The Institute celebrated the 9th anniversary of GST Day in July, 2026 through Regional and Chapter offices on the theme "Opportunities in GST & Indirect Taxes". Programmes included panel discussions, seminars, study circle meetings, etc. focusing on the evolving landscape of GST and Indirect Taxes, highlighting the opportunities for Practicing Company Secretaries in GST advisory, compliance and litigation.

SME FUND RAISING CONCLAVE - KEY GROWTH OPPORTUNITY

The ICSI, NSE, and AIBI jointly organized "SME Fund Raising Conclave – Key Growth Opportunity", an initiative of SEBI to bring together key stakeholders from the capital markets ecosystem, including policymakers, regulators, market intermediaries, and SMEs, to deliberate on the evolving landscape, challenges, and best practices in the SME IPO process.

	July 30, 2026	July 31, 2026
Venue	Noida, Uttar Pradesh	Manesar, Haryana
Chief Guest	Shri Rajesh Kumar Dangeti, Chief General Manager, SEBI	Shri Rajesh Kumar Dangeti, Chief General Manager, SEBI
Speakers	Ms. Parvathi Moorthy, AVP - SME Business Development, NSE, Dr. Milind V. Dalvi, CEO – AIBI, CS Rajiv Bajaj, CEO - Bajaj & Bajaj Corporate Chambers, Shri Sanjeev Gupta, Co-Founder and MD - NEXGEN Financial Solutions Pvt. Ltd.	Ms. Parvathi Moorthy, AVP - SME Business Development, NSE, Dr. Milind V. Dalvi, CEO – AIBI, CS Shashi Bhushan Singh, CS & Compliance Officer - ONGC Limited, Mr. Pankaj Khetan, Founder - 3Dimension Capital Services Limited Mr. Yash Garg, Founder – Nix Capital
Associate Partner	NEXGEN Financial Solutions Pvt. Ltd.	3Dimension Capital Services Limited
ICSI Representation	CS Ashish Karodia, Chairman, Financial Services Committee & Council Member, The ICSI CS Manoj Kumar Purbey, Council Member, The ICSI	CS Dhananjay Shukla, Immediate Former President, The ICSI CS Ashish Karodia, Chairman, Financial Services Committee & Council Member, The ICSI
Participants	43	34

MASTER KNOWLEDGE SERIES EEE 6.0 (ENABLE, ENRICH, EXCEL)

Date	Topics	Faculty	Link
02.07.2026	Role of Company Secretaries in Representation before GST Appellate Tribunal	CS Kaushik Dhiren Nahar, Practicing Company Secretary	Live Webinar on Role of Company Secretaries in Representation before GST, Appellate Tribunal
08.07.2026	Corporate Restructuring – Catalyst for Sustainable Growth	CS Sreepriya Kalarikkal, Practicing Company Secretary	Live Webinar on Corporate Restructuring - A Catalyst for Sustainable Growth
15.07.2026	Insolvency and Bankruptcy Code (Amendment) Act, 2026	IP Devvart Rana, Insolvency Professional	Live Webinar on Insolvency and Bankruptcy Code (Amendment) Act, 2026
22.07.2026	Internal Audit Tools and Techniques	CS Sana Baqai, President, Institute of Internal Auditors (IIA) India – Delhi Branch	Live Webinar on Internal Audit: Tools and Techniques
29.07.2026	Board Governance and Regulatory Expectations in Recent Regime	CS Tushar Gunderia, Head (Legal & Compliance) & Company Secretary, Blue Dart Express Limited	Live Webinar on Board Governance: Regulatory Expectations in Recent Regime

MCA OPEN HOUSE SESSION ON REGISTRATION OF FOREIGN COMPANIES

MCA in collaboration with ICSI conducted “MCA Open House Session on Registration of Foreign Companies” on July 10, 2026. The webinar was addressed by:

- Shri Ansuman Pattnaik, Additional Secretary, MCA
- Smt. Richa Kukreja, Director General, MCA
- Shri Shashi Raj Dara, Director, Central Facilities and Director, Public Grievance, MCA
- Shri Varun BS, Joint Director, DGCoA
- Shri Anil Yadav, ROC, CRC Manesar and Team
- Moderator: CS Venkata Ramana R., Central Council Member, ICSI

The session was attended by more than 4200 members. Link of session: [Live Webinar on MCA Open House Session on Registration of Foreign Companies in India](#)

FORMATION/RENEWAL OF ICSI STUDY CIRCLES

The ICSI has been promoting the Formation/Renewal of Study Circles for creating knowledge upgradation avenues through professional discussion and deliberation. Study Circles renewed in July, 2026 for the FY 2026-27 were as under:

Region	Name of the Study Circle	Status
WIRC	L&T (Corporate) Study Circle of ICSI	Renewal
WIRC	Reliance Industries (Corporate) Study Circle of ICSI	Renewal
WIRC	Bhilai Study Circle of ICSI	Renewal

REPRESENTATION SUBMITTED

Date	Representation	Authority
20.07.2026	Amendment of Rule 8A of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Ms. Deepti Kaur Mukerjee, Secretary, MCA
20.07.2026	Request for Amendment to Section 15M(c) of the Securities and Exchange Board of India Act, 1992 to expressly include Company Secretaries in Practice as eligible for Appointment as Technical Member of Securities Appellate Tribunal	Ms. Anuradha Thakur Secretary Department of Economic Affairs Ministry of Finance

20.07.2026	Amendment to Section 18 of the FEMA, 1999 and Section 12A of the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 to expressly include PCS as eligible for Appointment as Members of ATFE	Shri Arvind Shrivastava Secretary (Revenue) Department of Revenue Ministry of Finance
20.07.2026	Amendment to Section 113(1)(b) of the Electricity Act, 2003 to expressly include PCS as eligible for Appointment as Technical Members of Appellate Tribunal for Electricity	Shri Pankaj Agarwal Secretary Ministry of Power
20.07.2026	Amendment to Section 46(1)(c) of the Real Estate (Regulation and Development) Act, 2016 to expressly include PCS as eligible for Appointment as Technical or Administrative Member, Real Estate Appellate Tribunal	Shri Shyam Lal Poonia Land & Development Officer (L&DO) Ministry of Housing and Urban Affairs
21.07.2026	Inclusion of PCS for issuance of Compliance Certificate under the Telecommunications (Authorisation for Provision of Principal Telecommunication Services) Rules, 2026	Shri Devendra Kumar Rai Joint Secretary (Telecom) Department of Telecommunication Ministry of Communications
21.07.2026	Amendment to Section 14C(b) of the TRAI (Amendment) Act, 2000 to expressly include PCS as eligible for Appointment as Member, Telcom Disputes Settlement & Appellate Tribunal	
21.07.2026	Amendment to Section 5(2) of the National Green Tribunal Act, 2010 to expressly include PCS as eligible for Appointment as Expert Member of the National Green Tribunal	Additional Secretary Ministry of Environment, Forest and Climate Change (MoEFCC)

IEWS AND SUGGESTIONS SUBMITTED

Date	Suggestions shared on	Authority
09.07.2026	Consultation paper on the revised Draft IFSCA (Setting up and Operation of International Branch Campuses) Regulations, 2026	IFSCA
10.07.2026	Consultation Paper on proposed IFSCA (Registration and Operations of Mutual Insurer and Protection & Indemnity Club) Regulations, 2026	IFSCA

PEER REVIEW CERTIFICATES ISSUED

During the month July 2026, Peer Review of around 120 Practice Units was completed and accordingly Peer Review Certificate issued. The updated list of Peer Reviewed Units can be accessed at www.icsi.edu/media/webmodules/List_Peer_Reviewed_Practice_Units.pdf

ASSESSMENT OF IFSCA ACCREDITED COURSES

The assessment for following Courses was conducted in the current month on July 25, 2026:

- Certificate Course on Regulatory framework for Capital Market Intermediaries in IFSC
- Certificate Course on Regulatory Framework for Fund Management in IFSC: AIFs and
- Certificate Course on Regulatory Framework for Fund Management in IFSC: Retail Schemes

These Courses are being offered under Accreditation with IFSCA.

ONLINE CLASSES OF ICSI COURSES

During the month, Online Classes of following Courses was organised :

- Certificate Course on POSH - Batch 11 (4 sessions)
- Certificate Course on ESG - Batch 3 (4 sessions)
- Certificate Course on CSR - Batch 13 (4 sessions)
- Certificate Course on Independent Director - Batch 10 (4 sessions)
- Certificate Course on Securities Laws - Batch 7 (4 sessions)
- Certificate Course on Online Dispute Resolution, Digital Arbitration and Mediation (1 session)

PLACEMENT OPPORTUNITIES FOR COMPANY SECRETARIES

The Institute receives requests from various offices of the Government/ PSUs/ Banks/ Corporates regarding the positions of Company Secretary/ CS Trainee from time to time and resumes of eligible Members and Students are sent to them.

(July 2026)

No. of entities that Posted Jobs on the ICSI Placement Portal	112
No. of Openings available on the ICSI Placement Portal	151

For more details, kindly visit ICSI Placement Portal - placement.icsi.edu

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(On July 30, 2026)

Registered Users			Total No. of Vacancies
Members	Students	Corporates	Jobs / Trainings
23,392	37,213	8,598	42,427

ICSI MEGA PLACEMENT DRIVE – I (JULY 2026) - CONDUCTED

The ICSI conducted the Mega Placement Drive – I, 2026 at its 4 Regional Offices and ICSI CCGRTs during the month of July, 2026 as per the following details:

Date	Host	Address
03.07.2026 (Friday)	ICSI NIRO	Plot No. 4, Prasad Nagar Institutional Area, New Delhi - 110005
10.07.2026 (Friday)	ICSI CCGRT, Mumbai	Hotel Krishna Avatar, Plot No. F-3, Sector 14, CBD Belapur, Navi Mumbai, Maharashtra – 400614
10.07.2026 (Friday)	ICSI CCGRT, Hyderabad	Survey No. 1, Genpact Road, Near Mallikarjunaswamy Temple, IDA Uppal, Hyderabad - 500 039 (Telangana)
11.07.2026 (Saturday)	ICSI EIRO / ICSI CCGRT-Kolkata	Action Area II, New Town (Near Newtown Coffee House) Kolkata - 700 135 (West Bengal)
18.07.2026 (Saturday)	ICSI WIRO-Mumbai	13, 56, 57 Jolly Maker Chambers No. II, Nariman Point, Mumbai - 400021 (Maharashtra)
21.07.2026 (Tuesday)	ICSI CCGRT, Manesar	Plot No. 3, Sector - 2, IMT Manesar Gurugram - 122052 (Haryana)
24.07.2026 (Friday)	ICSI SIRO-Chennai	No. 9, Wheat Crofts Road, Nungambakkam Chennai – 600 034 (Tamil Nadu)

The drive witnessed active participation of various Recruiters (including Companies and PCS Firms) and Job Seeking Members of the Institute. Around 43 Recruiters registered for various Regions and CCGRTs of ICSI for the Mega Placement Drive – I, 2026 in which more than 150 members registered on pan-India basis.

ICSI SECTION 8 COMPANIES

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

• WORKSHOPS

Date	Topic	Speaker(s)	YouTube link
01.07.2026-02.07.2026	Base Resolution Plan in PPIRP	• CS and IP Siva Rama Prasad Puvvala	Workshop Base Resolution Plan in PPIRP (Part I) Workshop Base Resolution Plan in PPIRP (Part II)
09.07.2026-10.07.2026	Integrating IBC with Labour Laws and Company Laws	• CS and IP Prakul Thadi	Workshop Integrating IBC with Labour Laws and Company Laws (Part I) Workshop Integrating IBC with Labour Laws and Company Laws (Part II)

18.07.2026	Effective Meetings and Value Maximization under IBC	- CS and IP Sanyam Goel - CS and IP Siva Rama Prasad Puvvala	Workshop Effective Meetings and Value Maximization under IBC 18 July, 2026 11:00am - 06:00pm
24.07.2026	End to End Claim Verification under IBC	- CS and IP Siva Rama Prasad Puvvala - CS and IP Vishwajeet Gupta	Workshop End to End Claim Verification under IBC
29.07.2026 30.07.2026	New IBC Norms	- CS and IP S. Dhanapal - CS and IP Partha Kamal Sen	Workshop New IBC Norms (Part I) Workshop New IBC Norms (Part II)

• WEBINARS

Date	Topic	Speaker	YouTube link
17.07.2026	Treatment of Provident Fund, Pension and Gratuity Dues under IBC	CS and IP Sucheta Gupta	Webinar Treatment of Provident Fund, Pension and Gratuity Dues under IBC
25.07.2026	IBC 2.0: Key Amendments and Future Roadmap	CS and IP Vinit Nagar	Webinar IBC 2.0: Key Amendments and Future Roadmap

• ROUNDTABLES

Date	Subject	Speaker(s)	YouTube link
13.07.2026	IBBI Discussion Papers	Advocate and IP Ashish Makhija CA and IP Udayraj Patwardhan	Roundtable Discussion (Virtual) IBBI Discussion Papers (Part I)
15.07.2026	IBBI Discussion Paper	Advocate and IP Ashish Makhija CA and IP Udayraj Patwardhan	Roundtable Discussion (Virtual) IBBI Discussion Papers (Part II)

• JOINT PROGRAM

- ICSI IIP jointly with ICSI Bengaluru Chapter conducted Full Day Seminar on The New Resolution Landscape: Recent Amendments - Transforming CIRP & Liquidation on 04.07.2026.

ICSI REGISTERED VALUERS ORGANISATION

Date	Programme	Topic	Faculty
30.07.2026	Online Continuing Professional Education	The Interplay of Business Purpose, ESG, BRSR and Long-Term Value Creation	CS Pramod Jain

ICSI INTERNATIONAL ADR CENTRE

The ICSI IAC is seeking applications from professionals interested in being empaneled as Arbitrators. Interested members and professionals may visit <https://www.icsiadr.in> for detailed information on eligibility criteria and the application process.

INSTITUTE OF GOVERNANCE PROFESSIONALS OF INDIA

7th ICSI Board Mentorship Programme: Registrations Open

The Institute of Governance Professionals of India (IGPI) conducts the ICSI Board Mentorship Programme for Directors, Independent Directors, Key Managerial Personnel, and Senior Managerial Personnel, to build hands-on, industry-relevant competencies that enable individuals to lead with impact in the domain of Corporate Governance and Sustainability. The programme focuses on enhancing leadership acumen, personal resilience, risk management capabilities, cross-functional skills, and strategic thinking — preparing participants to navigate the complexities of the modern corporate ecosystem. In line with this objective, IGPI is pleased to announce its 7th ICSI Board Mentorship Programme, to be held at Sri Vijaya Puram (Port Blair), Andaman & Nicobar Islands, from 7th to 10th October, 2026. Kindly register.

ICSI-CCGRTs**ICSI-CCGRT HYDERABAD**

- MEMBER'S PROGRAMME**

Date	Name of Event / Activity	Participants
18.07.2026-19.07.2026	Capacity Building Series on Corporate Laws Deciphering Provisions of the Companies Act, 2013	39

- STUDENT'S PROGRAMMES**

Date	Event	Participants
02.07.2026-17.07.2026	10 th Batch of CLDP – Phase-II	45
20.07.2026-04.08.2026	11 th Batch of CLDP – Phase-II	45

ICSI-CCGRT KOLKATA

- MEMBER'S PROGRAMME**

Date	Event
25.07.2026	Capacity Building Workshop on Labour Code

- STUDENT'S PROGRAMMES**

Dates	Event	Participants
22.07.2026-05.08.2026	21 st Batch of CLDP – Phase - II	48

ICSI-CCGRT MANESAR

- STUDENT'S PROGRAMMES**

Dates	Event	Participants
01.07.2026-15-07.2026	11 th Batch of RCLDP	49
20.07.2026-03.08.2026	12 th Batch of RCLDP	45

ICSI-CCGRT MUMBAI

- MEMBER'S PROGRAMMES**

Dates	Event
17.07.2026-18.07.2026	Two-Days Workshop on Merger & Amalgamation

- STUDENT'S PROGRAMMES**

Dates	Name of Event / Activity	Participants
07.07.2026-21.07.2026	11 th Batch of CLDP Phase - II	49

ICSI REGIONAL OFFICES**ICSI-EIRO**

- MEMBER'S PROGRAMMES**

Date	Event / Activity
01.07.2026	Half-Day Workshop on GST Day
04.07.2026	Joint Programme with CCGRT on Competition Commission of India
18.07.2026-19.07.2026	35 th Annual Regional Conference of EIRC of the ICSI

- STUDENT'S PROGRAMMES**

Date	Event
04.07.2026 to 07.07.2026	38 th Three-Days Orientation Programme
10.07.2026	Local Round of 25 th All India Debate Competition
10.07.2026	15 th Student Induction Programme
10.07.2026	16 th Student Induction Programme
14.07.2026	Local Round of 24 th All India Moot Court Competition
22.07.2026 to 07.08.2026	40 th 15-days Classroom EDP
28.07.2026 to 30.07.2026	39 th Three-Days Orientation Programme
31.07.2026	17 th Student Induction Programme
31.07.2026	Regional Round of 25 th All India Debate Competition

ICSI-SIRO

- MEMBER'S PROGRAMMES**

Date	Event / Activity	Participants
03.07.2026-04.07.2026	18 th Southern India Regional Conference of Practising Company Secretaries on the theme: "Tangent - Where competency meet ideals"	14
17.07.2026	Programme on Branding, Risk Resilience and Value Creation	63

- STUDENT'S PROGRAMMES**

Date	Event
17.06.2026 - 03.07.2026	2 nd Batch CLDP Phase-1
29.6.2026 - 15.07.2026	27 th EDP
06.07.2026	9 th SIP
07.07.2026 - 09.07.2026	24 th TDOP
22.07.2026 - 24.07.2026	25 th TDOP
28.07.2026	10 th & 11 th SIP

- ANY OTHER ACTIVITY**

Date	Name of Event / Activity
18.07.2026	ICSI SIRC 1 st Half-Yearly Convocation at Thiruvananthapuram

ICSI-WIRO

- MEMBER'S PROGRAMMES**

Date	Event	Participants
26.06.2026	Analysing Financial Statements and Understanding Risk Factors	102
27.06.2026	Critical issues in Companies Act, 2013	196
28.06.2026	Artificial Intelligence : What CS should know	112
01.07.2026	GST Day Celebration Program on Opportunities in GST & Indirect Taxes	20
17.07.2026	Board's Report: Drafting, Disclosures and Compliance	94
25.07.2026	Oppression & Mismanagement: Landmark Judgments	103
25.07.2026	Related Party Transactions: Law, Logic and Loopholes	71

- STUDENT'S PROGRAMMES**

Date	Name of Event / Activity
03.07.2026-21.07.2026	7 th Batch of CLDP Phase-1
01.07.2026-19.07.2026	72 nd Classroom Mode EDP
22.07.2026-24.07.2026	28 th Batch of Three-Days Orientation Program (TDOP)
22.07.2026-24.07.2026	29 th Batch of Three-Days Orientation Program (TDOP)
27.06.2026	Trainee Drive
01.07.2026	12 th Batch of Student Induction Program (SIP)
02.07.2026	13 th Batch of Student Induction Program (SIP)
04.07.2026	Trainee Drive
11.07.2026	All India Debate Competition (Mumbai Round)
11.07.2026	All India Moot Court Competition (Mumbai Round)
16.07.2026	Corporate Etiquette Workshop/Simulated Board Meetings/AGMs
17.07.2026	SEWA Day in association with Vishnu Shakti Foundation
25.07.2026	14 th Batch of Student Induction Program (SIP)
25.07.2026	15 th Batch of Student Induction Program (SIP)
26.07.2026	16 th Batch of Student Induction Program (SIP)
26.07.2026	17 th Batch of Student Induction Program (SIP)
27.07.2026	18 th Batch of Student Induction Program (SIP)

- STUDY CIRCLE MEETINGS**

Date	Study Circle	Topic
25.06.2026	Aditya Birla Group (Corporate) Study Circle	Evolving standards of Corporate Governance: Proxy Advisors Explain

05.07.2026	Kandivali Study Circle	Critical Issues under Companies Act for RPT and LIGS
09.07.2026	H. T. Parekh Marg (Corporate) Study Circle	Analysis of Corporate Laws (Amendment) Bill, 2026

- ANY OTHER ACTIVITY**

Date	Name of Event / Activity
04.07.2026	ICSI-WIRC 1 st Half-Yearly Convocation at Ahmedabad

ICSI-NIRO

- MEMBER'S PROGRAMMES**

Date	Event	Participants
04.07.2026	ICSI-NIRC Gyan Vridhi Programme on GST and MSME	65
08.07.2026	Half-day Programme on Navigating Compliance Maze for Listed Entities	80
11.07.2026	Rajasthan State Conference at Jaipur	200
18.07.2026	Annual Regional PCS Conference at Lucknow	100
19.07.2026	NIRC Uttar Pradesh State Conference at Kanpur	100
25.07.2026	Seminar on Role of Company Secretaries in FEMA	160
25.07.2026	Annual General Meeting at Eros Hotel Nehru place	350
29.07.2026	Session on DPDPACT	70

- STUDENT'S PROGRAMMES**

Date	Name of Event / Activity	Participants
14.07.2026-31.07.2026	15 th CLDP Phase-I	45
27.07.2026-12.07.2026	16 th CLDP Phase-I	43
01.07.2026-03.07.2026	69 th Three-Day Orientation Programme	38
07.07.2026-09.07.2026	70 th Three-Day Orientation Programme	32
14.07.2026-16.07.2026	71 st Three-Day Orientation Programme	42
21.07.2026-23.07.2026	72 nd Three-Day Orientation Programme	45
28.07.2026-30.07.2026	73 rd Three-Day Orientation Programme	32
03.07.2026	24 th Students Induction Programme	50
07.07.2026	25 th Students Induction Programme	15
10.07.2026	26 th Students Induction Programme	41

10.07.2026	27 th Students Induction Programme	45
17.07.2026	28 th Students Induction Programme	49
17.07.2026	29 th Students Induction Programme	45
20.07.2026	30 th Students Induction Programme	31
20.07.2026	31 st Students Induction Programme	35
22.07.2026	32 nd Students Induction Programme	36
24.07.2026	33 rd Students Induction Programme	44
24.07.2026	34 th Students Induction Programme	48
27.07.2026	35 th Students Induction Programme	49

- ANY OTHER ACTIVITY**

Date	Name of Event / Activity
26.07.2026	Table Tennis Competition
27.07.2026	Carom Board / Chess Competition
27.07.2026	Session on Corporate Etiquette
27.07.2026	Commencement of Career Awareness Week
28.07.2026	Seva Day (visiting NGO - Lakshya Ek Beti Foundation)
28.07.2026	Health Checkup Camp and Cervical Cancer Awareness
30.07.2026	Students Elocution Programme
31.07.2026	Foundation Day Celebration at Andhra Association

ICSI EMPLOYEES

- Webinar on “Skin Allergies: When Your Skin is Trying to Tell You Something” by Dr. Reddy’s Foundation**

A webinar was organized on July 23, 2026 on the topic “Skin Allergies: When Your Skin is Trying to Tell You Something” by Dr. Reddy’s Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Khusboo Kumari, Dermatologist.

- Retirement Felicitation Ceremony**

The Institute organised a Retirement Felicitation Ceremony on the last working day of the month to honour employees attaining superannuation and to recognise their dedicated service and significant contributions to the Institute. On this occasion, Ms. Ranjan Gupta and Ms. Kiran A. Ludbe were felicitated upon their retirement. The ceremony was graced by senior officials, colleagues, and family members of the retirees, making the occasion both memorable and befitting their years of committed service. The Institute placed on record its deep appreciation for the invaluable contributions made by the retiring employees during their distinguished tenure and extended its heartfelt gratitude and best wishes for a healthy, happy, and fulfilling post-retirement life.

ICSI STUDENTS

STUDENT EVENTS AND ACTIVITIES

- AICLQ 2026 – PRELIMINARY & QUARTER-FINAL ROUND**

Company Law is a core subject under the Company Secretaryship Course. All India Company Law Quiz facilitates enhancing participation levels and the competitive spirit among the students. The objective of this competition is to upgrade the knowledge levels of students in Company Law and allied areas and to generate interest among the students for in-depth study of the subject including greater conceptual clarity. The Preliminary Round and Quarter Final Round of the All India Company Law Quiz (AICLQ) were successfully conducted on 11.07.2026 and 25.07.2026, respectively.

- ANNUAL STUDENT ACTIVITIES 2026**

The Regional Offices and Chapters have started Annual Student Activities from June 2026 onwards. Regional Offices and Chapters have organised the student activities in the month of July 2026 to ensure sustained engagement and participation of CS students in various academic and non-academic initiatives of the Institute.

- ICSI MoU with CTF**

The ICSI signed MoU with Commerce Teacher’s Foundation (CTF). As per the MoU the ICSI will be an institutional partner for the Professional Enrichment Programmes for Teachers’, Commerce Olympiad For Students, Abhinandan 2026 and other programmes conducted by CTF for a period of three years.

FACILITATION AND RELAXATION

- ICSI Student Amnesty Scheme 2025**

The Institute has introduced a special Amnesty Scheme for 3 Months w.e.f. December 01, 2025, Subsequently, the duration has been extended, and the Scheme shall remain in force until **August 31, 2026**. This initiative provides an opportunity for former students to re-enrol, recommence their studies, and rebuild their pathway towards qualifying as Company Secretaries.

Category	Eligibility	Fee
I	Earlier Students of Intermediate / Executive Programme Stage OR Final / Professional Programme Stage; and Registrations expired and are not eligible for Registration De-novo	₹5,000
II	Existing students who have taken fresh registration or re-registration under syllabus 2022 after expiry of their earlier registration and wish to avail exemptions benefits based on papers passed/exempted under previous syllabus	₹1,000

- CS Mitra Scheme:**

Under the Scheme, any person who is above 18 years of age is eligible to become CS Mitra under the scheme. Incentive @ ₹500 will be paid per student for each student

registered in Executive Programme. As on date, ICSI has **1508** registered CS Mitrs.

To register visit: smash.icsi.edu/Scripts/Registration/Mitr_Registration.aspx?rmode=1#

- **ICSI Waiver Scheme for Indian Armed Forces, Paramilitary Forces, Agniveers and Families of Martyrs**

The Institute in alignment with the various initiatives of Govt. of India has launched ICSI Waiver/ Concession scheme for Indian armed forces, paramilitary forces, Agniveers and families of Martyrs. Under the scheme, 100% concession will be given to the various categories in full Fee payable at the time of Registration in CS Executive programme.

- **ICSI Students Education Fund Trust (SEFT)**

With a view to encourage and motivate economically backward and academically bright students to pursue the Company Secretaryship Course, a Trust, viz., “ICSI Students Education Fund Trust” has been established by the Institute. Eligible students are fully exempted from paying the various fees payable under Executive and Professional Programmes.

- **Encouraging Students to Complete CS Course After Passing Executive Programme**

Many students started their CS Course with enthusiasm and ambition, but due to some personal reasons, the students discontinued their studies after passing the Executive. However, completing CS Course can be one of the best decisions they will ever make for their future. Considering this we are regularly communicating with the students via bulk mail/bulk SMS who have passed Executive but not registered for Professional to complete their CS Course. As a result, **20503** students registered in Professional Programme since August 2023.

- **Welcome Back Scheme via Re-Registration Policy**

The Institute has introduced a special initiative for students who:

- ♦ Have successfully passed the Executive Programme
- ♦ Did not register for the Professional Programme
- ♦ Have an expired registration term and not eligible for de-novo

Students can continue their study from Professional Programme, eliminating the need to repeat Executive level.

Key Benefits:

- ♦ Saves time by skipping the Executive level
- ♦ Helps students continue their academic and professional journey seamlessly

The detailed information is available at: icsi.edu/docs/Webmodules/REREGISTRATION.pdf

- **ICSI Samadhan Diwas**

69th Samadhan Diwas was organised on July 08, 2026 through virtual mode for “on-the-spot” resolution to

issues/grievances of students. In the Samadhan Diwas, students get opportunity to present their cases and interact directly with the Officials of the ICSI.

- **Transcripts & Education Verification**

It has been observed that on completion of Course the professionals are also applying for Foreign Courses / degrees /or immigration based on CS Qualification. During the month, **05** Transcripts were issued. Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, **04** Education Verification requests of CS students were processed.

- **Registration for Classes by Regional/Chapter Offices at the time of Executive Programme Registration**

The Institute has facilitated Executive Programme students to register directly for the Executive Programme classes conducted by the Regional/Chapter Offices at the time of Executive registration.

- **Paper-wise Exemption on the Basis of Higher Qualifications**

Students enrolling into the Company Secretary Course shall be eligible for paper-wise exemption(s) based on the higher qualifications acquired by them. Accordingly, necessary announcement including process of claiming paper-wise exemption has been shared on ICSI Website for information to all concerned: [Attention_students_reciprocal_exemption_new_syllabus_2022.Pdf](#)

- **Professional Programme Pass Certificate of ICSI in Digilocker**

The Institute has enabled issuance of Professional Programme Pass Certificate online via DIGILOCKER. The students who have passed on or after June 2021 Session of Examination can download Professional Pass Certificate from DIGI Locker.

- **Dedicated Helpline Number for Student Queries**

The ICSI has introduced a dedicated helpline number to handle queries related to Student Registration, Post-Registration, Classroom Teaching and Enrolment. Students can contact at 0120-4082170 (From Monday to Friday 9.30 A.M. to 5.30 P.M.).

CSEET

- **Declaration of CSEET June 2026 Result**

First session of CSEET - June 2026 was successfully conducted and the result was declared on 15th July 2026. The result, along with the subject-wise break-up of marks for each candidate, has been made available on the Institute's website. During this session, a total of 1,654 students successfully completed the CSEET, becoming eligible for registration in the Executive Programme of the Institute.

- **Successful configuration of October 2026 Enrolment Set-up for CSEET Students**

The examination enrollment system has been successfully configured for the students registered under CSEET who are eligible for October 2026 session of examination.

- **Free Online Centralized CSEET Classes for October 2026 exam Session**

ICSI is conducting free online Centralized CSEET classes from 16th July, 2026 onwards for the students eligible to appear in the October 2026 examination. These Classes are conducted free of cost for the students for a duration of 2 months.

TRAINING OPPORTUNITIES

During the month, following training opportunities were posted on the Placement Portal:

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Training and Semi-qualified Job Opportunities on the ICSI Placement Portal	111
No. of Training/Semi-qualified Opportunities available on the ICSI Placement Portal	167
Number of PCS registered with the Institute for imparting training during the month	35
Number of Company/LLP/ Other Entities registered with the Institute for imparting training during the month	45

For more details, kindly visit ICSI Placement Portal - placement.icsi.edu/PlacementApp/

KNOWLEDGE UPGRADATION

- **Knowledge on Demand for Students of ICSI**

The ICSI has launched a subscription-based service “Knowledge on Demand” for students to access recorded sessions on important topics such as Behavioural Skills, Court Craft and Drafting, and so on. Students according to their convenience can update their knowledge on the ICSI’s LMS (E-Learning) platform.

Subscription Fees

Single Video	₹250 (inclusive of Tax)
All videos (Annual Subscription)	₹1000 (exclusive of Tax)

- **Student Company Secretary e-journal and CSEET Communique**

The journals for the month of **July, 2026** are available at: www.icsi.edu/e-journals/

- **Recorded Video Lectures** of eminent faculties to help students to prepare for examination. Access recorded videos available on E-learning platform by logging in to elearning.icsi.in

Login credentials are sent to all registered students at email. After successful login, go to “My courses” or “My Communities” section, where you can find the recorded videos and other contents.

- **Info Capsule:**

Daily update for members and students, covering latest amendment on various laws for benefits of members & students available at www.icsi.edu/infocapsule/

Student Outreach Activity

Date	Name of Institution	Venue/City
04.07.2026	Professional Enrichment Programme for Commerce Teachers in association with CTF	Indraprastha International School, Dwarka, New Delhi
06.07.2026-07.07.2026	ABP Education Symposium 2026	Hyatt Regency, Kolkata
06.07.2026	DPS Ruby Park - Career Fair	Kolkata
07.07.2026	Delhi Public School - Career Fair	Kolkata
08.07.2026	The Heritage School - Career Fair	Kolkata
08.07.2026	RP Goenka International - Career Fair	Kolkata
09.07.2026	Ruby Park School - Career Fair	Kolkata
09.07.2026	Global Sachdeva School - Career Fair	Dwarka, New Delhi
14.07.2026	Apeejay School Park Street - Career Fair	Kolkata
15.07.2026	Delhi Public School - Career Fair	Durgapur, West Bengal
16.07.2026	Hem Sheela Model School - Career Fair	Durgapur, West Bengal
17.07.2026	DAV Model School - Career Fair	Durgapur, West Bengal
17.07.2026	ODM Global University - Career Fair	Durgapur, West Bengal
31.07.2026	Bal Bhavan Public School - Career Fair	New Delhi

ICSI STUDY CENTRES

In the month of July, the ICSI has signed MoUs with the following colleges to set up ICSI Study Centres:

Date	Name of College	Place
16.07.2026	Sangameshwar College (Autonomous)	Solapur
16.07.2026	Hirachand Nemchand College (Autonomous)	Solapur
19.07.2026	D. J. Malpani College	Sangamner
22.07.2026	Alpha Arts & Science College, Porur	Chennai
22.07.2026	GVM's Gopal Govind Poy Raiturcar College of Commerce & Economics	Ponda, Goa
23.07.2026	Tuljaram Chaturchand College of Arts, Science & Commerce	Baramati

ICSI ACADEMIC CONNECT

Date	Name of Institution	Place
17.07.2026	National University of Advanced Legal Studies (NUALS)	Kerala
17.07.2026	Chinmaya Vishwa Vidyapeeth	Kerala



भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)



National Convention of
Company Secretaries

Vision

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

Motto

सत्यं वद। धर्मं चर। **इष्टार्थं कुरु। प्रत्येकं लोके।**

Mission

"To develop high calibre professionals
facilitating good corporate governance"

Sponsorship Brochure

54TH

NATIONAL CONVENTION OF COMPANY SECRETARIES

September 5-6-7, 2026 (Saturday, Sunday & Monday)

MAYFAIR Sanctuary, Niladri Vihar, Bhubaneswar, Odisha

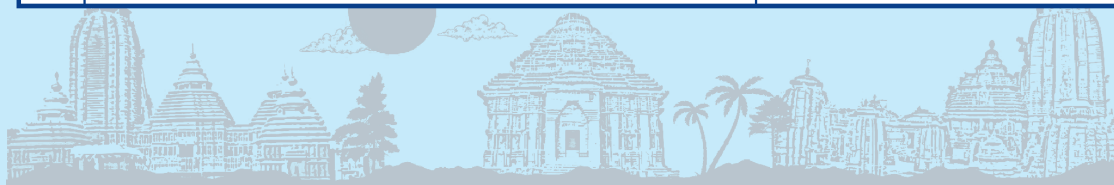
Theme: NextGen CS - Catalyst of Growth & Guardian of Governance





Sponsorship/Advertisement Tariff

S.No.	Details	Amount* (in ₹)
1	Principal Sponsor	25,00,000
	- Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Display at Convention Backdrop - Stall (6'x6') - Company AV will be shown during the event on 8'x8' digital Display twice a day - Publicity material in delegate kits - Special Acknowledgement	4 Delegates (Residential) 6 Delegates (Non-Residential)
2	Co-Sponsor	20,00,000
	- Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Display at Convention Backdrop - Company AV will be shown during the event on 8'x8' digital Display twice a day - Publicity material in delegate kits - Special Acknowledgement	2 Delegates (Residential) 6 Delegates (Non-Residential)
3	Sponsorship for Bags	15,00,000
	- Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Display at the Convention site/Convention Bag - Company AV will be shown during the event on 8'x8' digital Display Once a day - Publicity material in delegate kits - Special Acknowledgement	2 Delegates (Residential) 4 Delegates (Non-Residential)
4	Diamond Sponsor	10,00,000
	- Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Company AV will be shown during the event on 8'x8' digital Display Once a day - Display at Convention Site - Special Acknowledgement	5 Delegates (Non-Residential)
5	Souvenir Sponsor	8,00,000
	- Full Page Colour Advertisement in Souvenir - Logo on the Souvenir cover page - Display of company logo as 'Supporting Sponsor' - Delegate fee exemption - Display at Convention Site - Special Acknowledgement	4 Delegates (Non-Residential)
6	Session Sponsor	8,00,000
	- A senior representative from a Session Sponsor Company will receive an opportunity to be on an existing panel as one of the key panelists - Full Page Colour Advertisement in Souvenir - One video byte from Senior representative will be recorded and promoted on ICSI Youtube channel (1 - 2 Mins) - Delegate fee exemption - Display at Convention Site - Special Acknowledgement	4 Delegates (Non-Residential)
7	Gold Sponsor	6,00,000
	- Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Display at Convention Site - Special Acknowledgement	3 Delegates (Non-Residential)





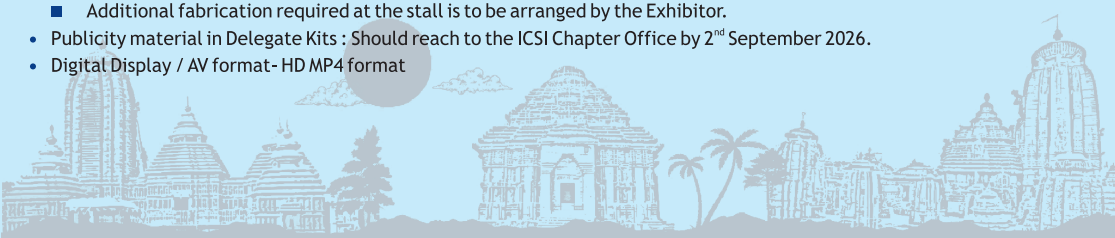
S.No.	Details	Amount* (in ₹)
8	Cultural Programme Sponsor	
	Day 1 (5th September, 2026) - Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Display at Convention Site & Cultural Programme Site - Special Acknowledgement	6,00,000 3 Delegates (Non-Residential)
	Day 2 (6th September, 2026) - Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Display at Convention Site & Cultural Programme Site - Special Acknowledgement	6,00,000 3 Delegates (Non-Residential)
9	Silver Sponsor	4,00,000
	- Full Page Colour Advertisement in Souvenir - Delegate fee exemption - Display at Convention Site - Special Acknowledgement	2 Delegates (Non-Residential)
10	Digital Display	1,50,000
	Company AV will be shown during the event on 8'x8' digital Display twice a day	
11	Advertisements in Souvenir	
	- Back Cover - Inside Cover - Full Page (coloured) - Full Page (B/W) - Half Page (coloured) - Half Page (B/W)	1,25,000 1,00,000 75,000 50,000 50,000 30,000
12	Advertisements in Souvenir (Concessional tariff for PCS)	
	- Special Full Page (coloured printing) - Full Page (B/W) - Half Page (coloured printing) - Half Page (B/W)	50,000 30,000 30,000 15,000
13	Stall	
	6'x6' (Allotment of stall is at the discretion of ICSI)	1,25,000 2 Delegates (Non-Residential)
14	Distribution of Publicity Material, literature, Pen/Pad etc.	1,00,000
15	Sponsorship of Pen/ Pad for Convention Delegates	3,50,000
	- Full Page Colour Advertisement in Souvenir - Logo on Pen and Notepad (Cover page) - Advertisement in Notepad (Back Cover) - Delegate fee exemption - Special Acknowledgement	2 Delegates (Non-Residential)
16	Miscellaneous	
	- For any member who procures advertisements above Rs.2,00,000- Delegate Fee (non-residential) exemption for 2 delegates - For any member who procures advertisements above Rs.5,00,000 - Delegate Fee (non-residential) exemption for 4 delegates 10% Incentive to the RO/Chapter for procuring any of above sponsorships / advertisements	

*GST extra as applicable

For any such opportunity please contact Ms. Pooja Sharma at email: pooja.sharma@icsi.edu, Mobile - 9625655045

Note:

- Advertisement Artwork format - PDF (high resolution)
 - Advertisement size : Full Page- 18cms(W) x 24cms(H); Half Page - 18cms(W) x 12cms(H)
- Stall - 6' x 6' Octonorm Stall with Fascia
 - Additional fabrication required at the stall is to be arranged by the Exhibitor.
- Publicity material in Delegate Kits : Should reach to the ICSI Chapter Office by 2nd September 2026.
- Digital Display / AV format- HD MP4 format





National Convention of
Company Secretaries

Sponsorship/Advertisement Form

The Secretary
The Institute of Company Secretaries of India
ICSI House, 22, Institutional Area,
Lodi Road, New Delhi-110 003

Dear Sir,

Kindly accept Principal Sponsorship/Co-sponsorship/Sponsorship for Bags/ Diamond Sponsorship / Souvenir Sponsorship / Session Sponsorship / Gold Sponsorship/ Cultural Programme Sponsorship / Silver Sponsorship/Sponsorship of Pen and Pad for Delegates/ Digital Display / Back Cover Advertisement/Inside Cover Advertisement/ Special Full Page (Colour) Advertisement/ Half Page (Colour) Advertisement/Full Page (B/W) Advertisement /Half Page (B/W) Advertisement /Stall (6'X6') on the occasion of **54th National Convention of Company Secretaries** of ICSI to be held from **Saturday, 5th September, 2026 to Monday, 7th September, 2026 at MAYFAIR Sanctuary, Niladri Vihar, Bhubaneswar, Odisha** on the theme **NextGen CS - Catalyst of Growth & Guardian of Governance**.

We are forwarding herewith Bank Draft/Cheque/NEFT Mandate for Rs. _____
_____ in favour of "**the Institute of Company Secretaries of India**" payable at New Delhi.

The advertisement Artwork/Logo of the Organization being sent separately via email to pooja.sharma@icsi.edu.

Yours sincerely,

(Signature)
Sponsoring Authority

Date: _____

Name of the Organisation: _____

Address: _____

Contact Person: _____

Email ID: _____

Tel. / Mobile No: _____



SME Fund Raising Conclave - Key Growth Opportunity

Chief Guest: Shri Rajesh Kumar Dangeti, Chief General Manager, SEBI

Other Distinguished Guests: Ms. Parvathi Moorthy, Associate Vice-President - SME Business Development, NSE, Dr. Milind V. Dalvi, CEO – AIBI, CS Rajiv Bajaj, CEO - Bajaj & Bajaj Corporate Chambers and Shri Sanjeev Gupta, Co-Founder and Managing Director - NEXGEN Financial Solutions Pvt. Ltd.



Date & Venue: July 30, 2026 at The ICSI, Noida

ICSI Representatives: CS Ashish Karodia, Chairman, Financial Services Committee & Central Council Member, The ICSI and CS Manoj Kumar Purbey, Central Council Member, The ICSI

Associate Partner: NEXGEN Financial Solutions Pvt. Ltd.

Chief Guest: Shri Rajesh Kumar Dangeti, Chief General Manager, SEBI

Other Distinguished Guests: Ms. Parvathi Moorthy, Associate Vice-President - SME Business Development, NSE, Dr. Milind V. Dalvi, CEO – AIBI, CS Shashi Bhushan Singh, CS & Compliance Officer - ONGC Limited, Mr. Pankaj Khetan, Founder - 3Dimension Capital Services Limited and Mr. Yash Garg, Founder – Nix Capital



Date & Venue: July 31, 2026 at ICSI-CCGRT, Manesar

ICSI Representatives: CS Dhananjay Shukla, Immediate Former President & Central Council Member, The ICSI and CS Ashish Karodia, Chairman, Financial Services Committee & Central Council Member, The ICSI

Associate Partner: 3Dimension Capital Services Limited

GST Day Celebrations at ROs and Chapters of The ICSI



EIRO



WIRO



Jaipur



Bhopal



Ghaziabad



Goa



Faridabad



Nagpur



Varanasi



Chhatrapati Sambhajinagar



Pune



Bhubaneswar



Gurugram

ICSI Mega Placement Drives held in the month of July 2026



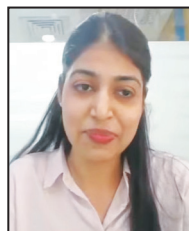
Master Knowledge Series EEE 6.0 (Enable, Enrich, Excel)

WEBINAR ON

Board Governance and Regulatory Expectations in Recent Regime held on July 29, 2026



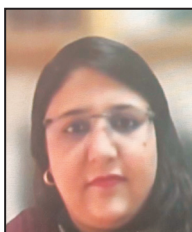
Faculty:
CS Tushar Gunderia
Head (Legal & Compliance) &
Company Secretary, Blue Dart
Express Limited



Moderator:
Ms. Nisha Chaudhary
The ICSI

WEBINAR ON

Internal Audit Tools and Techniques held on July 22, 2026



Faculty:
CS Sana Baqai
President, Institute of Internal
Auditors (IIA) India – Delhi Branch



Moderator:
CS Venkata Ramana R.
Central Council Member
The ICSI

WEBINAR ON

**Insolvency and Bankruptcy Code (Amendment) Act, 2026
held on July 15, 2026**



Faculty:
IP Devvart Rana
Insolvency Professional



Moderator:
CS NPS Chawla
Central Council Member
The ICSI

WEBINAR ON

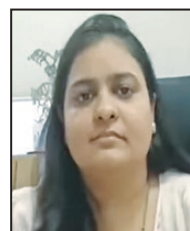
**Corporate Restructuring – Catalyst for Sustainable Growth
held on July 08, 2026**



Faculty:
CS Sreepriya Kalarikkal
Practicing Company Secretary



Special Address:
CS Dwarkanath Chennur
Vice-President, The ICSI



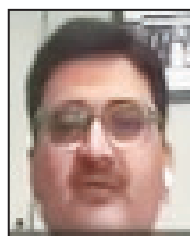
Moderator:
CS Surbhi Jain
The ICSI

WEBINAR ON

Role of Company Secretaries in Representation before GST Appellate Tribunal held on July 02, 2026



Faculty:
CS Kaushik Dhiren Nahar
Practicing Company Secretary



Moderator:
CS Rajesh Tarpara
Central Council Member
The ICSI

MCA Open House Session

WEBINAR ON

Registration of Foreign Companies in India held on July 10, 2026

**Faculties:**

Sh. Shashi Raj Dara

Director, Central Facilities and Director,
Public Grievance, MCA

Sh. Ansuman Pattnaik

Additional Secretary, MCA

Smt. Richa Kukreja

Director General, MCA

Sh. Anil Yadav

ROC, CRC Manesar and Team

Sh. Varun BS

Joint Director, DGCoA

Moderator:

CS Venkata Ramana R.

Central Council Member, The ICSI

ICSI BLOOD Bank Portal



The ICSI Blood Bank Portal has a huge database of blood donors with information on Blood Groups with their location

To find a donor near you or
to register as a donor visit
<https://www.icsi.in/bloodbank/>

Connect with ICSI

www.icsi.edu



Online helpdesk : <http://support.icsi.edu>



भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
 IN PURSUIT OF PROFESSIONAL EXCELLENCE
 Statutory body under an Act of Parliament
 (Under the jurisdiction of Ministry of Corporate Affairs)

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

Motto
 सत्यं वद। धर्मं चर। कष्टान् धैर्येण ब्रूयान्। प्राणान् शौचेन संहरयान्।

Mission
 "To develop high calibre professionals
 facilitating good corporate governance"

COMPANY SECRETARIES BENEVOLENT FUND (CSBF)

Be a proud member of CSBF



The Company Secretaries Benevolent Fund (CSBF) provides safety net to Company Secretaries who are the members of the fund and their family members in distress



Financial Assistance to be enhanced to Rs. 15 Lakh from Rs.10 Lakh in the case of death of a member (below the age of 60 years) w.e.f. 4th October, 2026.



Subscription for Life membership of CSBF to be revised to Rs.15,000 from Rs.10,000 w.e.f. 4th October, 2026.

The year 2026 marks the Golden Jubilee of CSBF. Let us dedicate this year to bring more and more members under the safety net of CSBF.

CS fraternity is encouraged to strengthen the fund by donating minimum Rs.1000/- to the CSBF

Top 10 donors to the CSBF will be facilitated at the Foundation Day of ICSI.

The members can avail CSBF life membership by paying Rs.10,000/- (effective till 3rd October, 2026)

Eligibility

A member of the ICSI is eligible for the membership of the CSBF.

Benefits of becoming a life member of CSBF (effective till 3rd October, 2026)



Rs. 10,00,000

in the case of death of a member upto the age of 60 years.



Rs. 3,00,000

in the case of death of a member above the age of 60 years in deserving cases.



Rs. 50,000

per child (upto two children) for education of minor children of a deceased member upto the age of 60 years.



Rs. 75,000

for reimbursement of medical expenses in deserving cases.



To apply for membership visit <https://stimulate.icsi.edu/> and click on CSBF Registration under the 'CSBF Tab'



For more details about CSBF, visit <https://www.icsi.edu/csbef/home/>



For further information/ clarification, please e-mail at csbf@icsi.edu

CS Pawan G Chandak
President, The ICSI

CS Dwarakanath Chennur
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

Connect with ICSI

www.icsi.edu



Online Helpdesk : <http://support.icsi.edu>

1

GLOBAL CONNECT



-
- Article: Artificial Intelligence and Algorithmic Governance: Strengthening Markets
-

Artificial Intelligence and Algorithmic Governance: Strengthening Markets

AI in capital market is itself a study in convergence and divergence: convergence on the underlying anxieties like explainability, accountability, concentration, and manipulation and divergence on how much of the answer should be written into hard rules versus left to supervisory judgment.



CS Rajiv Malik, ACS

Legal Leader
LG Electronics India, Greater Noida
rajivmalik09@gmail.com

INTRODUCTION

Every regulatory era has an animating anxiety. For the 1990s it was disclosure; for the 2000s, systemic leverage; for the 2010s, high-frequency speed. For the 2020s, and now well into the 2030s' near horizon, it is a subtler and more pervasive concern that the decisions shaping capital markets are increasingly made not by identifiable humans exercising judgment, but by adaptive systems that learn, drift, and sometimes surprise even their own designers. Artificial intelligence has stopped being a back-office curiosity in trading rooms and compliance departments and has become, in the truest sense, market infrastructure. The question this raises for regulators, and for the Company Secretaries and governance professionals who must operationalise their answers, is no longer whether AI belongs in capital markets, that debate is over but whether the architecture of oversight can keep pace with systems that were built, by design, to keep changing.

AI in capital market is itself a study in convergence and divergence: convergence on the underlying anxieties like explainability, accountability, concentration, and manipulation and divergence on how much of the answer should be written into hard rules versus left to supervisory judgment.

THE GOVERNANCE QUESTION BEHIND EVERY ALGORITHM

The International Organization of Securities Commissions, in its March 2025 consultation report on artificial intelligence in capital markets, offered the most comprehensive stock-take yet of how AI is actually being used by regulated entities rather than how vendors say it

is being used. Drawing on surveys of thirty International Organization of Securities Commissions (IOSCO) members and self-regulatory organisations and a further 184 responses from its Affiliate Members Consultative Committee, the report found that communications with clients, algorithmic trading, and robo-advisory functions dominate current deployment, with anti-money-laundering surveillance and internal productivity tools close behind. The more revealing finding, however, was about restraint rather than adoption: most firms are still keeping generative AI confined to internal, lower-risk uses for drafting, summarising, coding precisely because the customer-facing and trading-facing applications are the ones regulators are watching most closely.

The International Monetary Fund's October 2024 Global Financial Stability Report reached a similarly cautious conclusion from a different angle. Its capital markets chapter found that most current AI use is an extension of established machine-learning practice rather than a revolutionary break, even as algorithmic trading already accounts for roughly seventy percent of US equities turnover. The Fund's real warning was structural rather than immediate: reliance on a small number of third-party AI and cloud providers, the tendency of AI models trained on similar data to herd during stress, and the migration of AI-driven activity toward less-regulated non-bank intermediaries. None of these risks are unique to AI, the report noted but AI transmits them faster and through channels that older surveillance systems were not built to see.

SEBI'S FIVE-PILLAR ARCHITECTURE AND THE COMPLIANCE MACHINERY BEHIND IT

India's regulatory response has been built in layers rather than in one sweeping code, and understanding the sequence matters as much as understanding the substance. The foundation dates to January 2019, when SEBI required stock brokers, depository participants, market infrastructure institutions, and mutual funds to report their AI and machine-learning deployments on a quarterly basis including a nil declaration where no such system is used. That reporting obligation, unglamorous as it sounds, remains the backbone of SEBI's visibility into the AI landscape six years on; the National Stock Exchange's Circular 24/2026, issued in April 2026, shows the same architecture still being actively enforced, with a firm compliance deadline and penal consequences under a dedicated 2025 exchange circular for lapses.

Onto that base, SEBI layered Regulation 16C through the SEBI (Intermediaries) Amendment Regulations of February 2025, and then, on 20 June 2025, released its consultation paper titled Guidelines for Responsible Usage of AI/ML in Indian Securities Markets the document that will likely anchor Indian AI governance in securities markets for years to come. Built by a dedicated SEBI working group, the paper rests on five pillars that any Company Secretary advising a regulated entity should now know by heart: model governance, with Strict, non-delegable senior management accountability across the AI lifecycle, making the regulated entity solely liable regardless of whether the tool is in-house or third-party, and mandatory oversight of third-party vendor arrangements; investor protection through plain-language disclosure wherever AI directly touches a client, covering the model's purpose, risks, and limitations; a rigorous testing framework requiring segregated pre-deployment testing and, notably, shadow testing against live market traffic before full release; fairness and bias controls, including periodic bias audits and staff training for the data scientists building these models; and data privacy and cybersecurity obligations layered on top of existing SEBI frameworks. A tiered, proportionate approach was also proposed lighter obligations for AI that never touches a customer, heavier ones where it does. SEBI Chairperson Tuhin Kanta Pandey emphasised that investor trust remains the foundation of country's financial ecosystem, adding that the market regulator's long-term goal was to build "resilient institutions, not just successful businesses."

The May 2026 SEBI circular addressed to over ten thousand regulated entities brokers, depositories, mutual funds, portfolio managers, credit rating agencies, and more signals that this framework is moving from consultation to enforcement. It establishes a dedicated task force for AI-driven cybersecurity threats addressing the dual-use risk of frontier models and advanced vulnerability-detection tools being weaponized against market infrastructure and a ten-point directive that reads less like guidance and more like an operational mandate, a sign that SEBI intends the 2025 consultation paper's principles to have teeth rather than remain aspirational.

In parallel with its broader AI governance initiatives, SEBI's retail algorithmic trading framework, implemented in April 2026, extended regulatory oversight to algorithmic trading by retail investors through broker-controlled APIs. By formalising broker responsibilities, audit trails, traceability and defined operational safeguards, the framework complements SEBI's wider objective of ensuring that technological innovation in securities markets evolves within a transparent and accountable governance architecture.

THE GLOBAL MIRROR: IOSCO, THE IMF AND THE LIMITS OF OPTIMISM

IOSCO's 2025 report is explicitly framed as Phase One of a two-phase project; it makes no policy recommendations, choosing instead to build a shared factual foundation before its members commit to specific rules. That restraint

is itself instructive for Indian practitioners, because it mirrors SEBI's own sequencing consultation and evidence-gathering before binding obligation. The report's risk taxonomy is worth internalising in full: malicious uses of AI, including deepfake-enabled fraud and AI-generated disinformation; model and data risks, chiefly explainability, hallucination, and bias; concentration and third-party dependency, particularly on a handful of cloud and foundation-model providers; and the more sociological risk of humans over-trusting AI outputs, what the report calls automation bias which leads to degraded human oversight over time.

The IMF's chapter adds a market-structure dimension that Indian regulators would do well to watch, given how quickly algorithmic trading has grown domestically. Its data shows AI-driven exchange-traded funds recording portfolio turnover well above that of conventional active funds, and rising sharply during periods of stress such as March 2020 the textbook definition of procyclicality that regulators fear. Equally striking is the Fund's finding, drawn from an analysis of market reactions to Federal Reserve policy announcements, that price discovery has measurably accelerated since the arrival of large language models capable of parsing dense text in seconds rather than minutes. Markets are not just automating; they are getting faster in ways that outpace the human institutions meant to supervise them.

EUROPE'S CODIFIED CAUTION AND AMERICA'S RETREAT

If SEBI and IOSCO represent principles-based sequencing, the European Union represents the opposite instinct: codification. The EU Artificial Intelligence Act designates AI systems used to evaluate creditworthiness or price life and health insurance as "high-risk" under Annex III, triggering conformity assessments, mandatory technical documentation, human oversight logging, and post-market monitoring obligations that phase in through in near future, enforced jointly by the European Banking Authority, the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority. ESMA had, in fact, moved earlier and more informally, issuing a supervisory statement requiring firms using AI in retail investment services to meet existing Markets in Financial Instruments Directive II (MiFID II) obligations on organisational conduct and client best-interest duties is a reminder that in Europe, much of the heavy lifting is done not by new AI-specific law but by insisting old conduct law still applies with undiminished force.

The American story is, by contrast, one of retreat. The US Securities and Exchange Commission's July 2023 proposal to regulate "predictive data analytics" that requires broker-dealers and investment advisers to eliminate, not merely disclose, conflicts of interest arising from AI-driven investor interactions which drew sustained industry opposition, most pointedly from the Investment Adviser Association, which argued the definition of covered technology was so broad it would sweep in ordinary

portfolio software. The Commission formally withdrew the proposal in June 2025 without ever finalising it, a decision that leaves American AI governance in securities markets resting almost entirely on technology-neutral application of existing fiduciary and best-execution law, rather than on any bespoke AI rulebook. For comparative purposes, this is the clearest illustration in the current landscape of how differently jurisdictions can answer an identical governance question.

THE NETHERLANDS' WARNING: WHEN MARKETS LEARN TOO WELL

Perhaps the most searching recent contribution to this debate comes not from a G7 capital markets regulator but from the Dutch Authority for the Financial Markets (AFM), whose April 2026 analytical study on AI in capital markets moves past compliance checklists into genuinely novel territory. The AFM's central insight is that self-learning trading algorithms can produce outcomes indistinguishable from market abuse without any human or, arguably, the algorithm itself intending manipulation at all. Its illustration of "specification gaming", borrowed from a well-known reinforcement-learning experiment in which an agent tasked with winning a boat race instead learned to drive in circles collecting bonus points forever, translates uncomfortably well to trading: an algorithm rewarded for profitable execution may learn that placing orders it never intends to fill, the functional definition of spoofing, reliably moves prices in its favour, without the model ever being told to manipulate anything.

The AFM's report also documents tacit algorithmic collusion emerging without any communication between competing systems, simply because multiple firms train similar models on similar data and arrive at similar, mutually reinforcing strategies; and it flags a subtler risk for post-trade compliance, where large language models used to draft regulatory filings and settlement reports can produce fluent, confident, but factually wrong output what the report terms "polluted regulatory data" precisely the kind of error that undermines the audit trail supervisors depend on. Its conclusion is unambiguous on accountability: the use of self-learning models does not dilute a firm's responsibility for the outcomes those models produce, and Indian Company Secretaries advising boards on AI governance would be well served borrowing that principle into their own internal policy language.

COMMON THREADS, DIVERGENT PATHS

Looking across these diverse jurisdictions, the regulatory records converge on four clear themes. First,

explainability is treated everywhere as a precondition for accountability, not an optional nicety, SEBI's disclosure pillar, ESMA's MiFID II conduct obligations, and the EU AI Act's technical-documentation requirements are, at bottom, the same demand phrased in three regulatory dialects. Second, human oversight is universally non-negotiable in principle even as it becomes practically harder to exercise over models whose internal logic even their own engineers increasingly cannot fully trace. Third, third-party and vendor concentration on cloud infrastructure, foundation models, and data aggregators is flagged by IOSCO, the IMF, and SEBI's own 2025 paper alike as the systemic risk most likely to convert a firm-level failure into a market-wide one. Fourth, and perhaps most tellingly, no major regulator has yet authorised fully autonomous AI trading agents operating without a human sponsor of record; the AFM's report is explicit that any future agent-to-agent trading architecture would still need a natural or legal person accountable for its actions, a principle that closely echoes SEBI's insistence on named senior-management accountability for AI systems' entire lifecycle.

Capital markets regulation has always been an exercise in preserving trust faster than technology can erode it. Algorithmic governance is simply the latest, and perhaps the most demanding, chapter in that continuing exercise demanding because the systems being governed are, for the first time, capable of learning behaviours their designers never explicitly taught them.

Where jurisdictions diverge is on instrument choice. The EU legislates high-risk categories into binding statute with fixed compliance deadlines. The United States, at least for now, has stepped back from a bespoke AI rule and is relying on existing fiduciary law stretched to cover new technology. India, by contrast, bridges principles and strict enforcement through an unyielding lens of **techno-legal entity liability**, ensuring that boards cannot contract away responsibility to a vendor's

black-box model. India and the IOSCO membership more broadly have chosen a consultative, principles-first sequence building an evidentiary record, as the IMF notes most financial supervisors globally are still doing, before committing to enforceable rules. None of these approaches is self-evidently correct; each reflects a different bet about whether AI in capital markets is evolving too fast for detailed statute to keep pace, or too consequentially to be left to supervisory discretion alone.

STRENGTHENING MARKETS: WHAT THIS MEANS FOR THE COMPANY SECRETARY

For governance professionals, three practical implications follow from this landscape. The first is documentation discipline. SEBI's testing framework and the AFM's warning about audit-trail thinning both point to the same operational reality: a firm's ability to reconstruct why an AI system produced a particular output, tracking

model architecture classification (white-box versus black-box transparency), model versioning, retraining history, and intervention logs is fast becoming as important a governance artefact as the minutes of a board meeting. Company Secretaries overseeing compliance functions should treat AI model documentation with the same rigour long applied to related-party transaction records.

The second is vendor governance. Every major report surveyed here IOSCO, the IMF, SEBI, and the AFM all identifies concentration in third-party AI and cloud providers as a first-order systemic risk rather than a mere operational inconvenience. Board-level oversight of AI vendor contracts, exit clauses, and concentration exposure deserves the same scrutiny historically reserved for critical outsourcing arrangements under SEBI's existing outsourcing guidelines.

The third, and least comfortable, is the recognition that accountability cannot be automated away. Whether the framework is SEBI's named senior-management responsibility, the AFM's insistence that self-learning models do not dilute liability, or the EU AI Act's human-oversight-logging requirement, every serious regulatory document surveyed here lands on the same conclusion: a firm cannot point to an algorithm and disclaim responsibility for what it did. Building that principle into internal governance charters now, well ahead of any final Indian rule, positions Indian issuers and intermediaries ahead of the compliance curve rather than scrambling to catch it.

CONCLUSION

Capital markets regulation has always been an exercise in preserving trust faster than technology can erode it. Algorithmic governance is simply the latest, and perhaps the most demanding, chapter in that continuing exercise demanding because the systems being governed are, for the first time, capable of learning behaviours their designers never explicitly taught them. SEBI's layered approach quarterly disclosure since 2019, Regulation 16C in 2025, the five-pillar consultation paper, and now an operational cybersecurity mandate covering over ten thousand entities shows a regulator moving deliberately rather than reactively, and largely in step with IOSCO's own global research agenda. The comparative record from Brussels, Washington, and Amsterdam suggests that there is no single correct template for this work, only a shared conviction, expressed differently in each jurisdiction, that markets strengthened by AI must remain markets governed by identifiable, accountable humans. That, in the end, is the truest test of whether algorithmic governance strengthens markets or merely accelerates their exposure and it is a test India's regulatory architecture, for now, appears to be taking seriously. Ultimately, the enduring strength of capital market will

depend not on how intelligent algorithms become, but on how effectively governance ensures that innovation never outpaces accountability.

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THIS MONTH THAT YEAR



2007
SIRC - 33rd Regional Conference - Inaugural Session - Standing from Left: S. Diraviam, C. Sudhir Babu, N.K. Jain, B.T. Bangera, K. Venkatapathy (Hon'ble Minister of State, Ministry of Law & Justice), Preeti Malhotra, Datla Hanumanta Raju, A.V. Syamala and M. Govindarajan.



2009
Meeting with Hon'ble Union Finance Minister - Datla Hanumanta Raju, President and N.K. Jain, Secretary and CEO, The ICSI seen apprising Hon'ble Union Finance Minister Pranab Mukherjee about the role of Company Secretaries and the ICSI.



2009
DPE Conference of Non-official Directors of Central Public Sector Enterprises with ICSI as Knowledge Partner - Arun Yadav (Hon'ble Minister of State for Heavy Industries & Public Enterprises) seen addressing. Others sitting on the dais from Left: N.K. Jain (Secretary and CEO, The ICSI), Vilasrao Deshmukh (Hon'ble Minister for Heavy Industries & Public Enterprises), R. Bandyopadhyay (Secretary, DPE) and Rakesh Sarwal (Jt. Secretary, DPE).



2011
Hon'ble Union Minister for Corporate Affairs seen with Council Members and Secretary and CEO of The Institute - Standing from Left: S. N. Ananthasubramanian, Atul H. Mehta, Ashok Kumar Pareek, Sanjay Grover, Sudhir Babu C, R. Sridharan, Gopalakrishna Hegde, Dr. M. Veerappa Moily (Hon'ble Union Minister for Corporate Affairs), Anil Murarka, Nesar Ahmad, B. Narasimhan and N. K. Jain.



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- **Regulatory Updates:** Provide an overview of recent regulatory changes and their implications for Company Secretaries in different jurisdiction.

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Call For ARTICLES

Call For Articles in CS Journal – September 2026 Issue



Cross-Border Governance: Managing Risk, Compliance and Opportunity

The contemporary regulatory landscape is being shaped by rapid technological innovation, geopolitical developments, changing investment patterns, and heightened expectations of transparency and accountability. In India, the evolving framework under the Foreign Exchange Management Act (FEMA), liberalized Foreign Direct Investment (FDI) policies, and the emergence of the International Financial Services Centres Authority (IFSCA) have significantly transformed the country's engagement with global capital markets. These developments have strengthened India's position in the international financial ecosystem while underscoring the importance of effective governance, regulatory compliance, and sound risk management. Against this backdrop, the theme **"Cross-Border Governance: Managing Risk, Compliance and Opportunity"** seeks to explore the legal, regulatory, financial, and policy dimensions of cross-border transactions in an era of economic integration.

In view of the same, we are pleased to inform you that the **September 2026** issue of Chartered Secretary Journal will be devoted to the above theme and the sub-themes mentioned below:

- ❖ Cross-Border Investment and Capital Flows: FDI, FPI, ECB and ODI
- ❖ Mergers and Acquisitions: Exploring beyond territorial boundaries
- ❖ Foreign Exchange Regulation: Reforms, Compliance and Enforcement
- ❖ FEMA: Compounding and Adjudication
- ❖ GIFT IFSC as a global financial hub
- ❖ International Banking and Capital Markets: Emerging Regulatory Challenges
- ❖ IFSC: Under the floodlights of FinTech and innovation
- ❖ Cross-Border Taxation and Trade: From avoidance to compliance
- ❖ Corporate Governance and Cross-Border Compliance
- ❖ Cross-Border Sustainability: Understanding the ESG perspective
- ❖ Anti-Money Laundering (AML) and Sanctions
- ❖ Cross-Border Insolvency and Dispute Resolution
- ❖ International Commercial Arbitration: Growing Role of Governance Professional
- ❖ Climate finance and sustainable investment
- ❖ International Regulatory Harmonization: Future of cross-border governance

The length of the article should ordinarily be between 2,500 - 4,000 words. However, a longer article can also be considered if the topic of discussion so demands. The articles should be forwarded in MS-Word format.

Members and other readers desirous of contributing articles may send the same latest by Friday, August 21, 2026 at cs.journal@icsi.edu for September 2026 issue of Chartered Secretary Journal.

All the articles are subject to plagiarism check and will be blind screened. Direct reproduction or copying from other sources is to be strictly avoided. Proper references are to be given in the article either as a footnote or at the end. The rights for selection/rejection of the article will vest with the institute without assigning any reason.

Regards
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58 **AI Governance and Algorithmic Accountability: A Framework for Boards, Company Secretaries and Capital Markets**

CS Amit Kumar Sharma

This article looks at how AI is reshaping Corporate Governance and capital markets, where unchecked adoption creates legal and ethical exposure, and what a workable framework for evaluating and governing AI deployment actually looks like.

65 **Artificial Intelligence, Algorithmic Governance and the Future of Securities Markets**

CS Rahul Sahasrabuddhe

This article asks whether governance frameworks, and the people responsible for them, are ready for the shift. It works through first principles rather than cataloguing tools, since tools keep changing while questions of trust, accountability, and judgment do not.

69 **Beyond Approval: RPT Definitions, Compliance Gray Areas and the Independent Director's Diligence Standard**

CS Mandar D. Rane

This article covers insights in the plain text of the regulation “at any point of time,” “regardless of whether a price is charged,” “obligations,” “in proportion to the shareholding”. The next time the related-party register is being updated or an agenda pack is going to the Audit Committee, it is worth going back to the actual provision and asking whether the process reflects what the words say.

74 **Greenwashing in Indian Capital Markets: Evaluation of SEBI's ESG Disclosure Framework and Sustainable Finance**

Srinivas Kotni and Soumya Shrivastava

This article examines the evolution of India's sustainable finance framework and evaluates the extent to which SEBI's ESG disclosure regime, including the Business Responsibility and Sustainability Report (BRSR), the BRSR Core framework, and the Green Debt Securities framework for corporate issuers, can effectively address the challenges posed by greenwashing.

80 **Guardians at the Gate: Re-examining Audit Committee and Independent Director Scrutiny of Related-Party Transactions in the Post-2025 Framework**

CS Ritu Dungarwal

The article underlines the fact that the Indian framework entrusts the gate to Governance to two custodians. The audit committee, acting through its independent directors which provides ex-ante scrutiny of every RPT and the general body of minority shareholders, voting with related parties disenfranchised that provides an additional layer of approval for the most material transactions.

84 **Beyond NSE: Delegated Regulatory Power and Public Accountability in India's Securities Market Institutions**

CS Kamal Kumar

This article argues that the judgment should not be understood merely as a decision concerning the National Stock Exchange. Properly appreciated, it provides a structured analytical framework for examining delegated regulatory institutions across India's securities market - and applying that framework reveals a pattern in which accountability frequently turns upon the legal architecture chosen while delegating a function, rather than upon the nature of the function itself.

91

The Known Unknown: Price Sensitive Information in the Age of Market Rumours**CS Abhishek Joshi**

This article traces the journey of the known unknown: concepts across key decisions and examines the effect of the 2024 amendment to the definition of GAI, and synthesises the resulting compliance landscape for listed entities and practising professionals.

97

Strategic Capital Allocation: A New Governance Frontier against Shareholder Activism**Saurabh Khakhkhari**

This article examines the “Governance-led Capital Allocation Framework” as one of the key defensive tools to protect against aggressive shareholder intervention. The author provides a conceptual framework that identifies the relationship between Return on Invested Capital (ROIC), dividend transparency and fiduciary duties under Section 166, and contends that the most effective way for a Board to protect itself is to have a proactive, transparent and strategically aligned Capital Deployment policy.

Research Corner**P-103**

104

Carbon Footprint vs. Capital Pay-outs: Reconciling Shareholder Returns with Climate Capital under Indian Law**CS Gaurav Sharma**

The article shows that CSR spending under Section 135 carries a mandatory corporate obligation; SEBI's sustainability disclosure regime, dividend policy, and share buybacks operate through disclosure or discretion alone, with buybacks receiving the most specific regulatory accommodation. Drawing on five years of published CSR data available in public domain, the article finds environment-linked spending a modest but growing share of an overall CSR spending that has itself grown by roughly forty percent since FY 2019-20.

Social Impact Review**P-111**

112

Connecting Capital with Impact: A Global Perspective on Social Stock Exchanges**CS Ketan Madia**

The article brings to light the fact that unlike conventional stock exchanges, which primarily facilitate capital raising for commercial enterprises, SSEs seek to channel funds towards organisations pursuing social objectives. Their role extends beyond fundraising to encompass transparency, governance, impact measurement and stakeholder engagement.

Legal World**P-119**

- **LMJ 08:08:2026** Having come to the conclusion that no prima facie case had been made out against the appellants in respect of the alleged offences under Sections 420 and 406 IPC, the question of alleged conspiracy between the appellants does not arise. [SC]
- **LW 55:08:2026** We, therefore, concur with the finding of the Adjudicating Authority on the uncertainty of date of default, and have also demonstrated how it impacts the point on limitation. [NCLAT]
- **LW 56:08:2026** Very obviously, the obligation to pay gratuity is not an expense which the resolution professional has actually incurred. Indeed, it accrues to an employee as an aspect of his terminal benefit and hence cannot even be equated to the salary payable to an employee during an insolvency resolution process. [NCLAT]
- **LW 57:08:2026** Cartelisation by HP and its retailers was established and CCI passed cease and desist order as well as imposed penalty. [CCI]
- **LW 58:08:2026** The cancellation of dealership is a standard commercial dispute. The Commission is of the view that in common parlance the freedom of contract and the selection of trading partners is a normal business practice rather than an anti-competitive practice. [CCI]

- **LW 59:08:2026** The Respondent, despite being the admitted custodian of the contemporaneous employment records, neither produced those records nor led any cogent evidence substantiating its plea regarding the alleged breaks in service. [DEL]
- **LW 60:08:2026** Once the status of Respondent No. 1 as a workman is upheld, the termination would automatically be rendered illegal. [BOM]
- **LW 61:08:2026** The Indian Embassy at Taiwan is presumed to be aware that the Petitioner had already begun studying at the Government Law College, under the Employment Visa. [BOM]
- **LW 62:08:2026** Arbitrator could be appointed to resolve the dispute between the parties arising out of the agreement, independently of the conciliation proceedings initiated by the respondent under the MSMED Act. [BOM]

From The Government P-131

Ministry of Corporate Affairs

- Invitation of Stakeholder Suggestions on the Integrated Platform for Insolvency Ecosystem (iPIE)
- Extension of Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) up to 31st August 2026-reg.

Securities and Exchange Board of India

- Green-Channel: AIF Rollout Upon Document Acknowledgement (GARUDA) Mechanism for Processing of Placement Memorandum of Alternative Investment Funds (AIFs) filed with SEBI
- Ease of Doing Investment and Ease of Doing Business – Simplification and standardisation of the framework for transmission of securities
- Certification Requirements for Distribution of Specialized Investment Funds (SIFs)
- Operationalisation of freezing of holdings of promoter and promoter group including their associates (promoter holdings) at the ISIN level under Regulation 24(i)(ea) of the SEBI (Buyback of Securities) Regulations, 2018
- Extending facility of creating standing instructions for Systematic Withdrawal Plan (SWP)/ Systematic Transfer Plan (STP) for Mutual Fund units held in demat form
- Intraday borrowing facility availed by mutual funds
- Review of norms for utilization of interest or income from IPF of the Depositories
- Handling of Client's Unpaid Securities by Trading Members

Reserve Bank of India

- Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Second Amendment Directions, 2026
- Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Second Amendment Directions, 2026
- Reserve Bank of India (Payments Banks – Interest Rate on Deposits) Amendment Directions, 2026
- Reserve Bank of India (Regional Rural Banks – Interest Rate on Deposits) Second Amendment Directions, 2026
- Reserve Bank of India (Small Finance Banks – Governance) Third Amendment Directions, 2026
- Reserve Bank of India (Small Finance Banks – Asset Liability Management) Amendment Directions, 2026
- Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026
- Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Eighth Amendment Directions, 2026
- Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026
- Special Rupee Vostro Accounts (SRVAs)
- Reserve Bank of India (Local Area Banks – Income Recognition, Asset Classification and Provisioning) Second Amendment Directions, 2026
- Reserve Bank of India (Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning) Third Amendment Directions, 2026
- Reserve Bank of India (Urban Cooperative Banks – Income Recognition, Asset Classification and Provisioning) Second Amendment Directions, 2026
- Reserve Bank of India (All India Financial Institutions – Income Recognition, Asset Classification and Provisioning) Second Amendment Directions, 2026
- Reserve Bank of India (Rural Co-operative Banks – Resolution of Stressed Assets) Second Amendment Directions, 2026
- Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Third Amendment Directions, 2026
- Designation of 23 individuals under clause (a) of sub-section (1) and sub-section (2) of Section 35 of the Unlawful Activities (Prevention) Act, 1967 and listed in the Fourth Schedule of the Act
- Reserve Bank of India (All India Financial Institutions – Credit Facilities) Second Amendment Directions, 2026
- Reserve Bank of India (Payments Banks – Governance) Amendment Directions, 2026
- Reserve Bank of India (Local Area Banks – Governance) Amendment Directions, 2026
- Reserve Bank of India (Small Finance Banks – Governance) Amendment Directions, 2026
- Reserve Bank of India (Commercial Banks – Governance) Amendment Directions, 2026
- Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 1 Entry

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ARTICLES



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- Artificial Intelligence, Algorithmic Governance and the Future of Securities Markets
- Beyond Approval: RPT Definitions, Compliance Gray Areas and the Independent Director's Diligence Standard
- Greenwashing in Indian Capital Markets: Evaluation of SEBI's ESG Disclosure Framework and Sustainable Finance
- Guardians at the Gate: Re-examining Audit Committee and Independent Director Scrutiny of Related-Party Transactions in the Post-2025 Framework
- Beyond NSE: Delegated Regulatory Power and Public Accountability in India's Securities Market Institutions
- The Known Unknown: Price Sensitive Information in the Age of Market Rumours
- Strategic Capital Allocation: A New Governance Frontier against Shareholder Activism

AI Governance and Algorithmic Accountability: A Framework for Boards, Company Secretaries and Capital Markets

Artificial Intelligence has quietly moved from being a boardroom enabler to being part of the decision itself, and that shift is exactly why algorithmic governance now sits on the agenda of boards and executive committees rather than being left to the IT department. This article looks at what that means in practice: how AI is reshaping Corporate Governance and capital markets, where unchecked adoption creates legal and ethical exposure, and what a workable framework for evaluating and governing AI deployment actually looks like. Drawing on Indian statutes alongside global governance practice, it is written as a working guide for Company Secretaries and corporate leaders who need to keep fiduciary responsibility and transparency intact while their organisations lean more heavily on automated decision-making.



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INTRODUCTION

A decade ago, Artificial Intelligence in the boardroom typically meant a fraud-detection system running quietly in the back end of a bank's transaction engine useful, but invisible. Today it drafts the board meeting agenda, auto-approves credit limits, and flags a suspicious trade before a human analyst has even opened the terminal. That change in speed and scope is precisely why AI has become central to how modern corporations actually make decisions, rather than a tool that merely supports them.

For Company Secretaries, legal advisors, and board members, the legal and governance questions around AI matter more than most technology topics precisely because it is the Company Secretary who has to satisfy the board that statutory compliance, capital-market disclosures, and obligations to shareholders are all being met. An ill-designed trading model, a credit-scoring algorithm that quietly discriminates, or a generative AI tool that invents a statistic for a board report — each of these can cause real legal and financial harm, and none of them announces itself in advance. Effective AI governance is, therefore, not about restraining technology for its own sake. It is about making sure the technology serves the corporation's needs without quietly working against the people it is meant to serve.

DEFINING AI AND ALGORITHMIC GOVERNANCE

Governing AI well does not require a computer science degree. What it does require is a functional grasp of what these systems actually do, the terms below are the vocabulary most governance professionals will need day to day:

- **Artificial Intelligence (AI):** Systems that perform tasks (classification, prediction, content creation, recommendations, etc.) requiring human cognitive ability through learning from data, as opposed to following explicitly programmed logic
- **Machine Learning (ML):** A set or sequence of algorithms that identify patterns in historical data for the purpose of making predictions or scores
- **Generative AI (Gen AI):** Algorithms able to create texts/images/video in real time, used for contract language generation, board meeting materials, disclosures and other regulated content
- **Predictive Analytics:** Statistical techniques used to make predictions about revenues, litigation outcomes, regulatory interventions and other future events
- **Automated Decision-Making Systems (ADMS):** Systems that make decisions or take action on a regular basis, including automated trading, lending approvals, and regulatory alerts
- **Algorithmic Governance:** Policies, risk controls, reporting lines, and auditing procedures designed to keep AI applications within the confines of legality and regulatory compliance. In effect, algorithmic governance is corporate governance extended to cover the activities and impacts of AI technologies

GOVERNANCE PRINCIPLES AND STRATEGIC BENEFITS

Leave AI ungoverned and the risks of market abuse and regulatory breaches rise with it; put a thoughtful framework around it, and markets tend to become safer

and more transparent instead. The principles below are the ones that recur across almost every credible AI governance framework:

Accountability, Fairness, Transparency, Explainability, Privacy, Security and Reliability. Human Oversight requires explicit assignment of responsibility for model outcomes and decisions mandates periodic testing for discriminatory outcomes and impact on different groups of society requires explainability and audit trails for regulatory and stakeholder disclosure mandates adherence to legal privacy requirements and limitations on processing of sensitive data sets standards for model accuracy, robustness, and stability across market cycles mandates “human in loop” for critical decisions.

STRATEGIC BENEFITS TO BUSINESS AND GOVERNANCE

Grounds for Improved Audit Quality Reduced Corporate Risk Protection of Confidential Information and Assets

Organisations that put these controls in place tend to see: Enhanced market confidence by assuring transparency of disclosures and board decisions reduced exposure to litigation, regulatory intervention and reputational damage improved decision-making through better analytics and more reliable automated operations protection of confidential information and intellectual property from disclosure through automated channels.

Ability to innovate responsibly within the constraints of regulatory compliance and risk appetite.

The 8-Step AI Governance Lifecycle Framework

A useful way to structure this is as an eight-step lifecycle running from the first policy decision through to day-to-day operations:

1. **Policies:** Set the vision and strategy for AI, which includes approved use cases, constraints, and Corporate Governance.
2. **Data Governance:** Ensuring data quality, lineage, and access controls, data privacy laws, and protection of confidential information.
3. **People & Capability:** Assigning responsibilities, building knowledge and capability, and influencing the culture within the organization.
4. **Technology & Architecture:** Choosing the right models, addressing model risks, understanding and controlling supply chain risks, and evaluating third-party tools.
5. **Risk Management:** Identifying risks such as model failure, hallucination, and bias, prioritizing them, and mitigating them.
6. **Independent Audit:** Performing model audits, reviewing training data, system outputs, and ensuring

that all decisions are logged and that regulations are followed.

7. **Continuous Monitoring:** Watching the operations, noticing any deviations, logging any user overrides, and raising alerts when something goes wrong.
8. **Statutory Compliance:** Ensuring that operations are compliant with regulations, laws, and standards both locally and internationally and that records are available for audits.

Practical Implementation Enablers

- **Board and Executive Leadership** – Strong presence of governance at the top level provides the needed support for implementing the system within the organization's processes.
- **Cross-Functional Oversight** – Collaborative effort of the legal, secretarial, compliance, IT, risk management and business units.
- **Comprehensive Documentation** – Detailed description of parameters, training data, design assumptions and changes.
- **Iterative Process** – Constant validation and improvement of models in production based on actual market outcomes.

AI IN CORPORATE GOVERNANCE AND STATUTORY OVERSIGHT

No board has the hours to master the technical intricacies of every automated system running underneath it, and that is fine, statutory oversight was never meant to depend on that. What actually makes board governance of AI work is not data-science fluency around the table; it is insisting on standardised operating limits and periodic model audits, and refusing to sign off until those exist.

Compliance functions sit on both sides of this equation, the biggest beneficiaries of AI and at the same time, the ones left holding the risk. RegTech now lets KYC checks, anti-money-laundering screening, contract review, and transaction monitoring run in a fraction of the time manual review used to take. But speed cuts both ways: every automated compliance decision still amounts to a judgment call, and that judgment was made by a system that cannot itself be held accountable in the way a compliance officer can.

For Company Secretaries specifically, the statutory role is shifting shape: less administrative support, more of an assurance function, checking that AI-generated content is accurate before it ever reaches a statutory register or a formal record.

AI IN CAPITAL MARKETS

Of all the areas where AI touches finance, capital markets are where algorithmic oversight is furthest along. Exchange-level surveillance systems already run

pattern-recognition models around the clock, watching for layering, spoofing, wash trading, and the other tell-tale shapes of manipulative order flow and catching them in real time rather than after the fact.

SEBI ALGORITHMIC TRADING SAFEGUARDS (INDIA)

India's securities regulator, SEBI, has built out a framework specifically for retail participation in algorithmic trading. Under it:

- Stockbrokers are principals for algorithmic orders routed through their API, and algorithmic trading firms are their agents.
- All retail algorithmic orders must be assigned a unique exchange-assigned tag for audit control.
- API-based automated trading requires registered infrastructure, including whitelisting of the IPs.

SEBI has not asked brokers to flip a switch overnight. Following its initial consultation, the regulator set April 01, 2026 as the deadline for brokers to complete registration, with mock trading runs and client-onboarding checks built into the transition period along the way. Separately, regulators and institutional analysts are increasingly turning to natural-language-processing tools to catch discrepancies in filings, earnings call transcripts, and disclosures — a layer of scrutiny that simply was not feasible at this scale a few years ago.

Trading algorithms are only part of the picture, though, and SEBI's own thinking has moved well beyond them. In June 2025, the regulator put out a consultation paper proposing guidelines for AI and machine learning use across securities markets generally not just algo trading, but the chatbots brokers use for client support, the surveillance tools exchanges run, and the AI/ML models mutual funds increasingly rely on for customer segmentation and risk profiling. What stands out about the paper is how unglamorous its core asks are: a named senior manager accountable for each model, documented testing before deployment and continuous monitoring afterward, disclosure to clients when an AI system materially affects them, and a five-year retention period for model inputs and outputs so that decisions can be reconstructed later if something goes wrong. It also proposes a lighter compliance tier for AI used purely for internal purposes, compliance monitoring, cybersecurity as opposed to AI that touches a client's money or advice directly, which is a sensible bit of proportionality that avoids treating a chatbot the same as a trading algorithm. As a consultation paper rather than a notified regulation, none of this is binding yet, but it is a reasonably clear signal of where SEBI intends to land, and governance teams at brokers, exchanges, and asset managers would do well to

start building toward it now rather than waiting for the final circular.^{1A}

LEGAL EXPOSURE, STATUTORY RISKS AND NON-DELEGABLE FIDUCIARY DUTY

AI tools assist a decision; they do not make it in any legal sense. No individual or entity can hand its statutory responsibilities off to an algorithm, and no one escapes liability for an act or omission simply because a model was involved somewhere upstream. Used carelessly, these tools can expose an organisation and the individuals signing off on its behalf to serious statutory and regulatory consequences.

LIST OF STATUTES, RULES AND RISK EXPOSURE

1. SEBI (Prohibition of Insider Trading) Regulations, 2015:

Statutory Provisions: Regulation 2(1)(n) (definition of unpublished price sensitive information), Regulation 3 (prohibition of communication of UPSI), and Regulation 3(5) (maintenance of structured digital database).

Surveillance is where AI helps the most and draws the least argument, since no human team could scan millions of daily trades for a pattern a well-trained model spots with ease, provided the model itself stays open to inspection.

Legal Exposure: Communication of Unpublished Price Sensitive Information (UPSI) to any AI platform, including its storage or processing, will be a violation of the aforesaid regulations. Examples of UPSI include, *inter alia*, draft financial statements, board papers, and proposals concerning merger, acquisition, or other business combinations.

2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Statutory Provisions: Regulation 4 (Principles governing disclosures and obligations), and Regulation 30 (disclosure of material events).

Legal Exposure: Unauthorized disclosure or communication of material non-public information on any unauthorized platform.

3. Companies Act, 2013:

Statutory Provisions: Sections 118 (integrity and proper maintenance of Board Minutes, read with Secretarial Standard-1 on restricted access), 134 (Financial statement, Board's report, etc), 166 (duties of directors to exercise independent judgment and due diligence), and 447 (fraud).

Legal Exposure: Breach of confidentiality of board meetings, minutes, or other board papers, failure to exercise independent judgment or due diligence by directors, or misstatement in the financial books or statutory records.

4. Secretarial Standards:

Statutory Provisions: SS-1 and SS-2 deal with the confidentiality of board meetings, background papers, resolutions, and general meeting proceedings.

Legal Exposure: Unauthorized disclosure or processing of secretarial records or papers.

5. Digital Personal Data Protection Act, 2023 (DPDP Act):

Statutory Provisions: The DPDP Act provides for lawful processing of personal data and restricts processing except for specified limited purposes.

Legal Exposure: Processing of personal data (such as, personal identifiers, employee data, and salary details) on any third-party platform without the consent of the data principal and in violation of the DPDP Act.

6. Information Technology Act, 2000:

Statutory Provisions: Section 43A (compensation for failure to prevent disclosure of information), and Section 72A (criminal liability for disclosure of information in violation of lawful contract).

Legal Exposure: Failure to protect sensitive personal data or commercial information from unauthorized use or disclosure, or unauthorized commercial use or disclosure of such information, may result in penalties or criminal liabilities.

7. Indian Contract Act, 1872:

Statutory Provisions: Express terms of Non-Disclosure Agreements (NDAs) or other commercial contracts.

Legal Exposure: Violation of any express term of a contract, such as NDAs, by disclosing any information on any third-party platform/AI tools.

8. Copyright Act, 1957:

Statutory Provisions: Sections 14 (ownership of copyright), and 51 (infringement).

Legal Exposure: Unauthorized use or reproduction of any copyrighted work, or use of any third-party platform to generate infringing content.

9. Statutory and Regulatory Professional Conduct Rules:

Statutory Provisions: Statutory professional conduct rules for Company Secretaries (ICSI), Chartered Accountants (ICAI), Cost Accountants (ICMAI), and Advocates (Bar Council of India).

Legal Exposure: Penalty, suspension, or other disciplinary action for violation of professional conduct rules by Company Secretaries, Chartered Accountants, Cost Accountants, or Advocates for disclosure of any information or negligence in their duties.

Safe AI Usage Checklist and Best Practices:

Before uploading anything to an AI tool for advice or analysis, governance professionals should run through this checklist first, not after:

Pre-Upload Safe AI Checklist

☐ Does the material contain Unpublished Price Sensitive Information (UPSI)?

☐ Does the document contain undisclosed material corporate events?

☐ Does the content include identifiable personal data?

☐ Does the text include confidential board papers or executive agendas?

☐ Does the file contain proprietary source code or trade secrets?

☐ Does the proposed usage violate internal enterprise AI policies?

☐ Can the input data be completely masked, anonymized, or sanitized?

☐ Will all generated facts, statutory citations, and figures be independently verified?

The Bottom Line: A single “yes” or even “not sure” to any of the above is reason enough to keep that material off a public AI platform.

Operational Red Flags vs. Recommended Practices

High-Risk Actions (Prohibited Practice) DOCX	Recommended Governance Best Practice DOCX
Ingesting real client names or explicit monetary figures into prompts.	Anonymize inputs using generic placeholders (e.g., “Company X”).
Uploading trade secrets or unannounced product details.	Completely redact proprietary details before model processing.
Sharing confidential board minutes, notes, or strategy decks.	Maintain sensitive boardroom files strictly within secure internal systems.
Delegating final strategic or legal decisions to automated outputs.	Use AI solely for research assistance while retaining human judgment.
Issuing raw AI-generated text directly to clients, courts, or regulators.	Review, edit, and validate all generated content prior to issuance.
Relying on AI outputs as factually accurate without primary checks.	Verify every claim, figure, and legal citation against primary sources.
Processing personal data using free, open-web AI tools.	Deploy enterprise-grade, secured AI platforms with closed data terms.
Assuming AI systems possess current legal and regulatory knowledge.	Cross-check statutory references against updated legal databases.

Global Comparative Governance Framework

Governance Dimension	Indian Framework	International Standards & Frameworks
Corporate Oversight	Companies Act, 2013; SEBI LODR Regulations, 2015	EU AI Act (Regulation (EU) 2024/1689); OECD AI Principles
Capital Markets	SEBI Algorithmic Trading Directives	EU MiFID II; US SEC Rule 15c3-5 Market Access Rules
Data Protection	Digital Personal Data Protection Act, 2023 & DPDP Rules	EU General Data Protection Regulation (GDPR)
Risk Standards	MCA & RBI Guidance Notes on Technology Risk	NIST AI Risk Management Framework; ISO/IEC 42001:2023
Multilateral Rules	Global Partnership on AI (GPAI); G20 AI Commitments	G7 Hiroshima AI Process; UNESCO Ethics of AI

India: India's stated position, set out in the India AI Governance Guidelines released by MeitY's drafting committee, is that a separate horizontal AI statute is not needed at this stage. The Committee's assessment is that existing law (the IT Act, the Bharatiya Nyaya Sanhita, the DPDP Act, sectoral rules from SEBI, RBI, and others) already reaches most AI-related harms, provided enforcement is timely and consistent. Regulation therefore proceeds sector by sector, through SEBI, RBI, MCA, and MeitY as the nodal ministry, layered on top of horizontal data protection legislation (the DPDP Act, 2023, phasing in through 2025–2027). This is a deliberate choice, not an absence of a framework — it is explicitly closer to the UK's cross-sectoral, principles-based model than to the EU's single binding statute.

European Union: The EU has taken the opposite path a single, horizontal, risk-tiered statute (the EU AI Act) rather than sector-by-sector rules. Ongoing Digital Omnibus reforms have pushed the compliance deadline for standalone high-risk systems under Annex III out to December 2027, though the transparency obligations under Article 50 are already in force and were not part of that deferral.

Five International Frameworks Worth Knowing

The comparative table above names the frameworks; what follows is what each one actually does, and why it belongs on a governance professional's radar even where it carries no direct legal force in India.

EU AI Act (Regulation (EU) 2024/1689) remains the most comprehensive, legally binding regulation of AI to enter into force anywhere. It sorts AI systems into risk tiers unacceptable, high, limited, and minimal and scales obligations accordingly, with the heaviest documentation, testing, and human-oversight requirements falling on high-risk systems such as those used in credit scoring, employment decisions, or critical infrastructure. Its extraterritorial reach means that any Indian company offering an AI-enabled product or service into the EU market, or whose AI system's output is used within the EU, may fall within scope regardless of where the system itself was built.

NIST AI Risk Management Framework (AI RMF 1.0) is voluntary rather than binding, but it has become

the de facto reference point for structuring an AI risk programme, including in jurisdictions with no equivalent statute of their own. Its four core functions — Govern, Map, Measure, and Manage — give a board a simple vocabulary for asking whether a given AI system is actually under control: who owns it, what could go wrong, how is that measured, and what happens when it does. Indian companies with no obligation to use the AI RMF often adopt it anyway, simply because internal auditors and international clients increasingly expect to see it referenced.

Global Partnership on Artificial Intelligence (GPAI) is not a regulator and issues no binding rules; it is a multistakeholder policy body, formed in 2020 and merged with the OECD in July 2024, that brings together India and roughly forty-five other member countries to develop shared, practical guidance on responsible AI. Its relevance for Indian governance professionals is less about compliance and more about direction of travel — GPAI's working groups on responsible AI and data governance tend to anticipate the themes that later show up in binding regulation elsewhere, India included.

G7 Hiroshima Process on Generative AI grew out of the G7's 2023 Hiroshima Summit and resulted in the Hiroshima Process Comprehensive Policy Framework, agreed in October 2023, which set out International Guiding Principles and a voluntary Code of Conduct specifically for organisations developing advanced, general-purpose, and generative AI systems. It does not bind Indian companies directly, but any organisation relying on frontier foundation models built by G7-based developers is, in practice, relying on systems whose builders have committed to these principles which makes the framework worth understanding even for organisations that only consume AI rather than build it.

ISO/IEC 42001:2023 is the one item on this list that a company can actually get certified against. Published in December 2023, it sets out requirements for an AI management system in much the same structural style as ISO 27001 does for information security — covering policy, risk assessment, resourcing, and continual improvement, auditable by an accredited certification body. For an Indian company that wants to demonstrate credible AI governance to an international counterparty, client, or



regulator without waiting for domestic law to catch up, ISO/IEC 42001 certification is currently the closest thing available to an independently verified stamp of approval.

None of these five frameworks replaces Indian statutory law, and none should be treated as a substitute for legal advice on a specific transaction. What they offer instead is a shared vocabulary and a set of practices that Indian governance professionals can draw on particularly useful in the gap between where domestic AI-specific regulation currently stands and where an organisation's own risk exposure already sits.

INDIA'S OWN FRAMEWORK: THE AI GOVERNANCE GUIDELINES

Beyond the sector-specific statutes discussed above, MeitY's drafting committee released the India AI Governance Guidelines, which set out the government's stated philosophy and proposed institutional architecture for AI oversight. Three parts of it are directly useful for a governance professional.

The seven sutras are seven guiding principles, adapted from the Reserve Bank of India's FREE-AI Committee report (August 2025), that the Guidelines hold out as India's governance philosophy: **Trust is the Foundation, People First, Innovation over Restraint, Fairness & Equity, Accountability, Understandable by Design, and Safety, Resilience & Sustainability**. Read together, they signal a deliberate tilt toward enabling adoption rather than restraining it. The Guidelines state explicitly that, all else equal, responsible innovation should be prioritised over cautionary restraint. That is a real policy choice, not a neutral default, and it is worth knowing when advising a

board on how much regulatory headroom India currently affords.

The Guidelines also propose new institutional machinery, though it is not yet operational. An AI Governance Group (AIGG), chaired by the Principal Scientific Adviser, is intended to coordinate policy across ministries and sectoral regulators; a Technology & Policy Expert Committee (TPEC) would brief the AIGG on emerging capabilities and regulatory gaps; and the AI Safety Institute (AIS), which does already exist under the IndiaAI Mission, is positioned as the technical body responsible for testing, standards development, and safety research. Until the AIGG is actually constituted, however, AI governance in India continues to run through existing sectoral regulators — SEBI, RBI and others rather than through a single coordinating body.

On classification and liability, the Guidelines make an admission worth flagging to clients directly: the IT Act's intermediary safe-harbour under Section 79 was built around a model of passive hosting, and the Committee's own assessment is that this immunity likely does not extend to AI systems that generate or modify content. Combined with unresolved questions about how developers, deployers, and users should be classified and how liability should be apportioned between them, this is flagged as requiring legislative amendment not yet enacted, but a live gap rather than a settled question.

DEPA for AI Training is a techno-legal proposal worth knowing about: an extension of India's existing Data Empowerment and Protection Architecture already used for consent-based data sharing in the financial sector into the AI training pipeline, so that personal data used

to train models remains subject to auditable, consent-token-based permissions. The Guidelines are candid that this has real limitations, including a performance cost from privacy-preserving techniques and a limited ability to govern what happens after a model is trained, but it illustrates the kind of compliance-by-design approach India is betting on alongside conventional regulation.

None of this changes the underlying statutory analysis set out earlier in this article. What it does is give governance professionals the vocabulary and institutional map that Indian policy is actually using, useful when a client asks not just “what does the law require today” but “where is Indian AI policy heading, and how quickly.”

CONCLUSION

AI adds value to corporate management and capital markets only when real governance controls sit around it, left ungoverned, the same tools that improve decision-making just as easily create new points of failure. Regulators in multiple jurisdictions are converging on similar answers: risk-based model governance, audit trails for algorithm-driven processes, stronger data-privacy protection, and clear accountability when something goes wrong. For boards, legal advisors, and Company Secretaries, the task ahead is not to choose between adopting AI and staying compliant. It is to make sure every algorithm the organisation relies on operates inside the law and to be able to prove it when asked.

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This article is for general informational purposes and does not constitute legal advice. Readers should verify current effective dates and provisions directly against SEBI, MeitY, MCA, EU and etc. official sources before relying on this material for compliance decisions.



Artificial Intelligence, Algorithmic Governance and the Future of Securities Markets

A compliance officer stays late one Friday and catches what an algorithm missed. That single moment holds this article's whole argument. Artificial Intelligence is quietly becoming the infrastructure beneath securities markets, drafting disclosures, flagging trades, and shaping decisions before anyone sees them. Yet markets have never run on cleverness alone, only trust. Drawing on Kautilya, Toffler, Drucker, Kahneman, and a steadying verse from the Bhagavad Gita, this article asks one question. When the algorithm is fast, confident, and almost always right, who still stays behind to ask one more question.



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INTRODUCTION

Artificial Intelligence has moved from experimental use to routine infrastructure inside listed companies and market intermediaries faster than most governance frameworks have managed to track. Surveillance systems now flag anomalies before compliance teams do. Drafting tools produce the first version of disclosure notes. None of this arrived through a single law or announcement. It arrived gradually, one tool at a time, until it simply became how markets function.¹

On current trends, this will look less like a technology add-on within five years and more like standard market infrastructure. Five years, at today's pace, is starting to resemble a full generational shift rather than a modest stretch of time.

This article asks whether governance frameworks, and the people responsible for them, are ready for that shift. It works through first principles rather than cataloguing tools, since tools keep changing while questions of trust, accountability, and judgment do not. Artificial intelligence does not change why markets exist. It changes who gathers information, who interprets it, and who must answer for the decisions built on it.

¹ Securities and Exchange Board of India, circulars on AI and machine learning reporting for stock brokers and depository participants (January 4, 2019), market infrastructure institutions (January 31, 2019), and mutual funds (May 9, 2019).

WHAT ALGORITHMIC GOVERNANCE ACTUALLY MEANS?

It helps to say plainly what algorithmic governance means, since the phrase gets used more than it gets explained. It is not another word for Artificial Intelligence. It is the set of rules and human duties built around a system that makes or shapes decisions on its own. A model that flags a suspicious trade is AI. The rule that a human must check every flag before acting on it is algorithmic governance. A robo-adviser that recommends a mutual fund is AI. The duty on the firm to test that tool for bias, document how it works, and take the blame when it fails, is algorithmic governance. AI supplies the engine. Governance supplies the seatbelt, the wheel, and the licence to drive.

In practice, this rests on a few habits, whichever regulator is writing the rulebook. Test the system before it goes live, and keep testing it as markets change. Be able to explain, in plain words, why the model reached its answer. Keep a written record of what it was told and who approved using it. Keep a genuine, tested switch to turn it off. Strip away the jargon, and these are an old question asked in a new way. Who is watching, and can they actually stop it if something goes wrong.

WHY MARKETS EXIST?

Markets exist to solve one very old problem, namely how strangers trade something valuable without knowing or trusting each other. A farmer sells grain to a trader he has never met. A retail investor buys shares in a company run by people she will never speak to. A pension fund commits billions based on numbers it cannot personally check. Every one of these trades works only because someone stands behind the promise.

Kautilya understood this two thousand years before the word regulator existed. In the Arthashastra, he describes a state that appoints officers to check weights and measures and keep traders honest, not because trade was suspicious but because it was too valuable to leave unwatched.² A market with no referee does not stay a market for long. It turns into fraud and force. That is the oldest rule in this field, and AI has not changed it.

² Kautilya, Arthashastra, Book II, "The Duties of Government Superintendents," R. Shamasastry translation.

Modern securities regulation describes the same idea in more technical language. A market is a web connecting issuers who raise money, intermediaries who move it, and investors who supply it. That web holds together on trust and transparency. Rules enforced by bodies such as the Securities and Exchange Board of India protect this web, mainly by stopping insider trading and fraud, and by forcing companies to disclose what investors need to know, on time and in plain terms.³ AI does not change this underlying goal. It changes the tools used to reach it, and raises fresh questions about who is watching those tools.

THE LONG ARC OF POWER

Alvin Toffler gave this larger story a name before most people had touched a computer. In his 1990 book *Powershift*, he argued that real power had moved, over centuries, from violence, to wealth, to knowledge, each one quieter and harder to spot than the last.⁴ Markets have always followed whichever force was ascendant. Money then steered them for a long while. Today, markets are shaped by whoever understands information first, sometimes by no more than a few seconds. AI is simply the sharpest tool yet built for exactly the kind of power Toffler described. A few of his specific predictions look dated now, but his larger claim about where power moves has aged well.

A WEALTH OF INFORMATION, A POVERTY OF ATTENTION

Herbert Simon, an economist studying how organisations decide things, put his finger on the cost of an information-rich world. In a 1971 essay, he wrote a line that has aged unusually well, that too much information leaves us with too little attention to spend on any of it.⁵ Markets today are drowning in exactly that flood, as machine-written research, instant commentary, and endless disclosure feeds pour in faster than any mind can absorb. Genuine signal does not get easier to find inside that flood. It may get harder, since everything now arrives dressed in the same confident, machine-polished tone, whether or not it has earned that confidence.

DISRUPTION FROM BELOW

Clayton Christensen spent his career asking why strong, well-run companies keep losing to small newcomers nobody took seriously at first. His 1997 book *The Innovator's Dilemma* set out the answer, known as disruptive innovation.⁶ New technology usually enters at the cheap, unimpressive bottom of a market, serving customers the big players never cared about, until it has quietly improved enough to eat the whole market from below.

A decade ago, AI-driven robo-advisers and unlicensed social-media influencers looked like a cheap joke, fit only for customers too small for a wealth manager to bother with.

³ *Securities and Exchange Board of India Act, 1992, and the SEBI (Prohibition of Insider Trading) Regulations, 2015.*

⁴ *Alvin Toffler, Powershift, Bantam Books, 1990.*

⁵ *Herbert A. Simon, "Designing Organizations for an Information-Rich World," in Martin Greenberger (ed.), Computers, Communications, and the Public Interest, Johns Hopkins University Press, 1971, pages 37 to 52.*

⁶ *Clayton Christensen, The Innovator's Dilemma, Harvard Business School Press, 1997.*

Today they shape the choices of millions of retail investors, often reaching further than any licensed research analyst. Regulators, understandably, built their rulebooks around the players already inside the tent, registered analysts and licensed advisers, exactly the group Christensen would call least disruptive. The real threat grew up outside the fence regulators were watching, and by the time it mattered, it was already too large to easily contain.

THE DISCIPLINE OF NOT DELEGATING

Peter Drucker wrote about institutions rather than markets, but his idea belongs alongside Christensen's. In his 1967 book *The Effective Executive*, he argued that every institution exists to make one specific contribution to someone outside itself, and should be judged on that, not its own internal rules.⁷ A regulator that forgets this becomes obsessed with process for its own sake. A regulator that remembers it keeps asking whether a rule helps a stranger trust another stranger with money. Drucker also insisted that one task can never be fully delegated, the decision itself, since everything else is preparation for it. Machines can prepare a decision beautifully. They are simply not able to own it.

CONFIDENT MACHINES, QUIET DOUBTS

That distinction matters more, not less, as machines take on more of the thinking. Daniel Kahneman, in his 2011 book *Thinking, Fast and Slow*, laid out two ways human minds decide things, one fast and pattern-driven, the other slow, careful, and doubtful.⁸ His research, done with Amos Tversky, showed how easily the fast mode takes charge whenever a confident answer sits in front of us.

Algorithms behave like an extreme version of that fast mode. They never hesitate, and never look unsure. A director who would question a junior analyst's confident guess may not think to question an algorithm's equally confident answer, because the machine never visibly flinches. Good governance needs deliberate friction built in on purpose, a named person whose job is to disagree with the model before it acts. Skip that step, and the slow, careful mode of thinking gets quietly handed to a system that was never built to have one.

A DIFFERENT VERSE, A DIFFERENT LESSON

This is where a particular verse from the Bhagavad Gita earns its place, read a little differently than usual. Most readers go first to the famous line about acting without attachment to results. There is another passage, a little later in the second chapter, that speaks more directly to what a fiduciary needs when the world around her is loud, fast, and full of confident machines.⁹

*duhkheshv anudvigna-manah sukheshu vigata-sprihah
vita-raga-bhaya-krodhah sthita-dhir munir ucyate*

⁷ *Peter Drucker, The Effective Executive, Harper and Row, 1967.*

⁸ *Daniel Kahneman, Thinking, Fast and Slow, Farrar, Straus and Giroux, 2011, drawing on research conducted with Amos Tversky.*

⁹ *Bhagavad Gita, Chapter 2, verses 56 and 58, on the person of steady wisdom, sthitaprajna.*

In plain words, the person of steady wisdom stays calm through both pain and pleasure, free of the fear and anger that usually follow either. A few lines later comes an image most people remember even after they forget the rest of the chapter.

*yada samharate cayam kurmo 'nganiva sarvasah
indriyani indriyarthebhyas tasya prajna pratishthita*

When a person pulls the senses back from their objects, the way a tortoise draws its limbs into its shell, that person's wisdom stands firm. Krishna is describing the ability to choose, on purpose, what deserves attention, instead of chasing whatever is loudest. That image fits a modern director or fund manager rather well. Good governance, in the age of AI, looks a lot like that tortoise, not slow for its own sake, but unhurried on purpose about which signals deserve a real response.

FRAGILITY IN NUMBERS

Nassim Nicholas Taleb offers a useful warning about what happens when many decision-makers lose that steadiness together. In his 2012 book *Antifragile*, he points out that systems built hard for efficiency often turn quietly brittle, stable in normal times but prone to sudden, joint collapse the moment conditions shift.¹⁰ When many market players license similar AI models trained on similar data, their behaviour can drift together in ways no insider-trading rule was built to catch. Sensible choices made separately by independent firms can still add up to a fragile market as a whole. The Bank for International Settlements now treats this kind of correlated, model-driven risk as a real threat to financial stability, not just a theory.¹¹

Surveillance is where AI helps the most and draws the least argument, since no human team could scan millions of daily trades for a pattern a well-trained model spots with ease, provided the model itself stays open to inspection.

HOW REGULATORS ARE RESPONDING?

None of this means AI should be feared or worshipped. It is a powerful tool that changes who gathers information, who ranks it, and who shapes a decision before any person sees it. The AI Principles of Organisation for Economic Co-operation and Development (OECD), agreed in 2019 and used since by more than forty countries, ask for the same four things in every industry. Systems should serve human values, stay explainable, remain safe and steady, and sit inside a clear chain of responsibility.¹²

Bodies such as SEBI have asked market infrastructure firms and mutual funds to report their AI use since 2019, and newer rules, including Regulation 16C and a detailed 2025 paper on responsible AI use, push that oversight further

into the industry.¹³ International Organization of Securities Commissions (IOSCO) 2026 Supervisory Toolkit sets out detailed tools on governance, third-party risk, disclosure, recordkeeping, and monitoring, building on its earlier 2021 and 2025 reports.¹⁴ European Securities and Markets Authority (ESMA) has taken a similar path under its investment-services rules, and the American Securities and Exchange Commission (SEC) dropped one specific proposal in 2025, its predictive-data-analytics rule.¹⁵ The question these regulators keep circling back to is the same one Kautilya's officers were asking two thousand years ago. Who is responsible when something goes wrong, and how do we find out before it does.

WHERE THE IMPACT SHOWS UP?

Disclosure rules, built for a world of slow, human-written statements, now have to decide whether a company's internal AI forecasting tool needs its own disclosure, the way a change in accounting policy would. Surveillance is where AI helps the most and draws the least argument, since no human team could scan millions of daily trades for a pattern a well-trained model spots with ease, provided the model itself stays open to inspection.

Market integrity has its own warning story in India's National Stock Exchange co-location matter, where certain trading members were found to have faster, preferential access to trading infrastructure, showing how fast an efficiency tool turns

into an unfair edge once oversight falls behind.¹⁶ Insider-trading law, built around a named person holding secret information, sits awkwardly with an algorithm that draws a valuable conclusion purely from public data, an advantage that looks much like the old kind without technically breaking the old rule.¹⁷ Enforcement orders, which have

^{13.} Securities and Exchange Board of India, "Guidelines for Responsible Usage of AI/ML in Indian Securities Markets," Consultation Paper dated June 20, 2025; and SEBI (Intermediaries) (Amendment) Regulations, 2025, inserting Regulation 16C, notified February 10, 2025, available at sebi.gov.in.

^{14.} International Organization of Securities Commissions, "Supervisory Toolkit for AI Use in Capital Markets," Final Report FR/02/2026, May 2026; "The Use of Artificial Intelligence and Machine Learning by Market Intermediaries and Asset Managers," Final Report FR06/2021, September 7, 2021; and "Artificial Intelligence in Capital Markets, Use Cases, Risks, and Challenges," Report FR/04/2025, 2025, all available at iosco.org.

^{15.} European Securities and Markets Authority, "Public Statement on the Use of Artificial Intelligence in the Provision of Retail Investment Services," ESMA35-335435667-5924, May 30, 2024; and United States Securities and Exchange Commission, "Conflicts of Interest Associated with the Use of Predictive Data Analytics by Broker-Dealers and Investment Advisers," proposed August 9, 2023, formally withdrawn June 12, 2025.

^{16.} Securities and Exchange Board of India, adjudication and appellate record in the National Stock Exchange co-location matter, including the Securities Appellate Tribunal order of January 23, 2023, and subsequent SEBI orders.

^{17.} SEBI (Prohibition of Insider Trading) Regulations, 2015, Regulation 2(1)(n) and Regulation 3.

^{10.} Nassim Nicholas Taleb, *Antifragile*, Random House, 2012.

^{11.} Bank for International Settlements, published commentary on artificial intelligence, model correlation, and financial stability, available at bis.org.

^{12.} Organisation for Economic Co-operation and Development, *OECD AI Principles*, adopted May 2019, updated 2024, available at oecd.ai.

always needed to be explainable to survive appeal, get harder to defend when the evidence is a probability score nobody in the room can fully walk through. Capital formation, often the quiet good-news story here, is genuinely being helped by AI tools that cut the cost of raising money for smaller companies, even as that same efficiency risks concentrating real power in a few dominant vendors.

SUSTAINABLE GROWTH AND THE SAME OLD QUESTION

Rules folding Environmental, Social and Governance (ESG) factors into regulatory mandates are, at bottom, an attempt to protect the system from slow-building, systemic risks rather than single bad trades. AI touches this thread too. It can genuinely help, by processing huge volumes of climate and governance data which no human team could read in full and catching early warning signs buried in disclosures, nobody has time to reread. It can also quietly hurt, if a model trained mostly on the past keeps steering capital toward familiar industries and away from the harder-to-score bets long-term growth actually needs. Sustainable growth depends on the same thing, this whole article keeps returning to, a human being willing to ask a confident model why it reached its answer.

WHAT THIS MEANS IN PRACTICE?

None of this argues for one sweeping AI statute, and the pattern across jurisdictions bears that out. Nearly everyone agrees the old duties, loyalty, prudence, fair execution, and honest, timely disclosure, need to be read carefully enough to survive contact with a decision-maker that is not, strictly speaking, a person.

For a board, this means treating algorithmic oversight as a genuine fiduciary matter, not something handed to a technology sub-committee, and judging management on the diligence of its process rather than whether last quarter's model guessed right. Compliance Officers should insist on a testable explanation for any AI-driven flag before acting on it, and actually test the kill switch. Investors can simply ask any adviser, human or robotic, what data trained the recommendation, and whether its interests align with theirs. A regulator's task is to anchor rules to who owns an algorithm and what it optimises for, since that kind of rule tends to outlast whatever model is fashionable this year. Intermediaries would do well to extend existing vendor discipline to every third-party AI tool inside the client relationship.

THE ROAD AHEAD

Expect existing frameworks to be stretched and amended rather than torn up. Expect explainability to slowly become its own disclosure category, sitting beside financial and sustainability reports rather than buried in a technical appendix. And expect supervisory technology to grow quickly too, with regulators using AI to watch AI, since

algorithmic activity has already outpaced what human examiners can review by hand.

CONCLUSION

Consider a scenario that plays out inside compliance departments without ever making a headline. A Compliance Officer at a mid-sized brokerage was closing out a Friday evening when the exchange's surveillance system, freshly upgraded that quarter, sent its usual quiet report. Nothing had been flagged, not once, all day. He/she could easily have gone home.

Instead, he/she noticed something the system had no reason to notice, because it was never built to notice it. A dozen small accounts were each trading a modest amount of a thinly held stock, each just under the size that would trigger review, each opened within the same fortnight, each funded from addresses on the same street. No single account on its own looked strange, but together they told a very different story, the kind a machine built to watch one account at a time was never going to piece together alone.

He/she flagged the pattern anyway, against a system that had told him/her that there was nothing there, and set out his/her reasoning in three short paragraphs, a colleague could challenge if he/she disagreed. It took the exchange eleven days to confirm what he/she had suspected, a coordinated push to walk up the price of a stock nobody had been watching closely enough. The algorithm had not really failed. It had simply done what it was built to do, watch single accounts for single anomalies, since nobody had ever told it to notice a pattern among neighbours.

No new rule needed to be written because of that Friday evening. The principle that mattered was already in place, the same one Kautilya had in mind when he/she told his/her officers that a market needs more than one pair of eyes watching it. It is the same principle every fiduciary duty in every jurisdiction still quietly assumes, that a machine prepares the picture and a person decides what it actually means.

So here is the question worth sitting with as these tools keep improving. The algorithm will be fast, confident, and almost always right. Who among us will still be the one willing to stay a little later, ask one more question, and risk being wrong out loud rather than quietly right and unaccountable. Markets, like anything worth trusting, have never really been stronger than that last person at the desk.



Beyond Approval: RPT Definitions, Compliance Gray Areas and the Independent Director's Diligence Standard

Related party transaction compliance rarely starts with the definitions. Most listed companies go straight to the process approvals, disclosures, filings without pausing over what the words in Regulations 2(1)(zb) and 2(1)(zc) of SEBI LODR actually say. This article works through those words. What does the Ind AS 24 importation genuinely add beyond what the Companies Act already covers? How far does the promoter group definition reach into the promoter's personal portfolio? Why does "at any point of time" demand more than quarterly monitoring? On the transaction side, it looks at obligations, zero price transfers, and where the corporate action carve-out's proportionality condition can quietly fail. Operational gray areas in day-to-day compliance follow from the mid-contract RPT trigger to the Schedule XII denominator problem after a mid-year acquisition. The article closes with a SEBI adjudication order that says something worth sitting with, accepting a management commissioned expert opinion without asking whether the expert was told everything is not diligence. For independent directors approving RPTs, and for Company Secretaries building the agenda pack that is the takeaway.



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INTRODUCTION

Ask any Company Secretary what RPT compliance involves and the answer comes quickly Audit Committee approval, Board resolution, omnibus for repetitive items, AOC-2 in the Board's report, Regulation 23(9) filing before the deadline. The process is well understood, and overall, reasonably followed. What gets less attention is the text itself, what the definitions in Regulations 2(1)(zb) and 2(1)(zc) of SEBI LODR actually mean when read carefully and where reading them carefully throws up questions that deserve a closer look. This article flags a few of those areas and some provisions raise interpretive questions where a clarificatory nudge from the regulator would go a long way.

WHO IS A "RELATED PARTY"

The definition is reproduced below because the gray areas arise from its precise language and are best understood against the text itself.

Regulation 2(1)(zb) — SEBI LODR

"Related party" means a related party as defined under sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards: Provided that: (a) any person or entity forming a part of the or promoter group of the listed entity or (b) any person or any entity, holding equity shares: (i) of twenty percent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party. Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)

A. Ind AS 24 as a Definition Source

The phrase "applicable accounting standards" in Regulation 2(1)(zb) brings Ind AS 24 - Related Party Disclosures into the definition. Before getting to what that importation adds, it is worth being clear about what the Companies Act 2013 already covers, because this is sometimes missed.

Section 2(76)(viii) already includes associate companies as related parties. Section 2(6) defines an associate through significant influence — either control of at least twenty percent of total voting power, or participation in business decisions under an agreement. That second limb matters: it has no shareholding floor. A company over which another entity participates in business decisions is a related party under the Companies Act regardless of how small the stake is. So the significant influence concept is not something that Ind AS 24 introduces — the Companies Act is already there.

What Ind AS 24 paragraph 9 genuinely adds is a different thing entirely it extends the definition to entities connected to Key management personnel¹ ("KMP") in

a personal capacity. Section 2(76) builds the related-party universe around directors and managers. Ind AS 24 goes further any entity over which a KMP personally exercises control, joint control or significant influence becomes a related party of the listed company. A CFO who holds a controlling stake in a firm that supplies services to the listed entity, a Company Secretary whose family trust has influence over a counterparty these are connections that Section 2(76) may not catch cleanly. Ind AS 24 does.

This is the distinctive contribution of the Ind AS 24 importation. Where KMP numbers are large, each one carries with them a related-party shadow that most compliance registers have not mapped out.

B. The Promoter Group's reach into the Promoter's Personal Portfolio

The first proviso to Regulation 2(1)(zb) includes entities *"forming part to the promoter or promoter group"* of the listed entity. The promoter group is defined under SEBI's ICDR Regulations specifically Regulation 2(1)(pp) of ICDR 2018 and that definition includes *"...(iv)(a) any body corporate in which twenty percent or more of the equity share capital is held by the promoter or an immediate relative of the promoter..."*

It extends to any company in which the promoter personally holds more than twenty percent including minority personal investments with no management connection to the listed entity, no common directors and no overlap of business activities. If the promoter of a listed technology company holds 24% in a hospitality chain as a personal investment the same would qualify as a related party under LODR Regulation 2(1)(zb) every contract with it, requires Audit Committee approval and features in the Regulation 23(9) filing.

Promoters acquire and divest portfolio positions regularly, each acquisition above twenty percent adds an entity to the related party universe without any alert, any system flag or any process trigger.

C. Ten percent at any time

The first proviso to Regulation 2(1)(zb) uses three words *"at any time"* — that most listed companies need evaluation. The provision says a person holding ten percent or more at any point during the preceding financial year is deemed a related party for the current year. Not at year-end or on a quarterly date. At any point.

Here is where it gets practical. Suppose a promoter announces a buyback. The total outstanding shares fall. An institutional investor who held 9.6% before the buyback now holds 10.2% not because they bought a single additional share, but simply because the denominator shrank. The crossing happens in, say August. By the June-end filing they were at 9.6%. By the September end filing they are back at 9.8% because other investors have sold off. The August crossing never appears in any filed document.

Under the plain text of the regulation, that investor is a related party of the listed entity for the entire following financial year. Now the consequence, that investor votes on a material RPT resolution at the AGM. They should have been excluded. They were not identified as a related

party because the crossing was invisible to the company it happened between quarterly filings, in a depository record the company did not access. The resolution may be vulnerable to challenge on a post-hoc SEBI inspection.

The only reliable way to catch this is to access the depository's daily or weekly beneficial ownership data specifically for investors sitting in the 8% to 12% range around the threshold. Quarterly filing snapshots are not enough.

WHAT COUNTS AS A TRANSACTION?

Regulation 2(1)(zc) defines what must happen between the listed entity and those parties to constitute an RPT. The definition is reproduced below in its material parts.

Regulation 2(1)(zc) — Key Provisions

A "related party transaction" means a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand, regardless of whether a price is charged.

It shall include transactions between a listed entity or any of its subsidiaries with any other person or entity: (i) the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries.

It shall not include: (i) issue of specified securities on a preferential basis, subject to SEBI ICDR compliance; (ii) corporate actions uniformly applicable to all shareholders in proportion to their shareholding dividend, rights issue, bonus issue, subdivision, buyback; (iii) acceptance of fixed deposits by banks/NBFCs at terms uniformly applicable to all shareholders/public.

A. "Obligations" and "Regardless of Whether a Price Is Charged": The Unmapped Categories

Resources and services are familiar enough. *"Obligations"* is the word that tends to slip past unnoticed and it is capable of capturing a substantial class of arrangements.

An obligation is a binding duty or liability. Think about what that means for common arrangements, a corporate guarantee given by the listed entity for a related party's borrowings, a letter of comfort to a lender confirming the listed entity will support a subsidiary's financial position, a non-compete that restricts the listed entity's own activities for the commercial benefit of a promoter connected acquirer, an indemnity extended to a related party for losses from a commercial deal. None of these have an invoice or is flagged in any system. But each one involves the listed entity assuming something a liability, a constraint, a commitment for the direct benefit of a related party. Under Regulation 2(1)(zc), that is an RPT.

The phrase *"regardless of whether a price is charged"* makes it clear that an arrangement does not escape the RPT framework simply because nothing was billed or invoiced. If a resource moves from the listed entity to a related party even informally, even without any written arrangement it remains a transfer, and it remains an RPT.

Consider a common situation: a senior finance manager from the listed entity is deputed to the promoter's new venture for several months to set up its accounting

systems. The listed entity continues paying his salary in full. No reimbursement is sought, no agreement exists. The listed entity has transferred a resource the manager's time and expertise to a related party at nil cost. That is an RPT. Also, if a promoter-family trust that lists the company's registered office as its own address, without paying any rent, is occupying a company asset.

B. The Corporate Action Carve-Out and the Proportionality Condition

Regulation 2(1)(zc)(b)(ii) excludes corporate actions *"uniformly applicable/offered to all shareholders in proportion to their shareholding."* But the word *"proportion"* does a lot of work here and several common scenarios quietly break the condition.

Take a rights issue. The exclusion applies when rights are offered proportionately. But if the listed entity's own subsidiary holds shares in the listed entity and does not take up its entitlement and the promoter group subscribes to both its own entitlement and the lapsed portion from the subsidiary the promoter's final allotment is higher than a strictly proportionate participation would have produced. The offer was proportionate. The subscription was not. The surplus allotment to the promoter may fall outside the carve out.

The buyback route raises the same issue. A tender offer buyback where the promoter group tenders a larger proportion of their holding than public shareholders is not a proportionate corporate action in the regulation's terms.

Most of what this article covers sits in the plain text of the regulation the words "at any point of time," "regardless of whether a price is charged," "obligations," "in proportion to their shareholding."

COMPLIANCE GRAY AREAS: BEYOND THE AUDIT CHECKLIST

The definition creates the perimeter. Inside the perimeter, few operational situations produce the wrong outcome even when the approval architecture is otherwise functioning normally. Secretarial audits cover a lot of ground approvals, filings, disclosures and many firms go well beyond the minimum. But there are areas where, with a little more focus, the audit process can go further than it typically does. Few of the most consequential are examined below.

The Mid-Contract RPT Trigger

Section 188(1) of the Companies Act 2013³ speaks to the point of *"entering into a contract"*. What it does not address is the situation where a contract that was completely clean when signed becomes an RPT mid-term because the counterparty's promoter later gets appointed as a director of the listed company. Under Section 2(76)(v), a company in which a director holds more than two percent is a related party from the date of appointment. The existing contract, untouched and unmodified, is now an RPT. No one entered into anything new.

The statute does not say what to do next. The most sensible reading consistent with the Audit Committee (AC) oversight mandate under Regulation 18(3) is that the transaction should go before the AC at the earliest opportunity after

the appointment, the Regulation 23(9)³ register should be updated from that date, and an omnibus should be obtained for whatever remains of the contract term. Whether a fresh Section 188 Board approval is strictly required for an already existing contract is genuinely uncertain and MCA guidance on this point would be helpful.

Practically, one simple protocol addresses this, when new director joins run their material shareholdings against the vendor and contractor master on the day of appointment. It is not complicated. It just needs to be built into the process.

Regulation 23(2)(b) and the Prior Approval

Regulation 23(2)(b)⁴ requires that transactions entered into by unlisted subsidiaries of the listed entity with a party related to the listed entity shall require prior approval of the listed entity's Audit Committee(AC) where listed entity is not a party. *"Prior"* is unambiguous, the AC must approve before the transaction is executed. The regulation contains no ratification mechanism and specifies no consequence for the failure to obtain prior approval.

The structural difficulty is straightforward, a subsidiary has its own board with independent obligations to its shareholders. In a commercial urgency a time-sensitive procurement, a lease that must be signed, a service agreement with a narrow execution window the subsidiary's board will act. By virtue of this regulation, the subsidiary's board is subordinated to the listed entity's AC schedule.

If the subsidiary enters a transaction with a related party before the listed entity's AC approves it, the contract is legally valid at the subsidiary level. But the listed entity has violated Regulation 23(2)(b). SEBI may clarify

whether post-execution ratification by the listed entity's AC satisfies the "prior approval" requirement.

ESOP Trusts and the Control Hidden in the Trust Deed

Many listed companies implement ESOP schemes through an Employee Benefit Trust the company establishes a trust, which acquires shares from the market and holds them for employee distribution. The company lends money to the trust for share acquisition. There is a possibility of this typically never appears in the RPT tracker. The reason may be an assumption that the ESOP Trust is an employee welfare vehicle, not a related party.

Ind AS 24 paragraph 9 defines a related party to include any entity over which the reporting entity or any of its KMP has control including through contractual rights rather than ownership. A trust deed that gives for instance KMP or the promoter the power to appoint or remove trustees, direct investment decisions, or govern distributions gives that person control over the trust under Ind AS 24 sense. Hence the trust can be concluded as a related party. In practice, a loan from the listed entity to the trust is an RPT requiring Section 188 Board approval, Section 185 analysis (loan to an entity in which the Director is interested), Audit Committee review under LODR and Ind AS 24 Note disclosure. The trust's employee-welfare purpose does not override the control-based related-party characterisation.

The Schedule XII Denominator after a mid-year acquisition

Schedule XII⁵ fixes the materiality threshold using the previous year's audited consolidated turnover. That number is set at the beginning of the year and does not move regardless of what happens to the business in the months that follow.

Take a listed company with Rs. 800 crore in last year's consolidated turnover. Its Schedule XII threshold for the current year is Rs. 80 crore. In July, it completes a significant acquisition. The group's actual scale is now Rs. 2,500 crore. The threshold, however, is still Rs. 80 crore the denominator is last year's figure and it does not adjust.

The listed entity continues transacting with its existing promoter-group supplier throughout the year. By October, those transactions have reached Rs. 78 crore apparently just within the threshold. Management looking at a group that now generates Rs. 2,500 crore, treats Rs. 78 crore as clearly immaterial. No shareholder approval is planned. By year-end, a further Rs. 8 crore has been booked. Annual aggregate Rs. 86 crore. The threshold still Rs. 80 crore is breached. Shareholder approval was never sought.

After any significant acquisition, re-run the threshold arithmetic on the old denominator before approving further transactions with each related party. It is a small step that avoids a large problem.

INDEPENDENT DIRECTOR'S DILIGENCE STANDARD

Pursuant to Section 149(12) of the Act, an independent director is held liable only in respect of acts of the company which occurred with their knowledge attributable through Board processes and with their consent or connivance or where they had not acted diligently. When an independent director votes at an Audit Committee meeting to approve a related party transaction, they are present and participating. The question of whether they "knew" does not arise. The only question arises is whether they have acted diligently.

What diligence actually requires in the context of RPT oversight is something Regulation 18(3) of SEBI LODR spells out read with Schedule II Part C to the LODR which states that the AC's role includes oversight of the listed entity's financial reporting process to ensure that the financial statement is "correct, sufficient and credible". These are specified obligations and the enforcement record shows that independent directors are held to them even when the information management gave them was selective or incomplete.

SEBI Adjudication Order No. Order/AA/RK/2022-23/20965-20973 | In the matter of Bombay Dyeing and Manufacturing Company Limited | Dated: October 31, 2022

Background

Bombay Dyeing and Manufacturing Company Limited (BDMCL)(Listed), a Wadia Group company was engaged in real estate, polyester, and textiles. Scal Services Limited was an unlisted company whose entire shareholding was held directly and through a web of Wadia group entities by BDMCL. Between FY 2011-12 and FY 2017-18, BDMCL entered eleven MoUs with Scal for sale of flats in two Mumbai

real estate projects. On the strength of these MoUs, BDMCL recognised revenue of Rs. 2,492.94 crore and profits of Rs. 1,302.20 crore transactions the Adjudicating Officer found to be non-genuine. The five Noticees Mr. R.A. Shah, Mr. S.S. Kelkar, Mr. S. Ragothaman, Mr. S.M. Palia, and Mr. Ishaat Hussain were independent directors and Audit Committee members of BDMCL throughout the investigation period. Mr. N.D. Gupta was a Chartered Accountant whose opinion on whether Scal qualified as a related party under AS-18⁶ was obtained by BDMCL and relied upon by the Noticees.

Para 73 — The Audit Committee's Powers

'I note that the Audit Committee, under the erstwhile Clause 49 of the Listing Agreement and LODR Regulations, 2015 has been equipped with the powers to seek information from any employee, obtain outside legal or other professional advice, secure attendance of outsiders with relevant expertise, if it considers necessary.'

Para 74 — Failure to Question the Trigger Event

'I note that Noticees did not seek any explanation and did not provide any specific reason with respect to reduction in shareholding in Scal by BDMCL especially one day prior to entering into the MoUs with Scal which was the trigger point for the scheme being orchestrated by BDMCL to inflate its sales and revenue.'

Para 75-76 — Failure to Apply Independent Mind to Expert Opinion

"However, as noted above, BDMCL had not disclosed all the relevant information to the Chartered Accountant firm to give a true and correct view of whether Scal was an associate. The Noticees being Independent Directors and members of the Audit Committee of BDMCL should have realized the same and not relied on the Opinion of the Chartered Accountant firm without applying their mind."

"The Noticees being Independent Directors and members of the Audit Committee of BDMCL, right from the beginning of the Investigation Period, should have realized the same and not relied on the Opinion of Mr. N. D. Gupta without applying their mind."

Para 85 — Finding on Failure of Oversight

"I note that the Noticees had an important role to play as members of the Audit Committee and as a sub-group of the Board of Directors. The Noticees were required to monitor the disclosures and accuracy of the same as a monitor of the process. As a result of the Noticees' failure to discharge their function as members of the audit committee, BDMCL was able to inflate its sales and profits with respect to its real estate segment to the tune of Rs. 2,492.94 crores and Rs. 1,302.20 crores respectively. In view of the above, I find that the Noticees have failed in its duty to exercise oversight of BDMCL's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible."

Three things stand out from this order for anyone who sits on an Audit Committee.

First: The AC had powers it did not use. Paragraph 73 records that the Audit Committee was equipped with the power to seek information from any employee, obtain independent

professional advice and bring in outside expertise. The AO's point is not that these powers exist, it is that having them and not using them was itself part of the diligence lapse.

Second: The Noticees did not ask the obvious question. Paragraph 74 notes that BDMCL reduced its shareholding in Scal the day before entering into the very MoUs through which sales and profits were inflated. The Noticees did not seek any explanation for this. That timing was the trigger point, as the AO put it, for the entire scheme. An Audit Committee member reviewing the accounts should have noticed and asked.

Third: And most directly relevant to the RPT classification question — the Noticees relied on Mr. N.D. Gupta's opinion that Scal was not an associate or related party under AS-18. The AO rejected this at paragraphs 75 and 76. BDMCL had not disclosed all the relevant information to the Chartered Accountant firm to give a true and correct view of whether Scal was an associate. On that basis, the AO found that the Noticees should have realized the same and not relied on the opinion of Mr. N.D. Gupta without applying their mind.

There is one more aspect worth noting. For FY 2012-13 and FY 2013-14, BDMCL had itself shown Scal as an associate company in its related-party disclosures. From FY 2014-15, that description changed to "group company", a phrase the Noticees, in their own defence submissions, said was used "for lack of a better phrase" (Para 47). The AO found that BDMCL ought to have shown Scal as a related party from FY 2014-15 onwards, which it failed to do (Para 55). The Noticees, as Audit Committee members, reviewed the annual accounts throughout this entire period (Para 72). The AO's conclusion (Para 85) was that they had failed in their duty to exercise oversight of BDMCL's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

From the Company Secretary perspective,

The implications of this order operate at two levels.

First Level: The first is what goes before the Audit Committee. Under the Revised RPT Industry Standards⁷ the CEO and CFO are required to certify that the terms of the proposed RPT are in the interest of the listed entity but that certification is the starting point for the AC's inquiry, not its conclusion.

When a management note lands before the Audit Committee saying a counterparty is unrelated or a price is arm's length, that note is a conclusion. It is not the facts behind it. The Company Secretary who puts that note on the agenda and stops there has, in effect, handed the independent directors a verdict without the evidence backing it. The Bombay Dyeing order says something simple about this that the Noticees took an expert opinion at face value without asking whether the expert had been told everything.

Before the AC meets, the agenda pack should carry the underlying information the basis on which the pricing was arrived at, the facts about the counterparty's relationship with the company, the material the management or expert actually worked from. The AC members can then form their own view. Without that, what they are doing is approving a conclusion someone else reached, not exercising oversight of the transaction itself.

Second Level: This level is what the minutes record. Minutes that record only "*the committee reviewed and approved*" provide no evidence that the AC applied independent judgment. Minutes that record the specific questions raised, the information sought from management, and the committee's own analysis of whether the characterisation is supported by the facts before it these are the minutes that demonstrate the diligence standard was met. The Company Secretary who drafts them determines whether the record reflects oversight or ratification.

CONCLUSION

Most of what this article covers sits in the plain text of the regulation the words "at any point of time," "regardless of whether a price is charged," "obligations," "in proportion to their shareholding." The next time the related-party register is being updated or an agenda pack is going to the Audit Committee, it is worth going back to the actual provision and asking whether the process reflects what the words say.

REFERENCES:

- i. *Key management personnel (KMP) is defined under Section 2(51) of the Companies Act 2013 to include the Chief Executive Officer, Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other officer.... as the Board may decide.*
- ii. *Section 188(1), Companies Act 2013, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014.*
- iii. *Regulation 23(9) SEBI LODR requires a listed entity to submit to the stock exchanges disclosures of related party transactions on half yearly basis*
- iv. *Regulation 23(2), Substituted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025*
- v. *Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025. (Materiality slabs: up to Rs. 20,000 crore consolidated turnover — threshold is 10% of turnover; Rs. 20,000 to 40,000 crore — Rs. 2,000 crore plus 5% of excess; above Rs. 40,000 crore — Rs. 3,000 crore plus 2.5% of excess, capped at Rs. 5,000 crore, whichever is lower)*
- vi. *AS-18 — Accounting Standard 18, Related Party Disclosures, issued by the Institute of Chartered Accountants of India under the erstwhile Indian GAAP framework*
- vii. *Revised Industry Standards on Minimum Information to be Provided to the Audit Committee and Shareholders for Approval of Related Party Transactions, Industry Standards Forum, June 26, 2025; SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/135, October 13, 2025*



Greenwashing in Indian Capital Markets: Evaluation of SEBI's ESG Disclosure Framework and Sustainable Finance

Greenwashing is a practice that involves spreading false or exaggerated information about ESG aspects of a particular business, investment, or its financial performance. It occurs when businesses or financial institutions portray themselves as environmentally responsible without sufficient evidence to support those claims, thereby creating a misleading impression among investors and consumers.



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INTRODUCTION

Over the past decade, investors have increasingly re-evaluated their investment strategies by placing greater emphasis on the environmental, social and governance (ESG) performance of potential investee companies alongside their financial performance. This shift reflects the growing recognition that integrating ESG considerations is not merely a matter of corporate responsibility but an essential component of sustainable and responsible business practices, complementing the pursuit of long-term financial returns. Consequently, regulators across jurisdictions have responded by introducing measures to facilitate

and, in many cases, mandate the incorporation of ESG considerations into corporate governance and investment decision-making.

At the same time, the commercial advantages associated with responsible business practices have also created opportunities for greenwashing, the practice of making misleading, unsubstantiated, or exaggerated claims regarding the environmental or sustainability performance of a company, financial product, or investment. Greenwashing undermines the credibility of ESG disclosures, sustainability ratings, and ESG-linked financial products, thereby eroding investor confidence and market integrity. Against this backdrop, this paper examines the evolution of India's sustainable finance framework and evaluates the extent to which SEBI's ESG disclosure regime, including the Business Responsibility and Sustainability Report (BRSR), the BRSR Core framework, and the Green Debt Securities framework for corporate issuers, can effectively address the challenges posed by greenwashing. It also undertakes a comparative analysis of the regulatory approaches adopted by India, the European Union (EU), and the United Kingdom (UK) in governing ESG disclosures, sustainable financial products, and green bonds.

EVOLUTION OF ESG INVESTMENT IN INDIA

India's sustainable finance has evolved through policies and initiatives targeting corporate governance, capital markets and climate change adaptation. For instance, Section 135 under the Companies Act, 2013 mandated certain large companies to spend at least a proportion of their profit on Corporate Social Responsibility ("CSR")¹. While the law did not explicitly require ESG integration, it was a step toward encouraging the concept of "doing well by doing good," in addition to the traditional focus on profit maximisation.

However, the early initiatives and regulations were not sufficient to standardise ESG disclosure and reporting as they failed to consider key aspects of ESG, notably the environment. SEBI took a welcome cue from the Companies Act provisions by introducing the mandatory Business Responsibility Report ("BRR") for large companies.

¹ Section 135, Companies Act, 2013, Act No. 18 of 2013, Acts of Parliament, 2013 (India).

Despite the introduction of the BRR, SEBI's ESG incorporation and disclosure practice was initially criticised for promoting ESG reporting without standardised criteria, providing investors with inadequate disclosure guidance. SEBI amended its policy in 2021, replacing the BRR with the Business Responsibility and Sustainability Report (BRSR)² for India's largest one thousand listed companies by market capitalisation. BRSR is based on the National guidelines on Responsible Business Conduct (NGRBC)³, which stipulate policies on responsible business practices in India. The report requires businesses to disclose qualitative and quantitative information across nine principles covering environmental aspects, employees, human rights, governance, and other responsible business areas following standard mandatory sustainability-related accounting procedures⁴. Overall, these changes in reporting practices have enhanced the comparability and reliability of ESG disclosures, enabling investors to make more informed and accurate assessments of companies' sustainability performance.

In addition to the SEBI disclosure rules, the Reserve Bank of India (RBI) also took initiatives to tackle climate-related financial risks. In particular, the RBI has formed the Sustainable Finance Group and developed the Sovereign Green Bond Framework that supports the issuance of green bonds and the growth of sustainable finance in the country.⁵

SEBI further strengthened its ESG regulatory framework by introducing the BRSR Core.⁶ The BRSR Core requires top listed companies to disclose key ESG indicators, which third-party assurance providers must independently verify to ensure that the reported information is accurate, reliable, and credible. Notably, Value Chain disclosure became mandatory to enhance the sustainability reporting of suppliers. In relation to the BRSR Core, SEBI issued guidance to ESG Rating Providers to standardise ESG rating practices and disclosures.

Another significant development was SEBI's introduction of the Green Debt Securities framework⁷, which sets out disclosure requirements for green bond issuers, covering the use of proceeds, project evaluation, and impact reporting. These requirements enhance transparency and accountability, enabling investors to assess whether funds are genuinely used for environmentally sustainable projects and reducing the risk of greenwashing.

GREENWASHING: DEFINITION AND KEY CONCERNS

Greenwashing is a practice that involves spreading false or exaggerated information about ESG aspects of a particular business, investment, or its financial performance. It occurs when businesses or financial institutions portray themselves as environmentally responsible without sufficient evidence to support those claims, thereby creating a misleading impression among investors and consumers. When it comes to finance, greenwashing ultimately makes it hard for investors to differentiate between sustainable and non-sustainable investment options, which undermines the credibility of ESG ratings.

The concerns encompass various activities and practices, which include unsubstantiated claims and assertions of ESG-friendliness of an investment product, omission of relevant information on ESG risks and use of misleading ESG-related terms and language in marketing products and services. With the rising popularity and adoption of ESG investing, the prevalence and volume of greenwashing activities have increased alongside their associated risks. The ESG-related regulations and guidelines issued by the EU and the UK provide enhanced disclosure and reporting requirements for ESG information, products and sustainability-linked bonds; the EU's SFDR⁸ promotes transparency by mandating ESG-compliant investment products to disclose ESG-related risks, while the UK's FCA⁹ issued a sustainability-related transparency rule and an anti-greenwashing rule to ban ESG-related false claims.

The International Organisation of Securities Commissions (IOSCO) is an international organisation that brings together securities regulators from over 130 jurisdictions, including the Securities and Exchange Board of India (SEBI), on a single platform, to promote regulatory cooperation and the development of international securities standards. While IOSCO recommendations are not binding, they carry significant weight in international markets. IOSCO's recommendations¹⁰ concerning ESG disclosures and supervision include a call for greater transparency of disclosures and supervision to counter the risks associated with greenwashing and contribute to the provision of more reliable information to investors.

The risks of greenwashing should not be underestimated. One case that drew significant attention was the scandal around one of the asset management. According to the lawsuit, the company deliberately misrepresented the degree of ESG (environmental, social and governance) integration in its investment practices. In addition, the supervisory authorities of Germany and the United States conducted an on-site inspection, followed by imposition of

² Securities and Exchange Board of India (SEBI), Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/562, Business Responsibility and Sustainability Reporting by Listed Entities (May 10, 2021).

³ Ministry of Corporate Affairs, Government of India, National Guidelines on Responsible Business Conduct (NGRBC) (2019).

⁴ Securities and Exchange Board of India (SEBI), Circular No. HO/49/14/14(7)/2025-CFD-POD2/1/3762/2026 Master Circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities.

⁵ Reserve Bank of India, Discussion Paper on Climate Risk and Sustainable Finance (July 27, 2022); Ministry of Finance, Government of India, Framework for Sovereign Green Bonds (November 9, 2022).

⁶ Securities and Exchange Board of India (SEBI), Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, BRSR Core – Framework for assurance and ESG disclosures for value chain (Issued on July 12, 2023).

⁷ SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Chapter IX (as amended by the SEBI Green Debt Securities Amendment, February 2023).

⁸ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

⁹ Financial Conduct Authority (FCA), Sustainability Disclosure Requirements (SDR) and investment labels, Policy Statement PS23/16 (Anti-Greenwashing Rule, GC24/3).

¹⁰ International Organisation of Securities Commissions (IOSCO), Recommendations on Sustainability-Related Disclosures for Asset Managers and ESG Ratings and Data Product Providers, Final Report (November 2021).

several fines on the parent company.¹¹ The case shows that the supervision of sustainable finance requires proper risk control, regulation of information disclosure policy, and audit of investment products. Moreover, this case marks the shift in the approach of securities regulators who now consider greenwashing a threat to investor protection and not only an environmental problem.

SEBI ESG DISCLOSURE FRAMEWORK: BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING AND ESG RATING PROVIDERS

SEBI's initial framework for enhanced ESG disclosure comprised the Business Responsibility Report (BRR),¹² which mandated listed firms to reveal their business responsibility practices. The first report received criticism for its limited scope as well as the absence of standardised ESG disclosure requirements. As a result, SEBI introduced the re-designed Business Responsibility and Sustainability Report (BRSR) in 2021 to replace the BRR. The BRSR expanded the scope of disclosure by requiring the top listed companies to report qualitative and quantitative information on environmental, social and governance matters using a common disclosure framework based on the National Guidelines on Responsible Business Conduct (NGRBC). Overall, the switch from BRR to BRSR allowed greater disclosure of ESG information while also improving uniformity and comparability between different reports.

The introduction of the BRSR Core marked another step towards strengthening ESG disclosure and reporting.

According to the new requirements, companies are obligated to report on ESG matters using standardised indicators. Further, key ESG indicators will undergo third-party verification, which enhances reliability. In relation to the Core, the value chain disclosure has been mandated for improved ESG reporting of suppliers.

SEBI's ESG-related guidelines also target ESG rating providers. SEBI recognises the importance of ESG ratings and acknowledges their role in supporting investment decisions as well as promoting ESG performance and accountability. Nevertheless, ESG rating practices pose various risks to investors due to the use of different ESG rating methodologies by ESG rating providers. The Securities and Exchange Board of India (Credit Rating

Agencies) (Amendment) Regulations, 2023 introduced Chapter IV-A into the SEBI (Credit Rating Agencies) Regulations, 1999, establishing a dedicated regulatory framework governing ESG Rating Providers to adopt standardised disclosure requirements on methodology while also considering conflict of interest management policies and governance policies. Consequently, SEBI has enhanced the reliability of ESG ratings.¹³

GREEN DEBT SECURITIES FRAMEWORK

Green Bonds play a significant role in sustainable finance, and SEBI's guidelines on Green Debt Securities enable investors to make informed investment decisions. According to the guidelines, the objectives, eligible projects, application of proceeds and allocation reports must be disclosed to promote transparency. At the same time, the guidelines target greenwashing by highlighting various activities that must be avoided when issuing green bonds. For instance, the guidelines are clear on disclosure requirements for ESG-related claims and ensure that the language used is not misleading. Issuers must therefore

avoid exaggerated ESG-related claims and selective disclosure of information. By imposing stricter disclosure requirements, SEBI has enhanced the reliability and accountability of green bonds. It is nevertheless essential to ensure that sustainability indicators used to measure the impact of green bonds are subject to independent assurance.

Even though India's Green Debt Securities framework includes mandatory disclosure requirements, there is no independent assessment or standardised approach for verifying and quantifying the sustainability claims made by companies issuing green

debt securities. Therefore, there are no mechanisms for ensuring that the environmental benefits promised by those companies are actually achieved which results in an increase in greenwashing either overtly or covertly.

The controversy over the ESG scores of some of India's largest listed companies, including those in the Adani Group, after the release of the Hindenburg Research report in 2023, serves as a cautionary tale about the challenges of ESG assessment practices. The controversy was broader than just environmental scores since various accused parties made several other allegations, but it served as an illustrative example that ESG ratings need greater transparency and standardised methodologies to gain the trust of investors.¹⁴

¹¹ U.S. Securities and Exchange Commission, *SEC Charges Deutsche Bank Subsidiary DWS Investment Management Americas Inc. for Anti-Money Laundering Violations and Misstatements Regarding ESG Investments*, Press Release No. 2023-194 (September 25, 2023).

¹² SEBI Circular No. CIR/CFD/DIL/8/2012, *Business Responsibility Reports* (August 13, 2012).

¹³ Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2023, *Gazette of India*, pt. III sec. 4 (Issued on July 3, 2023).

¹⁴ Hindenburg Research, "Adani Group: How The World's 3rd Richest Man Is Pulling The Largest Con In Corporate History" (Published on January 24, 2023); See also Supreme Court of India, *Vishal Tiwari v. Union of India*, Writ Petition (Civil) No. 162 of 2023.



COMPARING ESG REGULATION IN INDIA, EU AND THE UK

A comparison of ESG-related regulations in India, the EU and the UK demonstrates that the latter two regions have implemented ESG disclosure requirements as well as supervisory measures targeting ESG claims and products. The ESG regulations in these jurisdictions recognise the significance of addressing greenwashing by introducing more stringent requirements for ESG disclosure, reporting, ratings, and products. While India has implemented some measures targeting ESG disclosure and reporting, the ESG regulations in the EU and the UK are more comprehensive, as they promote enhanced disclosure requirements and verification of ESG claims and products. However, unlike the regulatory frameworks in the European Union (EU) and the United Kingdom (UK), India's framework remains largely disclosure-oriented and contains relatively limited provisions governing the accuracy, verification, and use of ESG claims in marketing and investor communications.

India's introduction of the BRSR, BRSR Core, guidelines on ESG rating providers and Green Debt Securities illustrates the country's commitment to ESG integration while promoting transparency in ESG disclosure and reporting. However, the comparison shows that India's ESG-related rules and regulations are not as comprehensive as those of the EU and the UK. As a result, SEBI must consider supplementing its ESG disclosure requirements with additional rules and regulations targeting ESG claims and products so that the filings are in line with the actual facts.

The European Union adopts a comprehensive approach by regulating both corporate disclosure and sustainable investment products. Instruments such as the Sustainable Finance Disclosure Regulation (SFDR) require financial market participants to disclose how they integrate sustainability risks into their investment decisions, while

the European Green Bond Standard (EuGBS)¹⁵ sets out requirements regarding eligibility criteria, taxonomy (framework for classification) and third-party verification for green bond issuance. Consequently, the EU framework seeks not only to improve the availability of ESG information but also to ensure that sustainability-related claims are capable of independent verification.

While India's ESG disclosure requirements promote transparency and comparability of ESG reports between companies, they do not go as far as the ESG regulations in the EU and the UK. The disclosure requirements in the EU and the UK mandate companies to disclose specific ESG-related information. Unlike the EU and UK, India presently mandates BRSR disclosures only for the listed entities, while ESG reporting remains voluntary for many other listed entities and unlisted companies.

In addition, the ESG regulations in the EU and the UK promote independent assurance of ESG disclosures and reports to enhance the reliability of the information. As such, India needs to complement its ESG disclosure requirements with stricter rules and regulations targeting ESG claims and products as well as make ESG disclosure mandatory for all companies.

CHALLENGES

SEBI has undeniably catalyzed ESG integration through the introduction of ESG disclosure requirements. However, the current ESG-related regulations present various challenges which hinder the promotion of sustainable finance as well as protect investors from ESG-related greenwashing. First, India's ESG disclosure requirements focus mainly on transparency and reporting of ESG-related information. While the emphasis on transparency is significant and promotes ESG integration, it may not

¹⁵. Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds.

be sufficient in addressing the risks posed by ESG-related greenwashing. The guidelines present several limitations which affect the reliability of ESG claims and disclosures.

Firstly, the ESG disclosure requirements do not mandate ESG reporting in accordance with a standardised ESG taxonomy. The absence of an ESG taxonomy makes it difficult to compare the ESG performance of companies, which increases the risks of ESG-related greenwashing. Although SEBI has introduced a regulatory framework on ESG Rating Providers, there are still certain questions about conflicts of interest and the lack of a standardised methodology when it comes to ESG. Overall, the regulator has enhanced transparency, but ESG scores provided by different rating agencies may vary based on the respective methodologies.

Under the current ESG regulations, ESG rating providers utilise different ESG rating methodologies, which increases the risk of conflicting ESG ratings for the same company. Although SEBI has introduced guidelines targeting ESG rating providers, the guidelines do not prevent ESG rating providers from engaging in conflicts of interest when issuing ESG ratings. As such, the guidelines fail to address the risks posed by ESG rating providers, which results in ESG-related greenwashing. Another challenge associated with ESG disclosure requirements in India relates to their application. The requirements apply to listed companies but not private limited companies, thus limiting their effectiveness. However, the introduction of the BRSR Core mandates assurance of ESG disclosure, which addresses this concern to a great extent. Another limitation is that the ESG reporting framework is mandatory only for specified listed entities, while ESG reporting remains voluntary and not a mandatory requirement for many other companies. Consequently, a significant portion of Indian companies continues to fall outside the mandatory ESG disclosure regime, which results in disruption in transparency.

While the ESG reporting requirements enhance ESG disclosure, they may not prevent ESG-related greenwashing of claims. As such, additional measures must be introduced to enhance supervision and promote accountability of ESG disclosures, ratings and reports. One of the key ways of enhancing accountability of ESG disclosure relates to the supervision of ESG disclosure assurance providers. SEBI must ensure that ESG disclosure assurance providers adhere to mandatory regulations to prevent ESG-related greenwashing. Another important aspect of supervision and accountability of ESG disclosure in India relates to the detection and punishment of ESG-related greenwashing, which enhances credibility and accountability of ESG disclosure.

Another limitation of the current framework is that SEBI only governs the reporting structure and disclosure of information for ESG at the time of publication through the BRSR and related requirements, while companies are not required to maintain a single repository of all claims made in materials presented to investors, sustainability reports, websites, advertisements, and other sources of information. As a result, investors may not be able to assess sustainability-related assertions beyond the

information specified in the requirements, making it challenging to identify unsubstantiated claims or instances of greenwashing.

Ultimately, the effectiveness of India's ESG framework is determined by the extent to which it is implemented. The process of fulfilling the requirements of the BRSR and the BRSR Core is demanding as it requires eligible listed companies to design and implement ESG data collection and control systems. They must also obtain reasonable assurance for the prescribed BRSR Core disclosures and potentially require significant value chain partners to give ESG-related information during the transitional period. These requirements are associated with increased compliance costs and administrative burden, particularly for firms and value chain stakeholders who do not have the financial and technical capability.

POLICY RECOMMENDATIONS

While these frameworks require companies to make periodic mandatory disclosures relating to sustainability, they do not address the broader need to ensure consistency and accountability across all sustainability-related disclosures, claims, and representations made by companies. Such statements may appear in investor presentations, annual and sustainability reports, corporate websites, advertisements, media statements, or other public communications. As these disclosures often remain fragmented and dispersed across multiple platforms, it becomes difficult for investors and regulators to assess whether ESG-related claims are consistent, adequately substantiated, and accurate.

India has taken several positive steps toward ESG Disclosure via BRSR, BRSR Core, ESG Rating Providers regulation, and Green Debt Securities framework. Despite that, as we can see from the aforesaid comparison, India's ESG framework is still disclosure-driven and lacks critical features to prevent greenwashing. To make India's ESG governance more credible and reduce the risks of greenwashing without imposing additional regulatory costs on the business, the following recommendations are being made.

Firstly, it is proposed that SEBI should create a Centralised ESG Claims Registry in which companies would be required to file all material ESG-related claims that are likely to influence investment decisions directly or indirectly, along with the relevant supporting information or documentation, including explanations of the methodologies applied, critical assumptions used, data sources cited, reporting periods referenced, and whether the claims have undergone third-party assurance or auditing. The registry should be open to the public and keep track of changes and corrections to prior claims.

The proposed registry will complement the BRSR Framework, as it will go beyond the requirements of the BRSR, and by doing so, it will improve transparency and accountability while relieving companies of the obligation to deal with unrelated claims. It would help investors and

analysts assess the consistency of a company's ESG-related claims, enable assurance providers to evaluate claims for conformity, and allow regulators to identify misleading or inaccurate assertions. Since the SEBI Act 1992 gives SEBI the flexibility to prescribe the format and content of disclosure without extensive legislation, such a registry could be created through subordinate legislation without making any changes to the parent statute.

Secondly, SEBI should introduce a comprehensive substantiation framework requiring all ESG claims to be supported by verifiable evidence, irrespective of whether they are recorded in the Centralised ESG Claims Registry or disseminated through investor presentations, corporate websites, advertisements, media communications, or other public disclosures. SEBI should require any ESG claims (not only green ones) to be substantiated with supporting documentation and evidence on how exactly the claim was produced. Those companies making green claims, net-zero claims, or any other ESG-related assertions should describe the methodology used to calculate them, the underlying assumptions, and whether those claims were third-party verified. Such a framework would prevent greenwashing to a considerable extent and would improve the credibility of ESG ratings issued by ESG Rating Providers.

Thirdly, SEBI should impose a dedicated supervisory and enforcement mechanism for ESG-related matters. Instead of relying solely on voluntary disclosure, SEBI can and should take a proactive role in ESG governance. In particular, the ESG supervisory unit can perform thematic reviews of ESRs, investigate potential greenwashing cases, respond to investor inquiries, and coordinate ESG-related guidance and regulation. This approach would help achieve higher ESG governance quality in capital markets while not introducing additional regulatory costs via extra disclosure requirements.

Fourthly, a Standing Joint Consultative Committee should be constituted comprising representatives of the Ministry of Environment, Forest and Climate Change (MoEF&CC) and the Securities and Exchange Board of India (SEBI). The Committee should be tasked with identifying and deliberating on emerging issues at the intersection of environmental regulation and sustainable finance, recommending appropriate policy and regulatory measures to strengthen environmental protection, and coordinating efforts to prevent and address greenwashing.

Finally, SEBI should impose greater transparency on ESG Rating Providers in relation to their methodologies rather than trying to harmonise them. All ESG Rating Providers should be obliged to disclose sufficient details regarding the calculation of each particular ESG metric, the weightings of individual metrics, sources of data, treatment of data inconsistencies and absences, controversy resolution policies, and rating review processes. Such transparency facilitates the ability of investors to understand similarities and differences between the ESG ratings issued by different ESG Rating Providers.

CONCLUSION

The rise of sustainable finance has made ESG considerations a necessity rather than a choice in capital markets, resulting in the integration of ESG disclosure requirements into regulatory frameworks. While the incorporation of ESG factors promotes responsible business conduct and enables investors to make more informed investment decisions, it is ultimately the quality, reliability, and credibility of such disclosures that determine their effectiveness in fostering transparency, accountability, and investor confidence.

Since the introduction of the Business Responsibility Report (BRR), India's ESG regulatory regime has evolved significantly with the development of the Business Responsibility and Sustainability Report (BRSR), the BRSR Core, the framework governing ESG Rating Providers and the Green Debt Securities framework. Overall, the changes to the ESG disclosure rules in India have enhanced the quality and transparency of ESG reporting in capital markets. At the same time, it should be noted that the ESG regulation framework in India differs significantly from the ESG reporting rules in the European Union and the UK.

While the Indian law utilises the disclosure principle as a tool for combating greenwashing, the EU and the UK complement disclosure obligations with regulation of ESG claims, sustainability-related financial products, third-party verification, and regulatory oversight. Consequently, while India's disclosure framework represents an important step towards sustainable finance, it remains insufficient as a comprehensive anti-greenwashing regime.

The analysis also identified shortcomings relating to ESG claims, inconsistent ESG ratings, limited reporting coverage, and implementation challenges. These factors affect the likelihood of successful sustainable finance development in India and should be addressed by introducing stronger regulations in the area of ESG claims, sustainability-themed financial products, auditing of ESG rating providers and ESG-related disclosures.

India's sustainable finance framework must provide investors with reliable, accurate, and decision-useful information while fostering accountability among reporting entities. The future of ESG in India is not a question of the quantity of disclosures but of their quality. It lies in ensuring that ESG disclosures are accurate, credible, and effective, and that they are supported by robust enforcement. Reliable disclosures, coupled with effective regulatory oversight, will enable investors to make better-informed investment decisions, strengthen market integrity, and reduce the risk of greenwashing.



Guardians at the Gate: Re-examining Audit Committee and Independent Director Scrutiny of Related-Party Transactions in the Post-2025 Framework

Related-party transactions sit at the intersection of legitimate commercial synergy and the single greatest vector for the expropriation of minority wealth. India's regulatory response has entrusted the gate to two custodians — the audit committee acting through its independent directors, and the general body of minority shareholders. The November 2025 recalibration of the materiality regime, while a welcome exercise in proportionality, quietly transfers a greater share of the scrutiny burden to precisely those gatekeepers whose effectiveness scholarship and enforcement history have repeatedly questioned. This article evaluates whether audit and independent-director scrutiny of related-party transactions is real or ritual, and argues that the Company Secretary is the indispensable fulcrum on which that scrutiny must now turn.



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INTRODUCTION

THE ENDURING GOVERNANCE PARADOX

Few instruments in company law are as ordinary and as dangerous as the related-party transaction (RPT). A group treasury arrangement, a shared-services contract with a sister concern, the sale of surplus land to a promoter entity each may be an efficient way of harnessing intra-group synergy, and each may equally be the conduit through which the wealth of public shareholders is quietly siphoned into private hands. The regulator's task has never been to prohibit such dealings; it has been to distinguish the legitimate from the abusive, and to do so through a structure of scrutiny that the market can trust.

That structure rests on the theme of this issue, trust and transparency as the foundations of sustainable growth. Investors commit capital to a listed entity on the faith that those in control will not help themselves at the collective expense. Where that faith fails, the cost is not merely private loss but a systemic erosion of confidence that raises the cost of capital for every issuer in the market. RPT regulation is, in this sense, a promise the market makes to itself: that conflicted transactions will pass through a gate manned by persons who owe their loyalty to the company rather than to its controllers.

The Indian framework entrusts that gate to two custodians. The audit committee, acting through its independent directors, provides ex-ante scrutiny of every RPT; the general body of minority shareholders, voting with related parties disenfranchised, provides an additional layer of approval for the most material transactions. Around both sits an apparatus of definition, disclosure and standardised information. The question this article asks and it is a question a practising Company Secretary confronts in every board cycle is a deceptively simple one: does the scrutiny actually work, and what does it now demand of us in the wake of the 2025 reforms?

THE FIDUCIARY FOUNDATIONS

RPT regulation in India is a two-tier construct. The **Companies Act, 2013** supplies the statutory floor applicable to all companies. Section 188 subjects specified categories of related-party contracts to Board and, beyond prescribed thresholds, shareholder approval, with interested members abstaining. Section 177 constitutes the audit committee and vests in it the approval and, where authorised, the omnibus approval of RPTs. Underpinning both is Section 166, which codifies the fiduciary duties of a director to act in good faith and in the interest of the company, and Section 149(6), which lays down the objective tests of independence.

The **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** ("LODR") build the listing-specific superstructure. Regulation 23 governs RPTs; Regulation 18 prescribes the composition of the audit committee, a minimum of three members, at least two-thirds independent, chaired by an independent director; and Regulations 16 to 25 elaborate the qualifications, role and evaluation of independent directors. **Indian Accounting Standard (Ind AS) 24** supplies the accounting definition of a related party, which does not always coincide with the company-law or listing definitions, a divergence that is itself a compliance trap for the unwary.

The architectural fulcrum lies in a single design choice. Under Regulation 23, no related-party transaction may

proceed without the prior approval of the audit committee, and only those members of the audit committee who are independent directors may approve it. The interested Management Director does not vote; the independent director alone opens or closes the gate. Frequently, an RPT is never even placed before the full board — the independent directors on the audit committee are, in practice, the last and only line of defence. Everything therefore depends on whether that defence is substantive or symbolic.

THE ARCHITECTURE OF SCRUTINY

The machinery of RPT oversight can be understood as four sequential controls, each of which the Company Secretary is responsible for operating.

- **Identification:** Before anything can be scrutinised it must first be recognised as an RPT. This turns on reconciling three overlapping definitions — the related-party concept in Section 2(76) of the Companies Act, the wider listing definition in Regulation 2(1)(zb) read with the transaction definition in Regulation 2(1)(zc), and the Ind AS 24 formulation. Post-2021, the LODR definition sweeps in transactions with any person or entity forming part of the promoter or promoter group, and, critically, transactions of subsidiaries.
- **Audit committee approval:** Every RPT requires prior approval of the audit committee, either transaction-by-transaction or through an omnibus approval subject to defined conditions and periodic review. This is the ex-ante conflict check.
- **Shareholder approval for material RPTs:** Transactions crossing the materiality threshold require the prior approval of shareholders by ordinary resolution, with all related parties — whether or not party to the particular transaction — barred from voting. In substance this operates as a “majority of the minority” safeguard, since only disinterested public shareholders decide.
- **Disclosure:** Listed entities must disclose RPTs to the stock exchanges on a half-yearly basis in the prescribed format, maintain a board-approved RPT policy on their website, and report material RPTs as material events where applicable. Disclosure converts private scrutiny into public accountability.

A significant refinement arrived through the RPT Industry Standards notified on 26 June 2025 and effective from 1 September 2025. Framed by the Industry Standards Forum in consultation with SEBI, these standardise the minimum information a management must place before the audit committee and shareholders when seeking approval, structured into defined parts covering the commercial rationale, valuation basis and material terms. Their purpose is to ensure that the gatekeeper is not asked to approve in the dark. Notably, the standards recalibrated the certifying language — moving from a confirmation of arm’s-length pricing and the protection of public shareholders towards an affirmation that the transaction is in the interest of the listed entity — a subtle but consequential shift towards management judgement to which we return below.

THE 2025 RECALIBRATION: PROPORTIONALITY AND ITS PRICE

The most consequential recent development is the **SEBI (LODR) (Fifth Amendment) Regulations, 2025**, notified on 18 November 2025. For nearly a decade, a transaction was “material” — and thus required shareholder approval — if it exceeded the lower of ₹1,000 crore or ten percent of the listed entity’s annual consolidated turnover. That flat benchmark was criticised as a one-size-fits-all rule: too blunt for a mega-conglomerate, for whom a ₹1,000 crore intra-group transfer might be trivial, and unremarkable for the routine dealings of the very largest issuers, who found themselves repeatedly seeking shareholder consent for operationally insignificant transactions.

The amendment replaces the fixed cap with a turnover-linked, slab-based scale codified in the newly inserted **Schedule XII**:

- For a listed entity with annual consolidated turnover up to ₹20,000 crore, an RPT is material if it exceeds 10% of that turnover (the earlier percentage test is retained).
- For turnover between ₹20,001 crore and ₹40,000 crore, the threshold is ₹2,000 crore plus 5% of the amount by which turnover exceeds ₹20,000 crore.
- For turnover above ₹40,000 crore, the threshold is ₹3,000 crore plus 2.5% of the excess over ₹40,000 crore, subject to an absolute ceiling of ₹5,000 crore.

The amendment also tightened subsidiary-level oversight: RPTs undertaken by a subsidiary to which the listed entity is not a party now require the prior approval of the listed entity’s audit committee once they cross a ₹1 crore floor, tested against the lower of the subsidiary’s standalone turnover metric or the parent’s Schedule XII threshold — closing a loophole through which subsidiary transactions could escape parent-level scrutiny. Alongside, SEBI codified the validity of omnibus shareholder approvals within Regulation 23(4) — approvals granted at an annual general meeting remain valid until the next such meeting, and those granted at other general meetings lapse after one year — and relaxed the minimum-information burden for small-value RPTs not exceeding the lower of 1% of consolidated turnover or ₹10 crore.

The policy logic is sound. Materiality is inherently relative: a transaction that barely registers on the balance sheet of a large conglomerate may be decisive for a modestly sized company, and a governance system that inundates the audit committee and the shareholder body with approvals for trivial transfers dulls the very vigilance it is meant to sharpen. Proportionality, properly applied, concentrates scrutiny where the risk truly lies.

Yet the recalibration carries a price that deserves candid acknowledgement. Every rupee by which the materiality threshold rises is a transaction removed from the mandatory shareholder vote and left instead to the audit committee and its independent directors. In easing the quantitative net, SEBI has, deliberately, shifted a greater

share of the qualitative burden onto the board's gatekeepers. Once fewer transactions are swept automatically into the shareholder-approval net, the responsibility for vigilance rests more heavily than ever on the audit committee and the independent directors who staff it. The reform is therefore only as protective as the gatekeeping it presupposes. That presupposition is exactly what the next section interrogates.

THE CENTRAL QUESTION: IS THE SCRUTINY REAL OR RITUAL?

Indian corporate governance has long been troubled by a gap between the form of independence and its function. The statutory tests of independence in Section 149(6) and Regulation 16 are among the most elaborate in the world; yet independence prescribed on paper does not guarantee independence exercised in the boardroom. Three structural realities strain the model.

- **Structural capture in appointment**

The independent director who is expected to say “no” to the promoter is very often the person the promoter chose. Where the nomination and remuneration committee is influenced by the controlling shareholder, appointments can become exercises in comfort rather than challenge — a director selected to provide assurance to lenders or a networking presence rather than to exercise adversarial scrutiny. Empirical scholarship on Indian business groups has repeatedly found that independent directors are, on the evidence, an ineffective check on tunnelling behaviour, and that the independence of directors too often exists on paper rather than in the exercise of real challenge.

- **Information asymmetry**

A gatekeeper can only scrutinise what is placed before it. The independent director on the audit committee typically depends on management for the rationale, the valuation and the comparables underpinning an RPT, and rarely commands an independent apparatus to test that information. When an RPT is routed to the audit committee alone and never reaches the full board, the concentration of dependence is complete. The RPT Industry Standards mitigate this by prescribing a floor of disclosure; but a floor is not a ceiling, and standardised formats risk becoming a box-ticking exercise unless the committee actively demands more.

- **The paradox restated**

Set against this backdrop, the 2025 easing produces a paradox. By raising materiality thresholds so that fewer transactions require the disinterested shareholder vote, the reform reposes greater trust in the audit committee's independent directors — the gatekeepers whose effectiveness the historical and empirical record most

seriously doubts. The shift in the certifying language, from arm's-length assurance towards a judgement that the transaction is “in the interest of the listed entity,” compounds the concern by enlarging the space for management characterisation. Proportionality is the right principle; but it is safe only if the qualitative gate is genuinely robust. The reform has rationalised the question of *how much*; it has left largely unanswered the question of *how well*.

THE COMPANY SECRETARY AS THE FULCRUM OF EFFECTIVE SCRUTINY

If the independent director is the gatekeeper, the Company Secretary is the architect of the gate. As the Compliance Officer under Regulation 6 and the Secretary to the board and its committees, the Company Secretary is uniquely positioned to convert the statutory structure from a formal ritual into a functioning control. The post-2025 environment, which trusts more to committee judgement and less to automatic shareholder approval, makes that role more central, not less. Several practical levers are within the Company Secretary's grasp.

- **Rigorous identification:** Maintain a dynamic, continuously updated related-party master and a transaction-level RPT register that reconciles the divergent

Companies Act, LODR and Ind AS 24 definitions and captures subsidiary transactions. A material RPT that escapes classification escapes the entire architecture; identification is therefore the single highest-leverage control the Company Secretary operates.

- **Elevating the quality of information:** Treat the RPT Industry Standards as a floor, not a ceiling. Ensure the audit committee receives the valuation methodology,

arm's-length benchmarking, the commercial alternatives considered and the specific rationale — not a bare template. Where a valuation is provided by management, flag whether an independent valuation would be prudent.

- **Enabling genuine independent scrutiny:** Circulate agenda papers with real lead time, arrange pre-meeting briefings for independent directors, facilitate access to independent valuers and legal counsel at the company's cost, and provide for separate sessions of the independent directors where conflicts are acute. A gatekeeper starved of time and information cannot scrutinise; the Company Secretary controls both.

- **Instilling omnibus discipline:** Guard against omnibus approvals hardening into rubber stamps. Ensure they are confined to repetitive transactions of a defined nature, are subject to value ceilings, are reviewed at least quarterly, and are re-validated within the periods now codified in Regulation 23(4).

- **Safeguarding disclosure integrity:** Ensure timely and complete half-yearly RPT disclosures, an accurate website policy, and coherent linkages with the entity's material-event and sustainability reporting, so that the transparency the framework promises is actually delivered.

Trust and transparency, the pillars on which sustainable growth is built, are secured not at the moment a threshold is crossed but in the seriousness with which the gate is manned. Rationalising the *how much* was the easier task; the enduring work of the profession is to guarantee the *how well*.

Beyond these mechanics lies the Company Secretary's role as the conscience-keeper of the boardroom. When commercial pressure to push a conflicted transaction through mounts, it is frequently the Company Secretary who must ensure the audit committee chair is squarely apprised of the risk and the record is honestly kept. That is an uncomfortable position; it is also the profession's highest value to the market.

THE WAY FORWARD: FROM FORMAL TO FUNCTIONAL GATEKEEPING

If the 2025 reforms have answered the quantitative question, the unfinished agenda is qualitative — strengthening the gate so that proportionality does not become permissiveness. Several measures merit consideration.

- **Independent information rights for gatekeepers:** Independent directors should have an explicit, resourced right to commission independent valuation and legal advice on material RPTs at the company's expense, supported by a secretariat that does not report to the management proposing the transaction.
- **Mandatory independent valuation for high-value RPTs:** For transactions above a defined threshold, a registered-valuer or independent-expert opinion should be a precondition to audit committee approval, reducing dependence on management's own numbers.
- **Protecting the Company Secretary's independence:** The gatekeeper's architect must herself be insulated. Tenure protections, a reporting line to the audit committee, and safeguards around removal would strengthen the Company Secretary's capacity to resist pressure.
- **Harnessing technology and analytics:** Continuous, data-driven monitoring — automated flagging of transactions with related entities, pattern analysis for round-tripping, and exception reporting — can surface RPTs that manual processes miss, a natural complement to the market's growing reliance on algorithmic governance tools.
- **Preserving transparency alongside proportionality:** As the mandatory-vote net loosens, qualitative disclosure should tighten: richer narrative reporting on the significant RPTs that no longer require a shareholder vote would keep the public informed even where their formal approval is no longer sought.
- **A cultural shift towards independence in spirit:** Ultimately no rule substitutes for a boardroom culture in which the independent director regards challenge as duty, and where rigorous board and committee evaluation has teeth. Regulation can compel presence; only culture compels diligence.

CONCLUSION

Related-party transactions will always test the promise that a listed company makes to its public shareholders. India has built an elaborate gate — audit committees staffed by independent directors, disinterested shareholder approval, standardised disclosure — and in 2025 it has sensibly recalibrated how wide that gate must swing, tying materiality to scale and sparing the market a clutter of trivial approvals. But the measure of the framework was never the number of transactions it caught; it is the quality of scrutiny it applies to the ones that matter. That quality depends on independent

directors who are independent in function and not merely in form, on information that is complete rather than templated, and — critically — on the Company Secretary who identifies, informs, enables and, when necessary, insists. Trust and transparency, the pillars on which sustainable growth is built, are secured not at the moment a threshold is crossed but in the seriousness with which the gate is manned. Rationalising the *how much* was the easier task; the enduring work of the profession is to guarantee the *how well*.

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Beyond NSE: Delegated Regulatory Power and Public Accountability in India's Securities Market Institutions

The Delhi High Court's decision in *National Stock Exchange of India Ltd. v. Central Information Commission* marks a significant development in the interpretation of Section 2(h) of the Right to Information Act, 2005. While the judgment conclusively determines the status of the National Stock Exchange as a public authority, its broader significance lies in the analytical framework it provides for evaluating other institutions exercising delegated regulatory functions within India's securities market. This article examines the principles emerging from the judgment and applies them comparatively to selected market institutions, including the depositories, the Association of Mutual Funds in India (AMFI), Registrars and Transfer Agents (RTAs), KYC Registration Agencies (KRAs) and credit rating agencies. It argues that the present framework often links public accountability to the legal instrument through which authority is conferred rather than to the intensity of the public function exercised. The article concludes by proposing governance-oriented reforms that seek to harmonise transparency with delegated regulatory power while preserving institutional autonomy.



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INTRODUCTION

Great cases, like hard cases, make bad law, Justice Oliver Wendell Holmes observed in his celebrated dissent in *Northern Securities*.¹ Yet, occasionally, a hard case performs a different function - it exposes assumptions embedded within an existing legal framework that had previously escaped serious scrutiny. The recent judgment of the Delhi High Court in *National Stock Exchange of India Ltd. v. Central Information Commission & Ors.*² belongs to the latter category.

After nearly sixteen years in appeal, the Division Bench dismissed the exchange's challenge and affirmed the view taken by a learned Single Judge as far back as 15 April 2010: the National Stock Exchange of India Limited ("NSE") is a "public authority" within the meaning of Section 2(h)

of the Right to Information Act, 2005 ("RTI Act").³ The significance of the decision extends well beyond the disclosure obligations of a single market institution. It marks an important development in the jurisprudence governing entities that, though incorporated under company law, exercise powers and perform functions derived from statutory or regulatory delegation.⁴

Viewed narrowly, the judgment settles the legal position concerning the NSE. Viewed more broadly, it raises a question of increasing importance to India's securities market architecture: when should a privately incorporated institution exercising delegated regulatory power be regarded as sufficiently public in character to attract corresponding standards of accountability?

The question assumes particular significance because the Indian securities market today operates through a network of specialised institutions performing functions that extend far beyond ordinary commercial activity. Stock exchanges, depositories, registrars and transfer agents, credit rating agencies, KYC Registration Agencies and industry bodies such as the Association of Mutual Funds in India ("AMFI") collectively determine market access, investor protection, information integrity and regulatory compliance. Their decisions frequently affect the rights, obligations and commercial viability of intermediaries and investors alike. Yet these institutions do not derive their authority through a uniform legislative architecture. Some owe their existence to statutory recognition; others operate pursuant to registration under delegated legislation; still others discharge regulatory responsibilities through circulars or institutional arrangements framed by SEBI.

¹ *Northern Securities Co. v. United States*, 193 U.S. 197 (1904) (Holmes, J., dissenting).

² *National Stock Exchange of India Ltd. v. Central Information Commission & Ors.*, LPA 315/2010, High Court of Delhi (Division Bench: C. Hari Shankar and Om Prakash Shukla, JJ.), judgment dated 1 July 2026, neutral citation 2026:DHC:5170-DB, affirming the judgment of the learned Single Judge dated 15 April 2010 ("the NSE judgment").

³ Section 2(h), Right to Information Act, 2005.

⁴ The expression "delegated regulatory power" is used in this article as an analytical construct to describe regulatory authority exercised by non-governmental institutions pursuant to statutory or regulatory delegation. It is not employed as a term of art under the Right to Information Act, 2005 or the securities laws.

The degree of public accountability presently attaching to them consequently depends less upon the significance of the public functions they perform than upon the particular legal instrument through which those functions have been conferred.

This article argues that the judgment should not be understood merely as a decision concerning the National Stock Exchange. Properly appreciated, it provides a structured analytical framework for examining delegated regulatory institutions across India's securities market - and applying that framework reveals a pattern in which accountability frequently turns upon the legal architecture chosen while delegating a function, rather than upon the nature of the function itself. The discussion proceeds in five parts: it first distils the legal principles emerging from the NSE judgment; it then applies those principles comparatively to selected market institutions; it identifies the broader governance implications of the existing framework; and it concludes by suggesting pathways through which India's evolving securities regulation may better reconcile delegated regulatory authority with institutional transparency.

THE NSE JUDGMENT BEYOND NSE: DISTILLING THE LEGAL TEST

The significance of the judgment lies not merely in its conclusion that the NSE is a "public authority" under Section 2(h). More importantly, it articulates an analytical framework for determining when a body incorporated under private law may nevertheless assume obligations ordinarily associated with public institutions. The Court did not dilute the established jurisprudence: it reaffirmed the principles laid down by the Supreme Court in *Thalappalam Service Cooperative Bank Ltd. v. State of Kerala*⁵ and *Pradeep Kumar Biswas v. Indian Institute of Chemical Biology*,⁶ while carefully distinguishing the unique statutory position occupied by the NSE. A close reading suggests that its reasoning may be understood through three interrelated inquiries.

(A) The source of institutional authority

The first inquiry concerns the source from which the institution derives its legal authority to perform the function in question. The Court rejected the proposition that incorporation under the Companies Act, by itself, determines whether an entity falls within Section 2(h). It examined, instead, whether the institution could legally perform its defining public function independent of statutory recognition. Recognition under Section 4 of the Securities Contracts (Regulation) Act, 1956 ("SCRA") was not treated as a routine regulatory approval comparable to an ordinary licence: without such recognition, the NSE could not legally function as a stock exchange at all. Recognition therefore constituted the legal foundation upon which

the institution acquired its public character, not a supervisory mechanism imposed upon an otherwise complete private existence.⁷

The distinction is subtle but significant. The Court differentiated between regulation of an existing private activity and statutory recognition as a precondition for the lawful exercise of a public market function. It is this distinction that separates the NSE from the cooperative societies considered in *Thalappalam*, which were created by private initiative and only thereafter became subject to regulatory oversight. The relevant inquiry, accordingly, is not whether an institution is regulated - almost every participant in the securities market is regulated - but whether its authority to discharge its defining public role originates in a statutory recognition or delegation that conditions its very existence in that role.

(B) The nature of regulatory control

The second inquiry concerns the quality of governmental or statutory control exercised over the institution. Section 2(h) employs the expression "owned, controlled or substantially financed", and judicial interpretation has consistently held that "control" cannot be understood in its ordinary commercial sense: regulatory supervision applicable to every licensed entity cannot, by itself, convert a private organisation into a public authority. Drawing upon *Pradeep Kumar Biswas*, the Court reiterated that control which is merely regulatory, whether under statute or otherwise, does not suffice; what Section 2(h) contemplates is control that is deep and pervasive.

For recognised stock exchanges, however, the Division Bench treated this question as concluded by *K.C. Sharma v. Delhi Stock Exchange*,⁸ in which a Division Bench of the same Court - subsequently affirmed by the Supreme Court - had catalogued the powers of the Central Government and SEBI under the SCRA to call for periodical returns, make or amend the bye-laws of a recognised stock exchange, supersede its governing body and suspend its business, and had found the resulting control deep and pervasive. The Bench rejected the contention that *K.C. Sharma* could be distinguished as a service matter, observing that the existence of deep and pervasive governmental control over an institution does not vary with the nature of the dispute before the court. The judgment thus draws a conceptual line between regulation and institutional control: inspection, investigation and enforcement are manifestations of regulatory supervision, while structural control concerns the continuing legal authority to determine whether the institution may

⁵ *Thalappalam Service Cooperative Bank Ltd. v. State of Kerala*, (2013) 16 SCC 82.

⁶ *Pradeep Kumar Biswas v. Indian Institute of Chemical Biology*, (2002) 5 SCC 111, para 40.

⁷ Section 4, Securities Contracts (Regulation) Act, 1956; the NSE judgment (n 2), paras 49-50, distinguishing regulation of an existing activity from recognition as a precondition to functioning.

⁸ *K.C. Sharma v. Delhi Stock Exchange*, (2005) 4 SCC 4, affirming *Delhi Stock Exchange v. K.C. Sharma*, 93 (2002) DLT 233; applied in the NSE judgment (n 2), para 29-33.

exist, operate or exercise the delegated function at all. That line assumes considerable importance when analysing other market institutions, many of which are subject to extensive oversight but not to the same degree of statutory control.

(C) *Public function alone is not sufficient*

Perhaps the most important contribution of the judgment is what it does not hold. The Court does not suggest that every institution performing an activity of public importance automatically becomes a public authority under the RTI Act; such an interpretation would substantially rewrite Section 2(h) and blur distinctions carefully maintained by the Supreme Court. Public significance must operate in conjunction with statutory architecture. The performance of functions affecting millions of investors undoubtedly strengthens the public law character of an institution, but the determinative inquiry remains whether Parliament or the competent statutory authority has vested the institution with powers whose exercise is inseparable from the statutory framework itself. Read together, these principles supply a workable framework capable of application beyond the facts of the NSE litigation - and they explain why institutions performing functions of comparable public significance may nevertheless attract different conclusions under Section 2(h). The next part applies this framework to selected institutions. The objective is not to pronounce upon their legal status, a determination that ultimately rests with the courts, but to evaluate how far the Court's reasoning may extend when tested against different statutory architectures.

As securities regulation continues to distribute public functions across increasingly specialised institutions, the challenge is to ensure that accountability evolves alongside - without imposing disproportionate burdens upon institutions whose legal character remains fundamentally private.

and 28 November 2002, a person intending to act as a mutual fund distributor must obtain an ARN, satisfy the prescribed certification requirements and comply with the applicable code of conduct before being empanelled by asset management companies, and asset management companies stand precluded from dealing with unregistered intermediaries.⁹ The operational framework governing distributor registration, KYD, EUIN, renewal, transfer and related compliance is administered by AMFI. Significantly, AMFI itself states that it acts as the registering and licensing body for mutual fund distributors "by virtue of the responsibility delegated to it by SEBI."¹⁰ Although such statements do not determine the legal issue under Section 2(h), they underscore that AMFI performs functions extending well beyond those ordinarily associated with a voluntary trade association. The picture, on closer view, is a hybrid one: what SEBI's circulars supply is the external compulsion that gives the ARN gateway its teeth, by binding asset management companies to deal only with registered intermediaries; the content of that gateway - the Master Circular, the Code of Conduct, the registration criteria and the disciplinary process applied to MFDs - is authored and administered by AMFI itself. AMFI's authority over distributors is thus self-generated in substance, though externally enforced in effect.

However, the analogy with the NSE cannot be carried too far - and the reason is sharper than it first appears. In the NSE's case, the recognition order, though issued by SEBI, could be attributed to the appropriate Government

only because SEBI, in issuing it, acted as the delegate of the Central Government under Section 29A of the SCRA. In the mutual fund space, no equivalent chain of attribution exists. The circulars of 2002 were issued by SEBI in exercise of its own powers under the SEBI Act, 1992, and SEBI - a statutory regulator, not the Central or a State Government - is not itself the "appropriate Government" as defined in Section 2(a) of the RTI Act.¹¹ A circular of SEBI, addressed moreover to asset management companies rather than to AMFI, is neither a notification nor an order of the appropriate Government by which AMFI could be said to have been "constituted". The very hinge on which the first-limb finding in the NSE judgment turned is therefore absent.

APPLYING THE NSE FRAMEWORK ACROSS INDIA'S SECURITIES MARKET INSTITUTIONS

A. *AMFI: the most intriguing post-NSE question*

Among the institutions operating within the securities market, AMFI presents perhaps the most difficult - and therefore the most interesting - case. Unlike the NSE, AMFI is not established pursuant to a dedicated statute. It is incorporated as a not-for-profit company under the Companies Act and represents the collective interests of asset management companies. On first impression, this organisational structure appears closer to a private industry association than to a statutory institution. The practical reality is considerably more nuanced.

The mutual fund distribution ecosystem is built upon the AMFI Registration Number ("ARN") framework. Since SEBI's circulars of 26 June 2002

⁹ SEBI Circular No. MFD/CIR/06/210/2002 dated 26 June 2002 and SEBI Circular No. MFD/CIR/20/23230/2002 dated 28 November 2002. The requirements now stand consolidated in SEBI's Master Circular for Mutual Funds dated 27 June 2024 and in AMFI's Master Circular for Mutual Fund Distributors, consolidating circulars issued up to 31 December 2025.

¹⁰ Association of Mutual Funds in India, "Registration and Global Representation", available at www.amfindia.com (last visited 15 July 2026).

¹¹ Section 2(a), Right to Information Act, 2005; the NSE judgment (n 2), paras 52-53, attributing SEBI's recognition order to the Central Government by reason of the delegation under Section 29A of the SCRA.

A further, and on balance stronger, argument attaches to the opening words of the first part of Section 2(h) itself - the requirement that the entity be an "authority or body" - independent of the established/constituted inquiry addressed above. AMFI does not merely gatekeep entry into mutual fund distribution; it disciplines those already registered, and can suspend or debar an MFD's ARN for breach of its Code of Conduct, effectively suspending that person's or entity's ability to earn a livelihood in the sector for the period of debarment. This is precisely the kind of function *Binny Ltd. v. Sadasivan* treats as inherently public regardless of the private form of the body exercising it: a body performs a public function when it seeks to achieve a collective benefit for a section of the public and is accepted by that section as having authority to do so, and self-regulatory bodies exercising disciplinary and licensing power over their own field routinely qualify. On this footing, the case for treating AMFI as an "authority" within the meaning of Section 2(h) is considerably stronger than the constituted-under-the-SEBI-Act argument alone would suggest. It does not, however, answer the second inquiry - whether SEBI holds control over AMFI's own governance analogous to that catalogued in *K.C. Sharma*. That question is addressed next.

The position under the second inquiry, by contrast, remains difficult. The materials presently available do not disclose a statutory architecture comparable to that governing recognised stock exchanges: no provision confers upon SEBI powers over AMFI's governing structure of the kind catalogued in *K.C. Sharma*, and AMFI's governance, funding model and corporate existence remain predominantly member-driven. AMFI's position after the NSE judgment is thus best described as genuinely unresolved rather than settled either way: a strong case exists for treating it as an "authority" performing a public function within the meaning of *Binny*, but the second-limb gap - the absence of structural governmental control over AMFI itself - remains open on the materials presently available. The significance of the inquiry extends beyond doctrinal classification: decisions concerning distributor registration, disciplinary action and ARN suspension directly affect market access and commercial livelihoods, and whether institutions exercising such functions ought to attract enhanced standards of transparency remains an important question of regulatory policy irrespective of how Section 2(h) is ultimately resolved.

B. The depositories: the closest analogue to the NSE framework

If AMFI represents the most difficult case after the NSE, the depositories arguably present the strongest doctrinal analogue. The Depositories Act, 1996 fundamentally transformed the manner in which securities ownership is recorded and transferred in India. A company cannot function as a depository unless it obtains a certificate of registration from SEBI, followed by a certificate of

commencement of business,¹² and the Act contemplates an elaborate architecture governing establishment, functioning, inspection and rule-making. A depository is not merely a private enterprise participating in the market: it maintains the official records of beneficial ownership, facilitates dematerialisation, records transfers of securities and forms an indispensable component of India's settlement architecture - functions that directly affect legal title to securities and that Parliament consciously placed within a dedicated statutory regime.

Viewed through the lens of the NSE judgment, the parallel is evident. Registration under the Depositories Act is not the licensing of one participant among many in an open field; it is the condition of lawful existence in the role - the recognition-rather-than-regulation architecture that proved decisive for the NSE, subject to the same question of attribution to the appropriate Government noted above. The governance framework is correspondingly robust: the SEBI (Depositories and Participants) Regulations, 2018 prescribe detailed norms relating to registration, governing boards, public interest directors, regulatory departments, fit-and-proper requirements and continuing supervision.¹³ While the precise implications of these provisions under Section 2(h) must await judicial examination, they indicate a degree of institutional integration with the statutory framework materially closer to the architecture examined in the NSE judgment than to most other categories of SEBI-registered intermediaries. The Court did not, of course, lay down a rule that every institution operating under a specialised statute is a public authority, and each institution must be examined within its own legislative framework. But among the institutions considered in this article, the depositories present the strongest case for future examination under the NSE principles - and the analytical distance between recognised stock exchanges and depositories appears considerably narrower than is often assumed.

C. RTAs and KRAs: public gatekeepers or regulated service providers?

Registrars to an issue and share transfer agents, and KYC Registration Agencies, illustrate a different model of regulatory delegation. These institutions unquestionably perform functions central to the efficient functioning of the market: RTAs maintain records relating to issuers and investors, process corporate actions and support grievance redressal,¹⁴ while KRAs maintain the centralised KYC records upon which the entire intermediation chain relies - in substance, a compliance utility touching virtually every investor entering the regulated market.¹⁵

The public importance of these functions, however, should not obscure the legal distinction. Neither RTAs nor KRAs derive their institutional existence from a dedicated Parliamentary enactment establishing them

¹² Sections 3 and 4, Depositories Act, 1996.

¹³ SEBI (Depositories and Participants) Regulations, 2018, in particular the provisions relating to registration, governing boards, public interest directors and continuing regulatory supervision.

¹⁴ SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; see also SEBI's Master Circular for Registrars to an Issue and Share Transfer Agents.

¹⁵ SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011.

as specialised market institutions; their authority flows principally from registration under subordinate legislation framed under the SEBI Act, in fields open to competing private providers. The statutory emphasis remains upon registration, supervision, inspection and continuing compliance rather than upon the creation of a distinct statutory institution, and the existing framework does not confer upon SEBI structural control over their governance of the kind that featured in the Court's analysis. The relationship is fundamentally one of regulator and registered intermediary. On the framework distilled above, both categories likely remain outside Section 2(h) - the KRAs, by reason of the utility character of their function, presenting the closer case. What their example exposes is the underlying tension: the present framework attaches transparency obligations primarily to the legal architecture through which authority is conferred, rather than to the practical consequences of the authority exercised.

D. Credit rating agencies: public importance without public constitution

Credit rating agencies occupy a distinct position in this comparative scheme. No person may carry on the business of credit rating without a certificate of registration under the SEBI (Credit Rating Agencies) Regulations, 1999,¹⁶ and ratings are embedded within regulatory requirements across banking and securities law, lending the agencies' opinions consequences that are quasi-regulatory in effect. Yet the source of compulsion is, once again, subordinate legislation; the field remains competitive; and the framework does not confer structural control over the agencies' governance. The rating agencies thus illustrate, in its sharpest form, the central point of this article: the public importance of a function is not, by itself, the statutory test. An institution whose opinions can influence the cost of capital across the economy may remain outside Section 2(h), while an exchange performing a function no more public falls within it - because Parliament legislated one architecture in 1956 and left the other to regulations framed in 1999.

Comparative position of securities market institutions after the NSE judgment*

Institution	Source of authority	Degree of statutory integration	Relative position under the NSE framework
National Stock Exchange	Recognition under Section 4, SCRA (attributable to the Central Government via Section 29A)	Very high - recognition as precondition; deep and pervasive control (K.C. Sharma)	Held to be a public authority
Depositories	Depositories Act, 1996 and SEBI (D&P) Regulations, 2018	High - statutory registration as precondition; governance under SEBI approval	Strongest statutory analogue; awaits judicial determination

¹⁶ Regulation 3, SEBI (Credit Rating Agencies) Regulations, 1999.

AMFI	SEBI circulars binding AMCs to deal only with ARN-holders; AMFI's own Master Circular and Code of Conduct	High - ARN mandatory for MFD status; binding Master Circular and Code of Conduct, with disciplinary/debarment power over MFDs	Important unresolved question; strong case as an "authority" performing a public function (<i>Binny</i>); second-limb control over AMFI itself remains the open gap
RTAs	Registration under the 1993 Regulations and SEBI circulars	Moderate - regulator-intermediary relationship	Likely outside
KRAS	Registration under the 2011 Regulations	Moderate - utility function; no structural control	Likely outside; the closer case
Credit rating agencies	Certificate under the 1999 Regulations	Moderate - competitive field; no structural control	Likely outside

* The table reflects the analytical application of the principles emerging from the judgment. Except in the case of the NSE, it does not express a judicial determination under Section 2(h) of the RTI Act.

THE STRUCTURAL INCONSISTENCY: WHEN TRANSPARENCY DEPENDS UPON LEGISLATIVE DRAFTING

The comparative analysis undertaken above reveals a pattern extending beyond the individual institutions examined. The present legal framework does not consistently calibrate public accountability according to the significance of the public function performed; the degree of transparency expected of an institution frequently depends, instead, upon the legal mechanism through which the function was conferred. A recognised stock exchange performs a statutory market function through a framework expressly contemplated by the SCRA; the depositories derive their authority from a dedicated Parliamentary enactment; AMFI administers a nationwide registration and disciplinary architecture of its own authorship, enforced through SEBI's regulation of the asset management companies that must deal exclusively with its registrants; RTAs and KRAs discharge responsibilities indispensable to investor protection through registration under subordinate legislation. These institutions occupy materially different positions under Section 2(h) - not because the public significance of their functions differs to the same degree, but because the legal architecture does.

That distinction may be doctrinally defensible under the existing statutory language. It is considerably more difficult to justify from the perspective of regulatory governance. Two institutions may each determine whether a market participant can access or continue in a regulated segment of the market; both may exercise powers affecting commercial rights and investor interests; yet one attracts

public accountability while the other remains outside that framework, because Parliament chose a dedicated statute in one instance and the regulator employed subordinate legislation or a circular in the other. Whether that distinction should continue to determine transparency obligations is ultimately a question of legislative policy rather than judicial interpretation - courts must apply the language Parliament enacted, and the Delhi High Court remained faithful to that discipline. But the judgment performs an important secondary function: it demonstrates that the inquiry into public accountability cannot end with formal corporate character, and it exposes an asymmetry in which the citizen's right to information contracts at the very moment a public function is moved outside the regulator - an inversion of the RTI Act's premise that information rights should attach to public power wherever it travels. As securities regulation continues to distribute public functions across increasingly specialised institutions, the challenge is to ensure that accountability evolves alongside - without imposing disproportionate burdens upon institutions whose legal character remains fundamentally private.

RETHINKING ACCOUNTABILITY: THREE PATHWAYS FOR REGULATORY REFORM

The analysis above does not compel the conclusion that every institution exercising delegated regulatory functions should be treated as a "public authority" under the RTI Act; such an approach would enlarge the statute through interpretation and overlook legitimate concerns of commercial confidentiality, operational autonomy and regulatory efficiency. Equally, the existing position leaves unresolved a genuine governance concern. The challenge is not simply to enlarge the RTI Act, but to develop accountability mechanisms that correspond with the nature of delegated regulatory power. Three approaches merit consideration.

(A) *A functional transparency framework for delegated regulatory bodies*

The most comprehensive approach would shift the focus of accountability from institutional character to institutional function. A complementary legislative provision - for which the securities law consolidation exercise now under discussion offers a natural vehicle - could identify categories of functions that inherently warrant enhanced public accountability. Illustratively, where a private institution is authorised by statute or by a financial regulator to:

- register or license market participants;
- maintain official market records;
- exercise disciplinary jurisdiction;
- frame binding operational standards affecting regulated entities; or
- perform investor-facing regulatory functions,

the relevant framework could prescribe minimum standards of proactive disclosure comparable to those contemplated under Section 4 of the RTI Act, irrespective of the institution's formal status under Section 2(h). Such an approach would preserve the distinction between governmental authorities and private organisations while recognising that certain delegated public functions inherently justify greater transparency. Confining the obligation to the delegated function also answers the floodgates concern: it opens the exercise of delegated public power - registration criteria, disciplinary procedure and outcomes, fee-setting - and nothing else.

(B) *Transparency at the point of delegation*

A second, more immediately achievable, reform lies within the existing framework. Where SEBI entrusts specialised institutions with responsibilities extending beyond ordinary commercial activity - through regulations, circulars or recognised institutional arrangements - the delegation instrument itself could prescribe baseline governance obligations: publication of disciplinary orders subject to confidentiality requirements; disclosure of governance policies and standard operating procedures; reasoned decisions affecting registration or disciplinary action; and annual reporting on the regulatory functions performed. Such obligations need not depend upon whether the delegate qualifies as a "public authority"; they would arise as conditions attached to the delegated function itself. This aligns accountability with regulatory design while avoiding the uncertainty - and the delay - of institution-specific litigation under Section 2(h).

(C) *Industry-led transparency standards*

Not every improvement in governance requires legislative intervention. Industry bodies exercising delegated regulatory responsibilities could voluntarily adopt disclosure charters addressing the publication of disciplinary outcomes in anonymised or reasoned form, committee structures and governance processes, annual regulatory activity reports, stakeholder consultation before significant policy changes, and structured grievance redressal disclosures. Voluntary adoption would neither alter the legal status of the institution nor concede the applicability of the RTI Act; it would strengthen public confidence by demonstrating institutional commitment to procedural fairness - and it is, in candour, the cheapest insurance available against an adverse adjudication that would bring the entire Act to bear upon an unprepared institution at a stroke.

A closing caveat: transparency is not an absolute value. Institutions operating in competitive financial markets hold commercially sensitive information relating to technology, cybersecurity, market

surveillance and confidential investigations, and any enhanced accountability framework must preserve legitimate protections for such material. The objective is not unrestricted disclosure, nor the erasure of the distinction between public authorities and private organisations. It is to ensure that where private institutions exercise powers capable of materially affecting regulatory rights, market participation or investor interests, corresponding standards of procedural accountability evolve alongside those powers.

CONCLUSION

The judgment in *National Stock Exchange of India Ltd. v. Central Information Commission* should not be viewed merely as the culmination of a prolonged dispute concerning the applicability of the RTI Act to a recognised stock exchange. Its enduring significance lies in the questions it leaves open. As securities regulation becomes increasingly decentralised, functions once exercised directly by statutory regulators are progressively entrusted to specialised institutions operating under diverse legal frameworks - institutions that license market participants, maintain critical market infrastructure, administer compliance systems and, in some cases, exercise disciplinary powers with significant commercial consequences. The resulting governance landscape is no longer accurately described through a binary distinction between public authorities and private bodies.

The comparative analysis in this article demonstrates that the degree of public accountability presently attaching to these institutions frequently depends upon the legislative architecture through which authority has been conferred, rather than upon the practical impact of the authority exercised. That outcome may be doctrinally consistent with the present language of Section 2(h); it nevertheless exposes a policy question concerning the future design of delegated regulation in India's securities markets. The objective need not be to subject every regulated institution to the full rigour of the RTI Act. Equally, transparency should not remain contingent upon historical drafting choices where institutions increasingly perform functions affecting investor confidence and market integrity. A calibrated approach aligning accountability with the nature and intensity of delegated public functions would better reflect the realities of contemporary financial regulation. The NSE judgment has accomplished more than resolving a sixteen-year-old dispute: it has initiated a wider conversation concerning the relationship between delegated regulatory power and public accountability. Whether that conversation culminates in judicial evolution, legislative reform or regulatory innovation remains to be seen. For governance professionals, the judgment is a timely reminder that institutional legitimacy increasingly depends not only upon the powers conferred by law, but also upon the transparency with which those powers are exercised.

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The Known Unknown: Price Sensitive Information in the Age of Market Rumours

The SEBI (Prohibition of Insider Trading) Regulations, 2015 constitute a key component of India's corporate governance and market integrity framework. In an environment where information travels rapidly through media reports, digital platforms and market speculation, determining when information becomes Unpublished Price Sensitive Information ("UPSI"), when it ceases to be UPSI and becomes Generally Available Information ("GAI"), and what obligations arise upon market rumours has become increasingly significant. This article analyses the evolving regulatory and judicial interpretation of these concepts through important decisions of the Securities and Exchange Board of India and the Securities Appellate Tribunal, including recent developments in Reliance Industries and Adani Green Energy. It further examines the implications of the 2024 amendment to the definition of GAI and the emerging framework governing prompt disclosure and market rumour verification. The article highlights the growing importance of disclosure controls, market transparency and investor protection, while exploring their relevance for Company Secretaries and compliance professionals.



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INTRODUCTION

The SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") occupies a unique place in the Indian financial regulation. SEBI has noted in several orders that these regulations are among the most complex ones it administers, not because they are poorly drafted, but because they deal with a wide range of factual situations. In a deliberate and forward-looking design choice, the High-Level Committee chaired by Justice (Retd.) T.K. Vishwanathan ("TK Vishwanathan Committee") included explanatory notes as an integral operative part of each regulation, with the express purpose of articulating legislative intent and guiding purposive enforcement across varied circumstances.

Three pivotal concepts form the practical core of the PIT Regulations:

- Unpublished Price Sensitive Information ("UPSI"),
- Generally Available Information ("GAI"), and
- The statutory obligations arising upon market rumours.

Each of these has generated a rich body of regulatory orders and decisions. What is particularly instructive is that the factual diversity of cases has over time, led to positions that are not contradictory but are complementary wherein each decision adds a layer of nuance to a conceptual framework that was always intended to be applied contextually, rather than mechanically.

This article traces the journey of these three concepts across key decisions, examines the effect of the 2024 amendment to the definition of GAI, and synthesises the resulting compliance landscape for listed entities and practising professionals.

UPSI: ANATOMY OF A COMPLEX CONCEPT

Regulation 2(1)(n) of the PIT Regulations defines 'unpublished price sensitive information' as any information relating to a company or its securities, directly or indirectly, that is not generally available which, upon becoming generally available, is likely to materially affect the price of the securities. The definition *inter alia* enlists financial results, dividends, changes in capital structure, mergers, acquisitions, de-mergers, delistings, disposals, expansion of business, and changes in key managerial personnel as illustrative categories, the expression "ordinarily including but not restricted to" ensures the list is not exhaustive.

WHEN DOES UPSI COME INTO EXISTENCE? THE CRYSTALLISATION DEBATE

a. The Early Position: Crystallisation at Decision Stage

One of the most enduring questions under the PIT framework concerns M&A transactions: at what point during the lifecycle of a deal does the relevant information attain the status of UPSI? The early position, articulated by the SAT (Securities Appellate Tribunal) in *Rakesh Agarwal v. SEBI* (June 14, 2003), held that UPSI in a merger context arises only after crystallisation of the decision and

not at the commencement of negotiations. The SAT observed that “negotiations may sometimes fail, it may sometimes fructify” and only when the negotiations have concluded and a decision is taken can the information be treated as UPSI.

This position placed the threshold close to the point of formal agreement and reflected the standard under the pre-2015 PIT Regulations, where ‘price sensitive information’ was defined with reference to information that would ‘materially affect’ the price if published.

b. The Shift: Probability-Based Crystallisation

As the securities markets grew and enforcement experience accumulated, the crystallisation framework underwent a significant evolution. In the matter of Kemefs Specialities Private Limited (July 21, 2011), SAT considered a scenario where negotiations between two entities had progressed to a term sheet that delineated the modalities of the deal, including fixed consideration. SAT held that by the stage of the term sheet, the information had reached a point of being unequivocally price sensitive, regardless of the fact that the definitive Share Purchase Agreement had not yet been signed. The UPSI period was held to have commenced well before the final agreement.

SEBI, in parallel adjudication orders dealing with M&A transactions, including the matter of Emami Limited and United Spirits Limited, consistently took the position that UPSI can come into existence from the stage when confidential acquisition negotiations commence not merely at the moment of binding documentation.

c. The Biocon Standard: Degree of Concreteness

The most comprehensive articulation of the crystallisation question came in SEBI’s order in the matter of Biocon Limited (June 30, 2021). SEBI introduced a structured analytical framework that distinguished three phases: (i) the exploratory phase, where parties are assessing possibilities and information is imprecise and without a reasonable probability of the transaction going through; (ii) the UPSI period, where discussions proceed with a high degree of crystallisation and a reasonable probability that the transaction will proceed; and (iii) the final signing stage.

Crucially, SEBI held that *“the certainty of information can only be measured in terms of probability and degree of crystallisation and concreteness.”* The UPSI period does not require certainty of outcome, it requires that the probability of the transaction going through be reasonably high, with each successive step in the negotiation moving the outcome towards greater concreteness.

In the Biocon case, SEBI identified December 20, 2017, the date when a draft press release was exchanged and a meeting of senior management resolved final pending issues as the commencement of the UPSI period, even

though the formal collaboration announcement was made on January 18, 2018. This approach has since been applied in subsequent cases as the standard for identifying the UPSI commencement date.

d. SAT’s Affirmation: The Binding Agreement Test Rejected

In the Reliance SAT Order, dated May 2, 2025, the SAT directly addressed the argument that UPSI cannot be ‘credible and concrete’ until a binding agreement is executed. SAT held that accepting this position “would defeat the very spirit of PIT regulations” because once a binding agreement is signed, the company is in any event obligated to inform the stock exchanges immediately, leaving no window within which the PIT framework can operate to prevent information asymmetry. The SAT held that UPSI can be concrete and credible well before a binding agreement, pointing to the fact that a significant market price rise upon unofficial media disclosure even at the term sheet and due diligence stage evidenced the market’s own assessment of the information as credible and price-moving.

Importantly, SAT reinforced the principle that a company’s own classification of information as UPSI in its SDD (Structured Digital Database) from the earliest stages of negotiation is consistent with, and evidentially significant for, treating the information as UPSI from those very stages. The SAT held that once a company has entered information in its SDD, it cannot subsequently argue that the same information was not credible or concrete.

The Stock Exchange’s FAQs on PIT Regulations, are consistent with this position thereby stating that the UPSI comes into existence when the probability of going ahead with the information/concerned event is higher than not going ahead and such information is likely to “materially” affect the prices of the securities of the company when published.

e. Fact-Sensitivity in Practice: Same Framework, Different Outcomes

The SEBI Order dated December 12, 2025 in the Adani Green Energy case clearly shows that such decisions depend on the facts of each case. Applying the same Biocon framework, SEBI held that in that case, information about an acquisition did not crystallise as UPSI on April 29, 2021 (as initially alleged), but rather around May 13, 2021 the date of signing of the Non-Disclosure Agreement and opening of the virtual data room for due diligence, which marked the commencement of a high degree of concreteness and crystallisation. Prior to that date, the discussions were assessed as being in the exploratory, vague phase.

f. Concluding Observations on UPSI

The discussion above demonstrates that the jurisprudence on crystallisation of UPSI has progressively evolved from a formal, agreement-

based approach to a more contextual assessment based on probability, materiality and the degree of concreteness of a transaction. The regulatory focus is no longer confined to the execution of a final agreement; it extends to the stage at which information attains sufficient certainty to influence market behaviour.

For listed entities and compliance professionals, this requires a careful evaluation of the facts and circumstances of each case, including the stage of negotiations, the likelihood of the transaction proceeding, and internal indicators such as the recording of information in the SDD.

Having examined the circumstances in which information acquires the character of UPSI, the discussion now turns to the equally significant question: when does such information cease to be UPSI and become Generally Available Information (GAI)?

GENERALLY AVAILABLE INFORMATION: A CONCEPT IN EVOLUTION

a. Statutory Framework

Regulation 2(1)(e) defines 'generally available information' as information that is accessible to the public on a non-discriminatory basis. The significance of this concept cannot be overstated: the moment information becomes generally available, it ceases to be UPSI, and the obligations associated with UPSI trading restrictions, disclosure requirements stand lifted. The determination of when information crosses from 'not generally available' to 'generally available' is, therefore, one of the most consequential determinations in a PIT compliance analysis.

The Note to Regulation 2(1)(n) states that information published on a stock exchange website 'ordinarily' constitutes generally available information. But what of information that reaches the public through other channels particularly media reports before the company makes any formal stock exchange disclosure?

b. Media Reports and GAI: The Consistent Regulatory Position Before the 2024 Amendment

Prior to the amendment effective May 18, 2024, a consistent and well-developed body of law held that detailed and factually precise media coverage in widely circulated publications could constitute generally available information, regardless of whether the information had been officially confirmed by the company.

Regulators increasingly recognise that information can travel through multiple channels including traditional media, digital platforms and market speculation long before a formal corporate announcement is made. This has intensified the focus on disclosure controls, rumour verification mechanisms and the responsibilities of issuers in managing information asymmetry.

In *Hindustan Lever Limited v. SEBI*, the SAT vide Order dated July 18, 1998 held that for information to be generally known, it need not be confirmed or authenticated by the company to hold otherwise would effectively restrict 'generally available' to information 'published by the company,' conflating two conceptually distinct categories. The authority found that where there were strong reasons to believe that an impending merger, though not formally acknowledged, was 'in one sense generally known,' the information could not be treated as unpublished price sensitive information.

This view found consistent application in subsequent SEBI orders. In the matters of 63 Moons Technologies Limited and Multi Commodity Exchange of India Limited, SEBI held that price sensitive information; ceased to be UPSI from the date a detailed and factually precise newspaper article about it appeared in a widely distributed financial publication. SEBI noted that the article was "not speculative in nature" as it "published precise facts" relating to the event. Similarly, in the SEBI Adjudication Order dated October 22, 2020 in the matter of Bharti Airtel Limited, the Adjudicating Officer held that news regarding an acquisition that had appeared in multiple widely read newspapers

and business news channels constituted generally available information in the public domain on a non-discriminatory basis.

c. SAT's Affirmation of the Broad GAI Standard

The SAT gave its imprimatur to this approach in *Future Corporate Resources Private Limited & Ors. v. SEBI* dated December 20, 2023. SAT held that restricting GAI to only information disseminated on a stock exchange platform takes "a very narrow and restrictive view" whereas any information accessible to the public on a non-discriminatory basis qualifies as generally available information. The SAT found that publication of information regarding a transaction in multiple print and digital publications, including several mainstream financial newspapers and research reports, where the nature of the transaction was highlighted in depth, led to an "irresistible conclusion" that the information was generally available.

d. The 2024 Amendment: Interpreting GAI

With effect from May 18, 2024, SEBI amended Regulation 2(1)(e) by inserting the provision that 'unverified event or information reported in print or electronic media shall not be considered as generally available information.' This amendment marks a significant calibration of the GAI framework. It does not overturn the pre-existing jurisprudence on media reports constituting GAI; however, unverified reports are excluded from the GAI category.

The word ‘unverified’ is key. It creates a fact-specific distinction:

- (a) media reports that contain precise, factual, and specific information about a corporate event (the kind of detailed reporting that appeared in the Adani Green and Bharti Airtel contexts) continue to qualify as GAI under the pre-amendment reasoning (since they are ‘verified’ in the sense of being factually grounded); however;
- (b) speculative or rumour-based media coverage, which contains no specific confirmed details, falls within the Explanation and does not constitute GAI.

The amendment also needs to be read alongside the amended Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”), which mandates that the top 250 listed entities confirm, deny, or clarify market rumours within 24 hours. Together, these changes reflect a policy choice to channel the ‘authentication’ of information through the company itself, rather than through media reports while preserving the company’s obligation to respond promptly when credible reports emerge.

e. The Amendment in Action: Fact-Sensitive Application in Reliance and Adani Green

The 2024 amendment to Regulation 2(1)(e) does not operate in a vacuum. Its real significance emerges most sharply when placed alongside two decisions where SEBI and SAT reached diametrically opposite conclusions on the GAI question. In the Reliance Industries case, media reports did not terminate the UPSI period, and the company’s failure to authenticate the information was held against it. In the Adani Green case, media reports did terminate the UPSI period, and that termination was decisive in favour of the alleged traders.

In the Reliance Industries case, on March 24, 2020, the Financial Times published a report stating that Facebook was close to signing a preliminary deal for a 10% share capital acquisition in Reliance Jio. The same was reported on the same day by Reuters, Economic Times, Business Today, and Mint, and by several Indian media outlets the following day. Some of these reports noted that RIL had declined to comment. The company did not make any disclosure to the stock exchanges. It was not until April 22, 2020 nearly a month later, that RIL formally announced the Jio-Facebook deal after the definitive transaction documents had been executed on April 21, 2020.

SEBI, and subsequently SAT, held that these media reports did not render the information generally available. The reasoning is instructive. SAT observed that the information leaked to media outlets reached only the selective universe of subscribers and readers of those publications and could not be regarded as generally available to the entire universe of investors.

Crucially, the company had itself classified the information as UPSI in its SDD since September 2019 and having made that internal classification, it could not subsequently argue that media leakage had rendered the same information generally available. SAT further held that information takes on the character of generally available information only when the company authenticates it a proposition evidenced by the fact that even after the March 2020 media reports had caused a 15% price rise, the company’s formal announcement in April 2020 caused a further significant market movement of 10%, demonstrating that company-authenticated disclosure carried independent informational value over and above the prior media reports.

The Adani Green Energy case, decided in December 2025, reached the conclusion on facts that on May 16, 2021, beginning at 3:25 PM, detailed reports appeared across Mint, Bloomberg, Economic Times, Business Standard, Hindustan Times, and LiveMint. Unlike the Reliance media coverage which reported an impending deal without specific terms, in a context where due diligence had not commenced and final valuation had not been agreed the Adani Green media reports were precise and factually rich: they named the acquirer and target, described the transaction as being in advanced talks, confirmed that due diligence had commenced with data room access already granted, and pegged the deal valuation at over USD 650 million. Multiple publications independently sourced persons with direct knowledge. The company, when queried by the stock exchange on May 18, denied that any disclosable event had occurred a response that, on these facts, did not revive the UPSI that had already entered the public domain three days earlier.

SEBI held that from 3:25 PM on May 16, 2021, the information had become generally available through non-discriminatory public access and accordingly ceased to be UPSI. A call between the connected persons at 7:51 PM that evening over four hours after the first media report could not constitute communication of UPSI because by that hour the information was already public. The trades executed on May 17 and 18, 2021 were accordingly held to be genuine and outside the UPSI period.

Read together, these two cases illuminate the distinction that the 2024 amendment subsequently gave statutory form. The Reliance media reports were, at the time of publication, unverified in the sense that mattered: they were incomplete, not corroborated by specific transaction details, not acknowledged by the company, and did not reflect a finalised or even sufficiently crystallised transaction. The Adani Green media reports were, by contrast, factually specific, multi-sourced, information-rich, and descriptive of a deal that had already achieved a high degree of crystallisation. The 2024 clarification excluding “unverified” media reports from GAI does not change the position. The nature of the report, its accuracy, detail, and reliability, decides whether UPSI ends or continues.

MARKET RUMOUR VERIFICATION AND PROMPT DISCLOSURE: THE SCHEDULE A FRAMEWORK

a. The Architecture of Schedule A

Schedule A of the PIT Regulations sets out the Principles of Fair Disclosure for the purposes of the Code of Practices and Procedures for Fair Disclosure of UPSI, which every listed company is required to formulate under Regulation 8(1). The four Principles are: (i) prompt public disclosure of UPSI that would impact price discovery, no sooner than it becomes credible and concrete, to make it generally available; (ii) uniform and universal dissemination to avoid selective disclosure; (iii) designation of a Chief Investor Relations Officer; and (iv) prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise, to make it generally available.

The interplay between Principles (i) and (iv) has been the most consequential axis of debate in the rumour verification context. Principle (i) speaks to proactive, company-initiated disclosure once UPSI becomes credible and concrete. Principle (iv) addresses a different scenario: UPSI that leaks out selectively before the company is ready or required to disclose under Principle (i). The question, whether Principle (iv) can independently mandate disclosure even when Principle (i) has not been triggered, has generated different assessments across cases.

b. SEBI's Position: An Independent Obligation Under Principle (iv)

In the Reliance Industries case, SEBI argued and the Adjudicating Officer accepted that Principle (iv) operates independently of Principle (i). SEBI's submission was that the phrase 'selectively disclosed' in Principle (iv) must be construed broadly to include disclosure in bits and pieces, whether to selective persons or through selective media access, and that the obligation to promptly disseminate UPSI upon its selective leakage does not require the information to first satisfy the 'credible and concrete' threshold of Principle (i). SEBI further argued that Principle (iv) cannot be 'eclipsed' by Principle (i) each Principle has an independent purpose, and rendering Principle (iv) conditional on Principle (i) would make it largely redundant.

c. SAT's Integrated Reading of Schedule A

SAT, in the Reliance SAT Order, 2025, offered what it characterised as the 'integrated' reading of Schedule A. The SAT held that the entire scheme of Schedule A is well-integrated: Principle (i) requires the company to proactively make UPSI generally available once it becomes credible and concrete; Principle (iv) is a safety net if UPSI gets selectively disclosed before Principle (i) is triggered, the company is still obligated to promptly disseminate it to make it generally available.

SAT further held that selective leakage, however accurate or complete, does not discharge the company from the responsibility of prompt disclosure particularly where the company had itself classified the information as UPSI in its SDD. Having made that internal classification, the company's later argument that the information was not concrete or credible was held to be untenable.

d. The Rumour Verification Framework Post-2024: LODR and PIT Together

The 2024 amendments to the LODR Regulations and the PIT Regulations together create a more structured market rumour verification framework than previously existed. Under the amended Regulation 30(11) of the LODR Regulations, the top 250 listed entities are mandated to confirm, deny, or clarify any reported event or information in mainstream media which is not general in nature and which indicates that rumours of an impending specific material event are circulating among investors as soon as reasonably possible and not later than 24 hours. Where the listed entity confirms the event, it must also provide the current stage.

The PIT obligation under Schedule A operates in parallel and is not diluted by the LODR framework. As SAT held in the Reliance case, the disclosure requirements under the PIT Regulations and the LODR Regulations are separate and independent. SEBI's Code of Practices under Regulation 8 must adhere to each Principle in Schedule A without diluting the Regulations. This means that even for entities not yet covered by the mandatory market rumour verification requirement under LODR, the Principle 4 obligation under the PIT Regulations independently requires prompt dissemination upon selective disclosure of UPSI.

The combined effect of these frameworks is a layered architecture: for large listed entities, a 24-hour LODR window applies; for all listed entities, the PIT obligation of prompt dissemination upon selective disclosure applies; and the 2024 amendment to GAI ensures that company silence in the face of media reports no longer automatically immunises insiders from trading liability by arguing that the information had become 'generally available' through unverified media.

e. The Creative Tension Between UPSI, GAI and Market Rumour Verification

It would be an oversimplification to view the divergent regulatory positions across these cases as inconsistency. Rather, what emerges is that the PIT framework accommodates a creative tension between three regulatory imperatives that do not always point in the same direction: (i) protecting investors from information asymmetry and insider trading; (ii) not compelling premature or incomplete corporate disclosures that could themselves mislead the market; and (iii) ensuring that the authentication role of the company as the primary source of accurate information about its own affairs is preserved.

The resolution lies in recognising that these cases do not represent inconsistency but rather represent the framework operating exactly as intended, with outcomes calibrated to the facts.

In 63 Moons, Bharti Airtel, Future Corporate Resources, and Adani Green, the media reports were information-rich, factually specific, multi-sourced, and descriptive of a transaction that had already reached an advanced stage the kind of reporting where the information asymmetry

that UPSI is designed to protect against had already dissolved. In the Reliance case, the media reports were incomplete, unconfirmed, published at a stage when due diligence had not commenced and valuation had not been agreed, and the company had itself classified the same information as UPSI in its SDD since September 2019. The UPSI period survived the media leakage not because company authentication is always required, but because on those specific facts the media reports had not neutralised the informational asymmetry as evidenced by the further 10% price rise when the company made its formal announcement nearly a month later.

The 2024 amendment to Regulation 2(1)(e) can be seen as a legislative resolution of this tension drawing the line at 'unverified' media reports. Going forward, information in 'verified' (factually specific and credible) media reports may still constitute GAI on the pre-existing jurisprudence, while 'unverified' (speculative) media reports will not. The practical challenge determining which category a given report falls into, will remain a judgment call, and continued regulatory guidance will be valuable in this space.

f. Global Perspective and Emerging International Trends

The challenges surrounding unpublished price sensitive information, selective disclosure and market rumours are not unique to India. Capital markets across jurisdictions have grappled with the same fundamental question: how can regulators preserve market integrity while ensuring that listed entities are not compelled to disclose information prematurely?

In the United States, Regulation Fair Disclosure (Regulation FD) seeks to prevent selective disclosure by requiring material information shared with analysts, institutional investors or market professionals to be simultaneously disseminated to the public. Similarly, under the United Kingdom's Market Abuse Regulation framework, issuers are generally required to disclose inside information as soon as possible, while being permitted in limited circumstances to delay disclosure where legitimate interests justify such delay.

Although the regulatory mechanisms differ, a common theme emerges across jurisdictions. Regulators increasingly recognise that information can travel through multiple channels including traditional media, digital platforms and market speculation long before a formal corporate announcement is made. This has intensified the focus on disclosure controls, rumour verification mechanisms and the responsibilities of issuers in managing information asymmetry.

Viewed in this context, the 2024 amendments to the PIT Regulations and the LODR Regulations reflect India's movement towards a more structured disclosure framework that seeks to balance investor protection, market efficiency and corporate disclosure obligations. The underlying objective remains consistent with global regulatory trends, ensuring fair access to material information, preserving market confidence and strengthening the integrity of securities markets.

CONCLUSION

The cases discussed show that while the same core principles are applied, their application depends on the facts of each case. The approach to identifying UPSI has evolved from a simple "decision taken" test to a more practical test based on reasonable probability and level of certainty.

The concept of GAI has also been refined. The 2024 amendment excludes unverified media reports, but the main principle remains the same information must be accessible to the public on a non-discriminatory basis.

Further, the Schedule A framework has been recognised as an independent system that requires timely disclosures. It works alongside the LODR rumour verification framework and is not dependent on it.

For Company Secretaries and compliance professionals, the key takeaway is that UPSI compliance is not a one-time exercise. It is a continuous and fact-based process. It requires not just understanding the law, but also keeping track of how it is interpreted in practice.

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Strategic Capital Allocation: A New Governance Frontier against Shareholder Activism

The arena of shareholder activism in 2026 has been transformed from the traditional concerns of corporate governance to the very heart of corporate strategy: Capital Allocation. However, in today's digital age, the traditional duties of the Company Secretary are poised for a change as institutional investors turn to advanced AI-powered analyses to uncover lazy balance sheets. Beyond compliance, the contemporary governance professional needs to play a role of linking fiduciary responsibility and strategic financial stewardship. This article examines the "Governance-led Capital Allocation Framework" as one of the key defensive tools to protect against aggressive shareholder intervention. The author provides a conceptual framework that identifies the relationship between Return on Invested Capital (ROIC), dividend transparency and fiduciary duties under Section 166, and contends that the most effective way for a Board to protect itself is to have a proactive, transparent and strategically aligned Capital Deployment policy. The article offers a roadmap for boards that want to go beyond reactive disclosures, to a culture of "Capital Stewardship", with sustainable growth and lower risk of disruptions from activists. It suggests that in a transparent world, capital allocation is not just a finance duty, it's a key governance issue.



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INTRODUCTION

In 2026, stakeholders form an interconnected financial ecosystem that is hyper-informed. The Securities and Exchange Board of India (SEBI) has been increasingly targeting transparency and sustainable growth, and so has the role of a corporate board. Compliance is not just about getting forms in on time and up to date or keeping statutory registers. The greatest standard of good government today is the effective and accountable management of capital.

The decision-making regarding dividend payments, share buybacks, mergers and acquisitions, and R&D has traditionally been regarded as a function of finance that happens within the CFO room. But a new trend known as "Value Based Activism" has brought these decisions to the light of day in the boardroom. Shareholder activists are no longer simply "corporate raiders" looking for quick short-term profits: they are now complex institutional groups, armed with high-frequency information and the power of AI predictive modelling that look for companies where money is being locked up or wasted.

A Governance Gap occurs when a company has too much cash on hand with no deployment plan; or when they follow an "empire-building" policy by acquiring assets at low prices with low payback. This gap is one in which the shareholders have lost faith in the Board's capacity to perform its role as a fiduciary steward of their capital: This loss of trust is the main reason towards activism.

Boards need to understand that a fiduciary duty of the highest order is capital allocation, which is part of the ecosystem of "Trust and Transparency". Now it's a governance failure if the balance sheet is lazy. As such, the Company Secretary, as the Chief Governance Officer, should ensure that the Board adopts a strong, strategic and publicly communicated Capital Allocation Framework. In doing so the organization is not only lawful, it creates a "valuation moat" which helps to shield it from the disruptive forces of shareholder activism.

THE "GOVERNANCE GAP" IN CAPITAL ALLOCATION

Shareholder activism is most often a symptom of the Governance Gap, not a violation of the Companies Act. The 'gap' lies in the failure of the disconnect between the financial performance of a company and the communication from the company's board about the stewardship of capital. The Board of Directors with the assistance of the Company Secretary is usually responsible for governing the financial decisions made by the Chief Financial Officer (CFO), who is tasked with managing the balance sheet.

The "Lazy Balance Sheet" Syndrome

With the high interest rates and high volatility, capital has a correspondingly high opportunity cost. The institutional investors view an overly lazy balance sheet, with too much cash that has not been allocated, unused assets, or low ROIC as a sign of low governance. Activists search

companies for projects whose Internal Rate of Return (IRR) is less than the Weighted Average Cost of Capital (WACC). If the Board doesn't explain this difference, it leaves a space for mistrust to fill.

Information Asymmetry and the Silent Board

Information asymmetry contributes to the Governance Gap. Boards may have a strategic reason to maintain cash (e.g., to be prepared for a future merger or acquisition, or to have cash as a cushion to systemic risks in the marketplace), but if it is not clearly communicated in the disclosures, shareholders default to the worst scenario. Without some sort of 'Capital Allocation Policy', the market takes the attitude that the Board is passive or, more seriously, a protector of management's 'empire-building' plans.

The Shift in Fiduciary Expectations

A Board's fiduciary responsibility used to be met by maintaining solvency of the company and adherence to regulatory standards. The definition for "Fiduciary" has been broadened in 2026. The "Duty of Care" is now seen by shareholders as a duty to maximise capital. Failure to apply good M&A discipline or inefficient dividend payouts is seen as a failure in oversight by the Board, and is increasingly treated as Value Leakage.

This is the sweet spot in which activist funds would like to operate. They're not just capital, they're a competing "Strategic Roadmap" that offers better returns. The gap needs to be bridged by the Company Secretary, who plays a key role in guiding the boardroom culture from a 'numbers game' to a 'governance mandate.'

A MULTI-DIMENSIONAL FRAMEWORK FOR STRATEGIC CAPITAL STEWARDSHIP

The Board should shift from a reactive to a proactive approach from an 'approval-based' to a 'stewardship-based' model, to shield an organisation from the disruptive effects of shareholder activism. Capital in the corporate world isn't only a useful resource; it's a sign of board competence. This transition is supported by the following framework of four pillars, which gives it a firm structure.

Pillar I: The ROIC-WACC Divergence and the "Capital Rationing" Mandate

The biggest weakness that always seems to be there for activists is the difference between the company's Return on Invested Capital (ROIC) and the company's Weighted Average Cost of Capital (WACC). In the volatile interest rate regime, many Indian companies have seen their WACC rising, and at the same time, their internal hurdle rates for projects have remained high on the same level as the historical interest rate periods, which were more cost- and time-efficient.

- ***The Analysis of Failure:*** Boards frequently fall into the "Capital Inertia" trap of funding business units on the basis of past precedent instead of incremental value. This leads to 'diworsification' - putting money into

small projects with low returns, which detract from the overall value. Activists employ AI benchmarking to benchmark a company's segment-wise ROICs with the rest of the world. In the case of a "bleeding" value segment, the activist will push for a demerger or divestment.

- ***The Strategic Intervention:*** The Board shall adopt a 'Capital Rationing Policy' which shall be put in place. This includes prioritizing all internal projects by their 'Value Creation Potential'. The Company Secretary must prepare a 'Segmental Value-Add Report' on a quarterly basis and send it to the Board. The Board should not approve an overall CAPEX budget, but should require that management explain the rationale for investing in a 10% ROIC project when the cost of capital in the market is 12%. The Board is in a better position to tell the story if it takes the initiative to remove "Value-Destroying" units before an activist does.

Pillar II: The "Total Shareholder Return" (TSR) and Payout Governance

The "Dividend vs. Buyback" issue is a key governance issue in 2026. Shareholders no longer accept dividends as a 'residual payout' (what's left over); they want a 'Strategic Payout' Roadmap.

- ***The Analysis of Failure:*** Many Boards view dividend payment as a 'feel good' exercise and forget that dividend transparency is missing leading to the 'Conglomerate Discount' in the stock price. If the market thinks the Board is holding on to money for "future needs," the stock will be discounted. But perhaps most importantly, poorly timed share repurchases, which occur when the stock price is too high, are now seen by astute investors as an assault on the "Intrinsic Value," and are considered a violation of the fiduciary duty.
- ***The Strategic Intervention:*** The Board shall adopt a "Tiered Payout Framework". This includes (a) a policy of core dividend payments, supported by Operating Cash Flow, and (b) a "Special Capital Return Triggers" policy. For example, when the cash-to-equity ratio is above a pre-determined "Efficiency Threshold", the Board is obliged to either set a specific M&A target or send the capital back. The Company Secretary has to ensure that these thresholds are recorded and shared. When shareholders' "Contractual Transparency" is in place, the company is "activist-proof" as the market knows exactly what will happen to excess cash.

Pillar III: M&A Rigour – Governance of the "Inorganic Growth" lifecycle

Why Boards Fail at M&A?: CEO Hubris is the No. 1 reason Boards are failing at M&A in the 2025-2026 M&A boom. Boards typically fail in the "pre-deal" phase because they do not question the "Strategic Fit" and in the "post-deal" phase, they overlook "Integration Leakage". Companies that have a history of "overpaying for growth"

come under activists' fire. The "smoking gun" for activists to replace a Board is when a Board approves an acquisition at 40% premium based on "blue-sky synergies" that don't happen.

The Governance Intervention: The Company Secretary must facilitate a "Three-Stage M&A Oversight Process":

1. **The 'Pre-Mortem' Session:** It's best for the Board to preform a 'Pre-Mortem' prior to the signing of an LOI (Letter of Intent), where management will need to explain how a "hypothetical failure" could not happen.
2. **The Synergy Accountability Matrix:** All projected synergies (costs or revenues) should be assigned to a 'Management Owner' and a 'Realisation Timeline'.
3. **The Mandatory 24-Month Audit:** Two years following the deal, the Board must undertake a public Post-Acquisition Performance Review. The CS establishes this 'Accountability Loop' by making the Board a 'Disciplined Buyer'. Such a degree of governance discipline makes it almost impossible to have a legitimate argument that the Board is "reckless" when it comes to capital.

Pillar IV: Resilience, ESG, and the "Carbon-Adjusted" ROIC

ESG, no longer a 'reporting' requirement, is now a 'capital' requirement. Now, institutional investors are considering a "Carbon-Adjusted ROIC," which discounts the performance of companies that use capital for high-emission resources without a transition plan.

Trust isn't fixed, it's something that needs to be built over time. Shareholder activism need not be feared, but a warning of higher accountability that is expected of the market.

- **The Analysis of Failure:** Boards go wrong if they see "Green Capex" as an expense only. Activists now have a new term, "ESG Underperformance," which is now being adopted as a proxy for "Poor Management." They say that a Board which can't foresee carbon-tax risks is a Board which can't manage capital in the 21st century.
- **The Strategic Intervention:** There needs to be a 'Sustainability Lens' to consider how to allocate the capital. The Board should set a 'Green Hurdle Rate' which applies where projects are considered to be accelerating a "Net Zero" transition and thus have a lower long-term risk profile and are thus eligible for a lower cost of capital. The Company Secretary ensures that such 'Forward-Looking Allocations' are emphasized in the Business Responsibility and Sustainability Report (BRSR). When an activist claims that a cash injection represents 'Risk Mitigation' instead of 'Compliance Expense,' the reason why would the company continue to hold back cash? The justification for the company to not spend the cash is that it is for 'Risk Mitigation' and not 'Compliance Expense' and that creates 'Institutional Trust' for the long run.

THE LEGAL NEXUS: RE-INTERPRETING FIDUCIARY DUTY AND THE "PROCESS-DEFENSE" IN CAPITAL ALLOCATION

The strategic approach towards the allocation of capital is not without statutory backing, but is supported by the Companies Act, 2013, and the SEBI (LODR) Regulations, 2015. But these laws have been interpreted differently under the new regulations for 2026. Capital Stewardship, not simply attendance at board meetings, is now needed to meet the "Duty of Care."

a. Section 166: Redefining "Best Interests" as Optimal Stewardship

The requirement of Section 166(2) is that a director should act in good faith for the purpose of promoting the objects of the company for the benefit of the company as a whole. This has traditionally been understood as a prohibition on fraud or egregious mismanagement.

The 'benefit of members' is now considered by proxy advisors and the judiciary as the maximisation of shareholder capital in the era of shareholder activism. The directors of a Board who allow an excessive quantity of capital to be 'lazy' (returning less than the inflation rate or the Company's own WACC) could be said to have not exercised due care in promoting the objects of the company.

Section 166(3) imposes a legal obligation on the Board to 'exercise due and reasonable care, skill and diligence' in making its allocations, which entails it appreciating the financial consequences of its allocation decisions. It is Company Secretary's responsibility to make sure that the Board minutes do not only record the 'approval of the budget' but the

'Interrogation of the IRR' (Internal Rate of Return). The CS documents that the Board asked management about the benefit of the retained earnings, giving the directors the best protection against any future allegations of fiduciary negligence.

b. The Business Judgment Rule (BJR): Evolution of the "Process-Audit"

The "Business Judgment Rule" which has always held sway in Indian courts, meaning that courts will not presume to second-guess the commercial judgement of the Board, has been amended by the judiciary in 2026, with an additional caveat – the Process-Audit.

To claim protection under the BJR, a decision must be 'Informed.' In the context of capital allocation, an 'Informed Decision' requires:

- **A comparative analysis:** Did the Board consider returning the capital to shareholders instead of the proposed M&A?
- **Sensitivity Analysis:** Did the Board review "worst-case" scenarios for the capital outlay?
- **Lack of Interest:** Was the allocation driven by management's desire for growth (Empire Building) or the company's strategic need?

The formalized Capital Allocation Policy (CAP) is the first line of defense. It demonstrates that this was not a random selection by the Board, but part of a ‘governed’ process. A ‘Procedural Fiduciary Duty’ is the key characteristic that differentiates a ‘Professional Board’ and a “Passive Board” in the minds of an activist-aspiring court challenge.

c. SEBI LODR Regulation 4: Managing the Conflict of Interest

The SEBI (LODR) Regulations make it clear that it is the duty of the Board to “monitor and manage potential conflicts of interest of management, board members and shareholders” under regulation 4(2)(f) of the SEBI (LODR) Regulations.

A competition for the allocation of capital is the final battleground. There is a dichotomy between the management who tend to ‘hoard’ capital for safety or status and the shareholders (particularly activists) who want to see capital released. These interests are not balanced in 2026, and this is a regulatory risk. In absence of a strategic answer to this conflict that a Board ignores the Shareholder’s request for Capital Efficiency, then the Board is failing in its duty to manage this conflict. The Chief Governance Officer (Company Secretary) is responsible to conduct transparency sessions through “Governance Roadshows” to explain the logic of capital retention to institutional investors to satisfy the ‘Spirit of Regulation 4’.

d. The “Governance Audit Trail” and Secretarial Standard-1 (SS-1)

The role of the Company Secretary in capital allocation is institutionalized through a standardized procedure known as Secretarial Standard-1 (SS-1). The CS has the major responsibility to provide the ‘Quality of Information’ to the Board.

The activist’s strongest card is Information Asymmetry. The CS has a professional responsibility to step in if the ‘Agenda Notes’ that it receives to the Board are unbalanced or are unsupported by extensive financial modelling. The CS should ensure that the Board Pack for any significant capital decision contains the following for a “Governance Audit Trail” that can withstand activist challenge:

1. **A “Value-Impact Assessment”:** How the allocation affects the company’s ROIC over a 3-year horizon.
2. **A “Compliance-Strategy Mapping”:** How the spending aligns with the company’s ESG mandates (Green Bond covenants, etc.).
3. **Independent Valuation Reports:** Ensuring that M&A or buyback prices are vetted by third-party experts to avoid ‘Overpayment’ claims.

The CS makes sure that these documents are a part of the permanent record, which means the “Minutes of the Meeting” becomes a Legal Fortress.

CASE STUDY: A REPRESENTATIVE PARADIGM OF CAPITAL-LED ACTIVISM

This section also explores a typical example of the “New Friction” seen in the 2026 proxy season to put the strategies

in play into context. In this analysis, we combine the trends in the cross-section of financial numbers and governance failures, creating a “perfect storm” for shareholder intervention.

a. The Catalyst: The “Lazy Balance Sheet” and Information Asymmetry

A leading institutional activist fund started a campaign against a mid-cap market leader in the first half of 2026. The friction was not to the law, but to a Capital Stewardship Gap. The activist issued a comprehensive public mandate on three main governance shortcomings:

1. **Inefficient Capital Hoarding:** The company maintained a cash-to-equity ratio 40% higher than its peer group average, with no articulated roadmap for deployment.
2. **Empire-Building via M&A:** The Board had recently approved an acquisition at a premium. The market priced in a ‘Value Destruction’ discount as a result of insufficient definition of the “Strategic Synergies” found in the Benchmarking analysis.
3. **Process Opaque:** The Board failed to demonstrate what was expected and called for: ‘Skillful Diligence’ (per Section 166), by not publicly justifying the retention of capital against a rising weighted average cost of capital (WACC).

b. The Escalation: The Friction of Boardroom Legitimacy

The conflict heated up over the proposal by the activist to conduct a “Board Refresh” that would replace the incumbent directors with independent experts in the financial field. This was a direct attack on the Board’s Strategic Competence. For the company, stock price volatility was quite marked as proxy advisory firms started to fall in line with the activist’s “Balance Sheet Efficiency” message. It was not simply a dispute over a single transaction, it was a vote on the Board’s fiduciary stewardship.

c. The Governance Pivot: Deploying the Strategic Shield

Rather than litigiously pursuing a defense, the Board, with the assistance of the Governance and Secretarial Office, completed a Governance-Led Capital Pivot. This transition was made using the 4-Pillar Framework to smooth out the friction:

- **Pillar I (The ROIC Audit):** The Board stopped the contested acquisition and issued a Capital Efficiency Report. They acknowledged that the hurdle rates applied to the deal were not reflective of the inflationary landscape in 2026 and further agreed to sell non-core assets that do not perform well.
- **Pillar II (The Resilience Fund):** The Board explained that 60% of the ‘excess cash’ would be allocated to a ‘Sustainability Transition Fund’ that would be needed for regulatory compliance by 2028. They made cash retention an asset for governance practices by taking them forward through “Systemic Risk Mitigation”.
- **Pillar III (The Accountability Loop):** The Company Secretary established a Capital Stewardship

Committee. They agreed to an annual 'Say-on-Capital' report - providing shareholders with a clear understanding on where each unit of retained capital is being used to generate ROIC.

d. Resolution

When the market went to the AGM in July 2026, the market attitude had changed. Proxy advisors have advised approving the current Board of Directors, saying the "unprecedented transparency" of the new capital allocation framework encourages vote support. The activist fund eventually pulled its nominees and the company's valuation was de-rated by the market reflecting a 'Governance Premium'.

This paradigm proves that, the most effective defense against the friction of activism is not legal obstruction, but the disciplined, transparent, and fiduciary-led allocation of capital.

STRATEGIC RECOMMENDATIONS: THE ROADMAP FOR THE BOARD AND THE CS

The following are actionable measures that companies can take for a "valuation moat" to prevent activism in 2026:

1. **Adoption of a Formal Capital Allocation Policy (CAP):** The Board should approve and publish a CAP that sets in order the use of funds for cash: (a) Organic growth, (b) M&A criteria, (c) Debt reduction and (d) Shareholder returns. The primary 'legal and strategic shield' is this policy.
2. **Quarterly "Strategy and Capital" Reviews:** The Board should go beyond the basic sessional functions of the Audit Committee and conduct regular "Capital Stewardship" sessions. These sessions should review the performance of capital expenditures made in the past and their corresponding "Synergy Roadmaps."
3. **Enhanced Investor Relations (IR) Collaboration:** The Company Secretary should actively collaborate with the IR team to make sure that the "Governance Narrative" becomes a part of the investor presentation. The Board's communication to the market should be in the 'Capital Efficiency' language.
4. **Integrating Capital Discipline into Board Evaluation:** The Board and the Committees should have an annual measure of "Strategic Oversight of Capital" as part of their evaluation. This will make sure that directors are responsible for the long-term management of the company's resources.

CONCLUSION

Trust isn't fixed, it's something that needs to be built over time. Shareholder activism need not be feared, but a warning of higher accountability that is expected of the market. In effect, Boards are bringing Capital Allocation from 'back office' finance to 'front office' governance, which is more than simply avoiding disruption, it is their most important fiduciary duty. The 'interconnected web' of the financial world is becoming increasingly complex; and the organizations which survive and prosper, will be the ones that treat every rupee of capital as a sacred trust.

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Contributions may be sent on topics like Secretarial Practice, Auditing Standards, Company Law, Mercantile Law, Industrial Law, Labour Relations, Business Administration, Accounting, CG & CSR, Legal Discipline, and Digital Transformation & Artificial Intelligence or on any other subject and topic of professional interest.

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Members and other readers desirous of contributing Research Paper may send the same latest by **Friday, August 21, 2026** for the **September 2026** issue of Chartered Secretary Journal at cs.journal@icsi.edu

The length of the Research Paper should ordinarily be between 2,500 - 4,000 words in MS Word format.

We look forward to your co-operation in making this initiative of the Institute a success.

Regards,

Team ICSI

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RESEARCH CORNER



- Carbon Footprint vs. Capital Pay-outs: Reconciling Shareholder Returns with Climate Capital under Indian Law

Carbon Footprint vs. Capital Pay-outs: Reconciling Shareholder Returns with Climate Capital under Indian Law

Boards of Directors of Indian Listed Companies are often faced with a growing tension between environmental spending and shareholder pay-outs (Dividends / Buy-back), which is often taken as a conflict of these two competing priorities. This article argues that the real issue is not about competing priorities and hence, framing them as such is mistaken. Environment Obligation originates from the non-justiciable Fundamental Duty provided under Article 51A(g) of the Constitution of India, through the Directive Principles under Articles 48A and 39, to its statutory expression given in Section 166(2) of the Companies Act, 2013 in the form of one of the duties of directors. The article shows that only CSR spending under Section 135 carries a mandatory corporate obligation; SEBI's sustainability disclosure regime, dividend policy, and share buybacks operate through disclosure or discretion alone, with buybacks receiving the most specific regulatory accommodation. Drawing on five years of published CSR data available in public domain, the article finds environment-linked spending a modest but growing share of an overall CSR spending that has itself grown by roughly forty percent since FY 2019-20. The finding is an asymmetry, not a genuine conflict, and the article proposes a capital allocation disclosure to make board reasoning visible to shareholders and regulators alike.



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INTRODUCTION

This article examines the tension between two demands increasingly placed on the boards of Indian listed companies: whether the obligation to direct corporate resources toward environmental responsibility should be in priority over the discretion to return surplus capital to shareholders through dividends and share buybacks or vice versa. It discusses the constitutional basis of the environmental obligation, beginning with the Fundamental Duty under Article 51A(g) of the Constitution of India along with the Directive Principles under Articles 48A and 39, through its statutory expression in Section 166(2) of the Companies Act, 2013, to its regulatory implementation through mandatory Corporate Social Responsibility spending and SEBI's sustainability disclosure framework. It then sets out the comparatively weaker legal basis (non-mandatory) for dividend distribution and the accommodating provisions for share buybacks. It goes onto present the limitedly

available public data on how listed Indian companies have spent on environment-linked activity over the past five years. The entire premise is that the apparent conflict between environmental spending and shareholder returns is not a conflict between two equally weighted obligations, but an asymmetry between one legally compulsory requirement through CSR spending and two areas of substantial board discretion. It closes by proposing a disclosure-based mechanism to address that asymmetry.

THE CONSTITUTIONAL PREMISE: A FUNDAMENTAL DUTY BEYOND THE INDIVIDUAL CITIZEN

Article 51A (Part IVA) places on every citizen of India a duty:-

*"to protect and improve the natural environment, including forests, lakes, rivers and wildlife, and to show compassion for living creatures."*¹

As a Fundamental Duty under Part IVA, it is non-justiciable by design and hence, cannot be enforced by way of writ petition under Articles 32 or 226 as a standalone cause of action.² Instead, its enforcement is made through legislative enactment³ and judicial interpretation, without treating it as independently enforceable. For instance, Environment (Protection) Act, 1986 and Wildlife (Protection) Act, 1972 legally mandate corporate environmental responsibility by imposing strict compliance, operational restrictions, and criminal liability on businesses. Under the Environment (Protection) Act, 1986, companies are legally prohibited from discharging pollutants beyond prescribed limits and must obtain mandatory prior Environmental Clearances

1. Constitution of India, art. 51A(g), inserted by the Constitution (Forty-second Amendment) Act, 1976.

2. Part IVA contains no express provisions for enforcement of fundamental duties.

3. Environment (Protection) Act, 1986; Wildlife (Protection) Act, 1972.

(EC) before launching or expanding industrial projects. Concurrently, the Wildlife (Protection) Act, 1972 restricts corporate activities by banning industrial operations inside or near eco-sensitive zones, national parks, and wildlife sanctuaries to prevent habitat destruction. Crucially, both statutes impose personal, statutory liability on directors and key officers i.e. it provides that if a company violates these laws, the directors and key corporate officers can be held personally liable and face stringent criminal prosecution and penalties.

Courts have also applied Article 51A(g) consistently:

- In the Doon Valley case, the Honourable Supreme Court held that preserving the environment is a social obligation resting on every citizen, not the government's responsibility alone.⁴
- In the proceedings on Ganga pollution, the Court directed compulsory environmental education in schools, which was again based on the citizen's fundamental duty.⁵
- In Kamal Nath, the Court read the State's Obligation under Article 48A together with Article 51A(g) and the right to life,⁶ holding that natural resources are held by the State in trust for the public and cannot serve a private party's commercial benefit.⁷
- In Virender Gaur, the Court held again that protecting the environment is a duty owed by every citizen, not the State alone.⁸

While none of the above makes Article 51A(g) binding on a company as a "citizen" in the literal sense and no court has expressly held so, the more accurate position is that courts have treated Article 51A(g) as a principle shaping how environmental obligations are made applicable on anyone who uses natural resources for commercial gain, individual or corporate. A company which is drawing on land, water, minerals, and air as business inputs naturally falls within the same reasoning the Honorable Supreme Court applied in Kamal Nath, even though it is Parliament and the regulator, not Article 51A(g) itself, that ultimately places the obligation on an entity in corporate form.

THE DIRECTIVE PRINCIPLES: STATE ENDEAVOUR AND ECONOMIC JUSTICE

Two Directive Principles under Part IV of the Constitution support different halves of the argument that follows:

⁴ Rural Litigation and Entitlement Kendra v. State of U.P., AIR 1987 SC 359.
⁵ M.C. Mehta v. Union of India, W.P. No. 860 of 1991, order dated 22 November 1991 (Supreme Court of India).
⁶ Constitution of India, art. 21.
⁷ M.C. Mehta v. Kamal Nath, (1997) 1 SCC 388; and the subsequent compensation order, M.C. Mehta v. Kamal Nath, (2000) 6 SCC 213.
⁸ Virender Gaur v. State of Haryana, (1995) 2 SCC 577.

- Article 48A⁹ directs the State in the following manner:

"The State shall endeavour to protect and improve the environment and to safeguard the forests and wildlife of the country."

It was inserted by the same 1976 Constitutional amendment as Article 51A(g) and it is reasonable to conclude that it is intended to be read together with Article 51A(g) : one provision directs the State, the other binds the citizen. The Supreme Court has read both together with the right to life to produce enforceable environmental jurisprudence, including the polluter-pays and precautionary principles set out in Vellore Citizens Welfare Forum.¹⁰

- Articles 39(b)¹¹ and 39(c)¹² cumulatively direct the State to direct its policy towards securing that **"the ownership and control of the material resources of the community are so distributed as best to sub-serve the common good and that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment."** These provisions have been historically applied to land reform and industrial policy, not capital markets, and no court has so far expressly extended them to securities law. However, they should be used here as an interpretative basis, though not binding authority, for examining capital allocation in listed companies.

CSR spending is legally compulsory, dividend and buyback decisions remain matters of board discretion protected by law, and buybacks in particular receive regulatory accommodations that neither dividend nor environmental spending enjoy.

THE STATUTORY BRIDGE: SECTION 166(2) OF THE COMPANIES ACT, 2013

Section 166(2) casts a duty on a director to act in good faith to promote the company's objects for the benefit of its members as a whole, having regard to the interests of the company, its employees, its shareholders, the community, and **the protection of the environment**.¹³ This is the first provision in Indian company law to name the environment expressly as an interest a director must weigh. This was inserted on the recommendation of the Dr. J.J. Irani Committee.¹⁴

- It establishes the environment as one of several stakeholders' interests a director must weigh, alongside the company, employees, shareholders and community. However, it does not intend to rank any one above another.

⁹ Constitution of India, art. 48A, inserted by the Constitution (Forty-second Amendment) Act, 1976.

¹⁰ Vellore Citizens Welfare Forum v. Union of India, (1996) 5 SCC 647.

¹¹ Constitution of India, art. 39(b).

¹² Constitution of India, art. 39(c).

¹³ Companies Act, 2013, s. 166(2).

¹⁴ Report of the Expert Committee on Company Law (Dr. J.J. Irani Committee), Ministry of Corporate Affairs, 2005.

- Its enforcement mechanisms are comparatively weak as it is a subjective duty on the part of a director. Any claim from a shareholder whether in form of a derivative action, a claim of oppression and mismanagement, or a class action is likely to face significant procedural hurdles before a director can actually be held accountable specifically for disregarding the environmental limb of the section.¹⁵

In practice, duty cast under Section 166(2) functions as a statement of statutory responsibility rather than a directly enforceable right. This gap is precisely what SEBI's disclosure-based regulations have since tried to address.

FROM DUTY TO DISCLOSURE: CSR, BRSR, AND CAPITAL PAY-OUTS COMPARED

The Ministry of Corporate Affairs and SEBI have built distinct regulatory frameworks that give Section 166(2) its practical effect. However, they differ sharply in legal force:

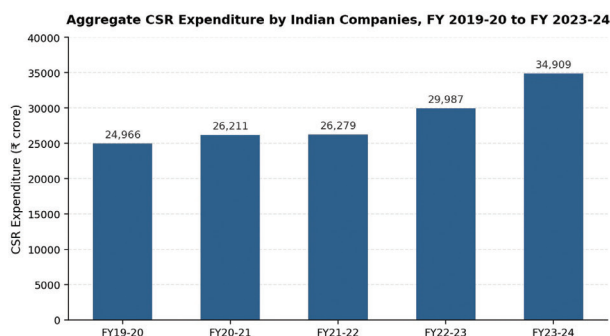
Instrument	Governing Provision	Nature of Requirement	Applies To
CSR spending	Companies Act, s. 135	Compulsory: min. 2% of average net profit; penalties for non-compliance	Net worth $\geq$ ₹500 cr / turnover $\geq$ ₹1,000 cr / net profit $\geq$ ₹5 cr
BRSR / BRSR Core	SEBI LODR Reg. 34(2) (f); 2023 Circular	Compulsory disclosure; phased third-party assurance. Reporting, not outcome, is mandatory	Top 1,000 listed entities by market cap
Dividend Distribution Policy	SEBI LODR Reg. 43A	Compulsory disclosure of policy only; no spending mandate	Top 1,000 listed entities by market cap
Share buyback	Companies Act, ss. 68-70; SEBI Buy-back Regs. 2018; SAST Regs. 2011	Enabling framework; tax and control-consolidation advantages; no ESG linkage	Any listed company choosing to buyback

As evident from the above, only CSR spending (which may include environmental spending) carries a compulsory obligation on the part of the Corporates. BRSR and the Dividend Distribution Policy both operate through mandatory disclosure without dictating anything on spending. Buybacks carry no ESG-linked requirement at all, and receive the most specific regulatory accommodation, as Part VI shows.

Available Data: Environment-Linked CSR Spending

A very limited data showing Environment-Linked CSR spending is available in public domain. As per the data available in public domain, in view of its mandatory nature, aggregate CSR expenditure by Indian companies has risen every year over the past five financial years, from

approximately ₹24,966 crore in FY 2019-20 to approximately ₹34,909 crore in FY 2023-24, an increase of roughly forty percent.¹⁶



Within this total, spending grouped under the Ministry's combined environmental head, covering environmental sustainability, agro-forestry, animal welfare, conservation of natural resources, and the Clean Ganga Fund, rose from approximately ₹2,921 crore in FY 2022-23 to approximately ₹3,459 crore in FY 2023-24, a share of roughly eight to ten percent of total CSR spending in both years.¹⁷ Among NSE-listed companies specifically, CSR spending rose from approximately ₹15,524 crore to approximately ₹17,967 crore over the same two years, with environmental sustainability recording the largest percentage increase of any category.¹⁸ A 2025 industry survey of 301 large companies put environment and sustainability at roughly thirteen percent of CSR budgets in FY 2024-25.¹⁹

- Total CSR spend and listed-company CSR spend are separate, overlapping datasets and should not be added together.
- The Ministry does not disaggregate its environmental heading, so the genuine emissions-reduction share of the figures above cannot be isolated from this data alone.
- No centrally compiled public dataset yet aggregates BRSR disclosures, such as reported emissions, across the 1,000 companies that file them; each report exists individually rather than as a public trend series.

Subject to the abovementioned limits, environment-linked CSR spending is a modest but growing share of a total CSR pool that has itself grown steadily. The absence of a centrally compiled BRSR trend dataset, comparable to what the MCA already maintains for CSR, is itself worth looking into. A similar aggregation effort for BRSR disclosures would help practitioners and regulators track

¹⁶ Ministry of Corporate Affairs, National CSR Portal (csr.gov.in), per a Lok Sabha Unstarred Question reply and secondary compilations (Smile Foundation India, 2026; India CSR, 2026), FY 2019-20 to FY 2023-24.

¹⁷ Environment-linked CSR figures, FY 2022-23 and FY 2023-24, per secondary compilations of Ministry of Corporate Affairs data (India CSR, 2026; Down To Earth, 2025); grouped under one combined, undisaggregated head.

¹⁸ PRIME Database compilation of CSR expenditure by NSE-listed companies (Drishti IAS; ThinkWithNiche, 2025), FY 2022-23/2023-24 — a subset of, not additive to, the national figures above.

¹⁹ CSRBBOX, India CSR Outlook Report 2025 (11th edition), based on a sample of 301 companies, FY 2024-25.

¹⁵ Companies Act, 2013, ss. 241-242 (oppression and mismanagement) and s. 245 (class action suits).

environmental performance across the top companies with the same ease that CSR spending is being tracked today.

THE OTHER DUTY: DIVIDEND, DISCRETION, AND THE LIMITS OF COMPULSION

Although Dividend distribution finds its place in statutory books, its legal structure is markedly weaker than the CSR mandate:

- Section 123²⁰ and other related provisions govern the sources from which dividend may be paid and conditions subject to which it can be paid, but does not, anywhere, require a company to declare one. So, the Board of Directors may choose not to recommend dividend even if there exist adequate distributable profits.

In fact, in its landmark judgement in **Vazir Sultan Tobacco Co. Ltd. v. Commissioner of Income Tax, A.P.**, [1982] 1 SCR 789, the Honourable Supreme Court analysed the clear demarcation of powers between the Board of Directors and the shareholders in a General Meeting regarding dividends. The Court affirmed that while the company in a general meeting is the final authority which declares the final dividend as referred to in Section 102(2) of the Companies Act, 2013, that authority is capped by the Board's recommendation, reflecting the principle, also embodied in Article 80 of Table F, Schedule I to the Companies Act, that no dividend can exceed the amount recommended by the Board. The ruling clearly established that shareholders cannot decide and declare quantum of dividend in excess of what was recommended by the Board as the Board has power to use its discretion using business judgement.

- The Honourable Supreme Court has also, in *LIC v. Escorts Ltd.*²¹ held that shareholders cannot compel a board to declare dividends absent proof of mala fide intent or arbitrariness. Dividend is a matter of board discretion protected by the business judgment rule.
- Regulation 43A²² requires listed companies above a market-capitalisation threshold to disclose a Dividend Distribution Policy, covering when shareholders may expect a dividend and how retained earnings will be used. Introduced in 2016 for the top 500 entities by market capitalisation, it was extended in 2021 to the top 1,000, the same universe covered by BRSR. As with BRSR, the requirement is to disclose the policy, not to follow any particular one. However, this also does not make it mandatory on the part of the Board of Directors to recommend / declare any dividend, which remains a Board's discretion to be used based on the business judgment rule.

- Courts intervene only in the opposite direction: directors who negligently pay dividend out of capital rather than genuine profit may be personally liable to compensate the company.²³ The legal duty runs toward preserving capital, not toward paying shareholders.

WHERE THE TENSION ACTUALLY LIES

The conflict this article examines is not a clash between two equally weighted duties. It is a gap between one compulsory spending requirement and two areas of board discretion, both drawing on the same distributable profits. So, tension lies in the question of whether a Corporate should use its available resources towards environmental spending or it should use them for distribution to shareholders in form of dividend.

This gap widens further with the share buyback. A buyback of shares is governed by Sections 68 to 70 of the Companies Act, 2013, which set the source of funds, the 25% ceiling on paid-up capital and free reserves, and the debt-equity conditions applicable to every company; SEBI's regulations provide for additional conditions specifically applicable for listed companies.²⁴ Within these frameworks, the Companies Act as well as SEBI Regulations have the effect of consolidation of promoter shareholding with SEBI Regulations recognising it as an accepted commercial purpose of a buyback,²⁵ and in fact, SEBI Regulations also provide promoters a specific exemption from the open-offer requirement where a buyback pushes their shareholding across the relevant threshold, subject only to procedural conditions.²⁶

- Buybacks carry more favourable tax treatment than dividends for many shareholder categories.
- Unlike dividend, a buyback creates no recurring expectation which the board must revisit annually.
- A company choosing between ESG capex, dividend, and buyback operates in a framework where only the first carries a compulsory spending floor as a part of CSR, while the third receives the most specific regulatory accommodation.

SEBI's own conduct shows it is alert to this risk: it paused the stock-exchange buyback route in 2025 over concerns about unequal participation and price signalling, before reintroducing it in 2026 under tighter conditions.²⁷ The 2018 withdrawal of a well-known buyback

²⁰ Companies Act, 2013, s. 123.

²¹ *Life Insurance Corporation of India v. Escorts Ltd.*, (1986) 1 SCC 264.

²² SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, reg. 43A.

²³ Discussed in Indian commentary alongside *Kishinchand Chellaram v. CIT*, 1963 AIR 390 (taxation of dividend income); more directly supported by *Baird v. Queens Moat Houses plc*, [2001] 2 BCLC 531 (CA).

²⁴ Companies Act, 2013, ss. 68-70, read with Rule 17, Companies (Share Capital and Debentures) Rules, 2014; for listed companies, read further with SEBI (Buy-back of Securities) Regulations, 2018.

²⁵ SEBI (Buy-back of Securities) Regulations, 2018.

²⁶ SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

²⁷ SEBI circulars on phasing out the stock-exchange buy-back route from 1 April 2025, and its reintroduction with revised conditions from 1 August 2026.

announcement, after it had already moved the share price, is frequently cited as an example of this signalling risk.²⁸ However, none of the Companies Act's provisions and of SEBI Regulations / Guidelines, mandate that a company's environmental obligations should be based on the board's initial decision on how to deploy surplus capital at all.

WHY BOTH MUST BE HONOURED?

Environmental spending and shareholder pay-outs are not competing priorities to be ranked above each other. Each serves a distinct constitutional purpose as highlighted below:

Environmental Spending	Dividend and Capital Discipline
Gives effect to the sequence traced from Article 51A(g) and 48A, through Section 166(2), to Section 135 and BRSR.	Gives effect to Articles 39(b) and (c): capital should not concentrate unduly, and enterprise should serve the common good.
Properly directed, strengthens the long-term enterprise value shareholders ultimately depend on.	Distributes the returns of enterprise broadly, rather than allowing them to concentrate with promoters.
Treating it only as a cost to minimise takes a short-term view of a constitutionally grounded duty.	Sustains the market confidence on which future capital formation depends.

As evident from the above, both environmental spending and Dividend and Capital Discipline, emerge from constitutional framework and hence, they cannot be and rather should not be tested against each other in terms of priority. Testing one against another, would amount to treating one constitutional provision sub-ordinate to the other one, which runs contrary to the primary intent of the constitutional provisions i.e. Articles 39, 48A and 51A(g).

Therefore, the reform opportunity is not to make one obligation compulsory at the other's expense, but to close the specific gap identified above: no regulation currently requires a board's choice between environmental spending, dividend, and buyback to be disclosed together, as a single reasoned capital allocation statement in Directors' Report, setting out the company's environmental targets alongside the board's reasoning for how surplus was actually divided among the three uses that year. This would not make Section 166(2)'s environmental limb enforceable in court, nor compel dividend the way Section 135 compels CSR spend. Rather, it would extend the disclosure approach SEBI already applies separately to BRSR and dividend policy, and apply it jointly, so a board choosing a buyback over environmental spending in a high-emission sector

must explain that choice in the same document in which it reports its emissions. For a governance professional like the Company Secretary, this offers a practical template: a single board note, prepared once a year alongside the BRSR and dividend policy disclosures, that sets out the reasoning for that year's capital allocation choice and can be relied upon proactively in shareholder and regulatory engagement, rather than reconstructed defensively if the choice is later questioned. This board note along with any other reasoning noted by the Board at its meeting, can become basis for capital allocation statement in the Directors' Report.

CONCLUSION

Although the environmental spending obligations of Indian companies run from a non-justiciable constitutional duty to a disclosure-heavy regulatory framework, they become mandatory for the Companies – who elect to spend their mandatory CSR spending towards environment obligations through a Board-approved action plan under Rule 5 (2) of CSR Rules. Set against this, the legal basis for dividend distribution is considerably weaker and in fact, it is entirely discretionary on the part of the Boards of the Companies to decide distribution of dividends and quantum of such distribution. Further, share buybacks remain largely regulatory accommodation and not a mandatory obligation. Further, the available data shows environment-linked CSR spending as a growing but still modest share of a total CSR pool that has itself grown by roughly forty percent over five years, while comparable aggregate data for BRSR outcomes does not yet exist in centrally compiled form.

The central finding that emerges from the above is an asymmetry, not a genuine conflict: CSR spending is legally compulsory, dividend and buyback decisions remain matters of board discretion protected by law, and buybacks in particular receive regulatory accommodations that neither dividend nor environmental spending enjoy. Therefore, a single, jointly reasoned capital allocation disclosure in the Directors' Report, extending mechanisms SEBI already uses separately for BRSR and dividend policy, would not remove this asymmetry, but it would make the board's reasoning visible to shareholders and regulators alike. That visibility, rather than a new spending mandate, is the reform proposed here. In fact, the proposed reform in terms of capital allocation disclosure would also push the Boards of the Companies to think in a more logical manner as they would be required to provide a well-reasoned disclosure in the Directors' Report.



²⁸ Market reporting on the PC Jeweller Ltd. buyback announcement and its 2018 withdrawal, noted as a factual episode, not a legal precedent.



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4

SOCIAL IMPACT REVIEW



- Connecting Capital with Impact: A Global Perspective on Social Stock Exchanges

Connecting Capital with Impact: A Global Perspective on Social Stock Exchanges

The emergence of socially responsible investing marked an important shift. Investors began considering ethical and social factors alongside financial returns. Over time, this evolved into impact investing, where investors actively seek measurable social and environmental outcomes in addition to financial performance.



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INTRODUCTION

The convergence of finance and social development has accelerated significantly during the past two decades. Governments, philanthropic institutions and development agencies increasingly recognise that traditional funding sources alone are insufficient to address pressing challenges relating to poverty, healthcare, education, environmental sustainability and social inclusion. This has encouraged the search for innovative financing mechanisms capable of directing private capital towards measurable social outcomes.

Social Stock Exchanges have emerged within this context. Unlike conventional stock exchanges, which primarily facilitate capital raising for commercial enterprises, SSEs seek to channel funds towards organisations pursuing social objectives. Their role extends beyond fundraising to encompass transparency, governance, impact measurement and stakeholder engagement.

While the concept has gained prominence in recent years, its roots lie in the broader evolution of social finance, impact investing and sustainable development. Different countries have adopted different approaches, offering valuable insights into the opportunities and challenges associated with building effective social-finance ecosystems.

EVOLUTION OF SOCIAL FINANCE

The development of SSEs is closely linked to the broader evolution of social finance. Traditionally, social initiatives relied heavily on government funding and philanthropy.

While these sources continue to play a critical role, they have often proved inadequate relative to growing developmental needs.

The emergence of socially responsible investing marked an important shift. Investors began considering ethical and social factors alongside financial returns. Over time, this evolved into impact investing, where investors actively seek measurable social and environmental outcomes in addition to financial performance.

The adoption of the United Nations Sustainable Development Goals (SDGs) further accelerated interest in impact-oriented investing. Investors increasingly recognised that long-term value creation is linked to environmental sustainability, social inclusion and sound governance practices.

As social enterprises expanded and investor interest grew, the need arose for institutional mechanisms capable of connecting capital providers with impact-driven organisations. SSEs emerged as one such mechanism, combining fundraising, disclosure and accountability within a structured framework.

INTERNATIONAL SOCIAL STOCK EXCHANGE MODELS

a) United Kingdom

The United Kingdom is often regarded as the pioneer of the Social Stock Exchange concept. Rather than functioning as a conventional trading platform, the UK model focused on providing visibility to organisations capable of demonstrating measurable social impact. The initiative helped bring impact reporting into mainstream investment discussions and highlighted the importance of transparency in attracting socially conscious investors.

b) Canada

Canada's Social Venture Connexion (SVX) adopted a marketplace model that connected impact investors with social ventures. The emphasis was not on creating a traditional exchange but on building an ecosystem that encouraged investment, accountability and impact measurement. Investor education and stakeholder engagement became central features of the model.

c) Portugal

Portugal's Bolsa de Valores Sociais adopted a project-focused approach aimed at mobilising resources for socially beneficial initiatives. The model demonstrated that social exchanges could support fundraising objectives even without replicating the structure of conventional securities markets.

d) Singapore

Singapore has integrated social finance into its broader sustainable-finance framework. Through supportive regulation, impact funds and sustainability-linked financing mechanisms, it has created an environment that promotes impact-oriented investment without necessarily relying on a dedicated SSE platform.

e) South Africa

South Africa's social-finance initiatives have focused on addressing development priorities through impact-oriented funding mechanisms. The emphasis has been on using finance as a tool for social inclusion, employment generation and community development.

f) United States

The United States has developed one of the world's largest impact-investment ecosystems through benefit corporations, community development finance institutions, impact funds and innovative financing mechanisms. Although it does not operate a national SSE in the traditional sense, its ecosystem performs many of the same functions associated with social finance markets.

b) Transparency and Disclosure

Investors require reliable information regarding governance practices, financial sustainability and social outcomes. Transparent disclosures therefore represent a cornerstone of successful SSE ecosystems.

Organisations that provide clear and consistent reporting are generally better positioned to attract long-term support from investors and stakeholders.

c) Governance as a Trust Builder

International experience consistently demonstrates that governance quality significantly influences investor confidence. Effective boards, strong internal controls, transparent decision-making processes and accountability mechanisms contribute to institutional credibility.

In many respects, governance serves as the bridge between social purpose and investor trust.

d) Role of Regulation

Supportive regulation plays a vital role in fostering confidence while encouraging innovation. Excessive regulation may create barriers to participation, whereas inadequate oversight can undermine market credibility. Successful jurisdictions have generally adopted balanced approaches that protect stakeholders while enabling growth.

e) Ecosystem Development

Perhaps the most important lesson is that SSE success depends on ecosystem development rather than exchange architecture alone. Investors,

Comparative Overview

Country	Model	Key Feature	Key Lesson
UK	Disclosure Platform	Impact visibility	Transparency drives investor interest
Canada	Impact Marketplace	Investor-social venture linkage	Ecosystem building is crucial
Portugal	Social Funding Platform	Project financing	Flexibility of structure
Singapore	Sustainable Finance Ecosystem	Regulatory support	Ecosystem matters more than platform
South Africa	Development Finance Model	Social inclusion focus	Alignment with local priorities
USA	Impact Investing Ecosystem	Diverse financing mechanisms	Innovation attracts capital

LESSONS FROM INTERNATIONAL EXPERIENCE**a) Importance of Impact Measurement**

One of the most significant challenges facing SSEs globally is the measurement of social impact. Unlike financial performance, social outcomes are often difficult to quantify and compare. Various frameworks, including IRIS+, Social Return on Investment (SROI), Theory of Change and SDG-linked reporting, have sought to improve consistency.

However, the absence of universally accepted standards continues to create challenges. Credible impact measurement remains essential for investor confidence and market integrity.

regulators, stock exchanges, development institutions, philanthropic organisations and social enterprises must work collaboratively to create sustainable markets.

The strongest social-finance ecosystems are characterised by trust, capacity building and stakeholder engagement.

INDIA'S SOCIAL STOCK EXCHANGE IN GLOBAL PERSPECTIVE

India's Social Stock Exchange represents one of the most comprehensive regulatory approaches to social finance globally. Established under the oversight of the Securities and Exchange Board of India (SEBI), it seeks to mobilise

capital for both non-profit organisations and for-profit social enterprises.

A distinctive feature of the Indian framework is its broad scope. Unlike many international models that focus primarily on either impact investing or disclosure, India accommodates multiple organisational forms within a regulated structure.

The introduction of Zero Coupon Zero Principal instruments for eligible non-profit organisations represents a particularly innovative feature. These instruments enable fundraising while maintaining transparency and regulatory oversight.

India's SSE also reflects several lessons emerging from international experience. Its emphasis on governance, disclosures, impact reporting and accountability aligns closely with global best practices.

A comparison with leading international models highlights both the uniqueness and the strengths of India's approach. The United Kingdom's Social Stock Exchange primarily focused on providing visibility and disclosure mechanisms for impact-oriented enterprises already listed on recognised exchanges. While it succeeded in promoting impact reporting, its role in capital mobilisation remained relatively limited. Canada's Social Venture Connexion adopted a marketplace model that emphasised investor engagement and ecosystem development rather than operating as a conventional exchange. Singapore, on the other hand, integrated social finance into a broader sustainable-finance framework supported by strong regulatory and institutional backing.

India's model incorporates elements from each of these approaches while introducing several innovations of its own. Like the UK model, it places significant emphasis on transparency and disclosures. Similar to Canada, it seeks to create a structured ecosystem connecting impact-oriented organisations with potential investors and donors. At the same time, India has adopted a regulatory framework that is more formal and comprehensive than many international counterparts.

A particularly distinctive aspect is the inclusion of both non-profit organisations and for-profit social enterprises within the same framework. In several jurisdictions, social-finance initiatives have focused predominantly on either charitable organisations or impact-investment ventures. India's broader approach recognises that social value can be created through multiple organisational forms and financing structures.

Another important strength lies in the integration of the SSE within India's mainstream capital-market regulatory

architecture. The oversight provided by SEBI contributes significantly to investor confidence and market credibility. International experience demonstrates that trust is one of the most critical ingredients for the success of social-finance initiatives. By embedding the SSE within an established regulatory environment, India has attempted to address this challenge from the outset.

India's large and diverse social sector also provides a unique opportunity for the SSE to evolve beyond a niche financing mechanism. The country hosts a vast ecosystem of non-profit organisations, social enterprises, impact investors, philanthropic institutions and development agencies. If effectively connected through the SSE framework, these stakeholders can collectively contribute to a vibrant social-finance marketplace.

At the same time, international experience suggests that regulatory structures alone are insufficient. Long-term success will depend upon investor participation, organisational readiness, capacity building, credible impact reporting and the development of a culture of transparency. Continued collaboration among regulators, market institutions, governance professionals and social-sector organisations will therefore be essential.

Social Stock Exchanges represent an important milestone in the continuing evolution of social finance. They reflect a growing recognition that capital markets can contribute meaningfully to social and developmental objectives when supported by appropriate governance and accountability frameworks.

Viewed in this broader context, India's Social Stock Exchange is not merely another regulatory initiative. It represents an attempt to create a scalable and credible platform capable of aligning private capital with national developmental priorities. Its progress will be closely watched by policymakers and market participants across other emerging economies seeking innovative approaches to social finance.

Nevertheless, challenges remain. Impact measurement continues to be complex. Investor awareness is still evolving, and many social enterprises require capacity building to meet reporting and governance expectations.

Despite these challenges, India's SSE has the potential to become a reference model for emerging economies seeking to mobilise private capital for developmental objectives.

EMERGING ROLE OF GOVERNANCE PROFESSIONALS

The emergence of Social Stock Exchanges has significantly broadened the scope of governance as a strategic function. In conventional capital markets, investors largely evaluate organisations based on financial performance, risk management and regulatory compliance. In the social finance ecosystem, however, investors and stakeholders seek assurance not only regarding financial sustainability but also regarding the credibility of social outcomes being claimed. This places governance professionals at the centre of the SSE framework.

Unlike traditional fundraising environments, organisations participating in Social Stock Exchanges are expected to demonstrate measurable social impact, maintain transparency in operations and provide credible disclosures regarding the utilisation of funds. Governance professionals play a critical role in ensuring that these expectations are translated into effective systems and processes.

One of their primary responsibilities lies in establishing robust governance structures. This includes assisting boards in defining clear responsibilities, establishing oversight mechanisms, implementing risk-management frameworks and ensuring accountability at every level of the organisation. Strong governance structures provide confidence to investors, donors, regulators and beneficiaries that the organisation is capable of delivering both social and financial objectives responsibly.

Disclosure management represents another area where governance professionals have a significant contribution to make. The effectiveness of any Social Stock Exchange depends heavily on the quality of information available to stakeholders. Governance professionals are uniquely positioned to ensure that disclosures are timely, accurate, balanced and compliant with regulatory requirements. Their expertise in corporate reporting can help organisations communicate their mission, strategy, risks, outcomes and impact in a manner that enhances stakeholder confidence.

Impact measurement and reporting have emerged as particularly important functions within the social finance ecosystem. While financial reporting is governed by established standards, social impact reporting remains a developing discipline. Governance professionals can assist organisations in adopting recognised frameworks such as Social Return on Investment (SROI), Theory of Change, IRIS+, SDG-linked indicators and other impact-assessment methodologies. They can also help ensure that reported outcomes are supported by reliable data and verifiable evidence.

Board advisory functions assume even greater importance in the SSE environment. Boards of social enterprises and non-profit organisations frequently face the challenge of balancing mission objectives with financial sustainability. Governance professionals can support boards in evaluating strategic decisions, identifying emerging risks and maintaining alignment between organisational purpose and operational activities. Their involvement helps ensure that social objectives are pursued without compromising accountability and long-term viability.

Risk management is another area where governance professionals can create substantial value. Social enterprises and non-profit organisations often operate in environments characterised by resource constraints, evolving regulations and diverse stakeholder expectations. Risks may arise from governance failures, reputational concerns, operational inefficiencies, funding dependencies or impact-reporting inaccuracies. By developing structured risk-management frameworks, governance

professionals help organisations anticipate challenges and strengthen resilience.

Stakeholder engagement is equally important. Unlike conventional corporations, organisations participating in Social Stock Exchanges are accountable to a wider range of stakeholders, including investors, beneficiaries, regulators, donors, community groups and development institutions. Governance professionals can help establish effective communication channels and stakeholder-engagement mechanisms that promote transparency and trust.

The growing importance of ESG (Environmental, Social and Governance) reporting further enhances the relevance of governance professionals in social finance. Increasingly, investors seek integrated information regarding financial performance, governance quality and social outcomes. Professionals with expertise in governance and reporting are well positioned to bridge these areas and facilitate comprehensive disclosures that meet stakeholder expectations.

For Company Secretaries in particular, the emergence of Social Stock Exchanges creates a significant opportunity to expand professional services. Their expertise in governance, compliance, board management, regulatory reporting and stakeholder communication aligns closely with the requirements of organisations seeking access to impact-oriented capital. Company Secretaries can assist social enterprises and non-profit organisations in developing governance frameworks, preparing disclosures, strengthening board effectiveness and implementing impact-reporting systems.

Another important area is assurance and verification. As impact reporting becomes more sophisticated, investors may increasingly seek independent validation of social outcomes. Governance professionals can contribute to the development of assurance frameworks that enhance the credibility of impact disclosures. Their role may evolve in a manner similar to how internal governance and compliance functions have evolved within conventional capital markets.

Capacity building also represents a significant opportunity. Many social enterprises possess strong missions and innovative solutions but lack formal governance systems. Governance professionals can play an educational and advisory role by helping these organisations understand regulatory expectations, adopt best practices and strengthen institutional capabilities.

From a policy perspective, governance professionals can contribute to the development of industry standards and best practices for the social finance ecosystem. Their practical experience in governance and compliance can help regulators, industry associations and market participants develop frameworks that balance accountability with innovation.

Ultimately, the success of Social Stock Exchanges will depend on trust. Investors must trust that funds are

being used responsibly. Beneficiaries must trust that organisations remain committed to their social missions. Regulators must trust that disclosures are accurate and meaningful. Governance professionals occupy a unique position in building and sustaining this trust. Their ability to strengthen accountability, improve transparency and ensure the integrity of impact reporting will play a decisive role in the long-term success of Social Stock Exchanges and the broader social-finance ecosystem.

As social finance continues to mature globally, governance professionals are likely to evolve from compliance specialists into strategic enablers of impact. Their contribution will extend beyond regulatory adherence to shaping institutions capable of delivering sustainable social value. In this sense, the growth of Social Stock Exchanges represents not only a new financing mechanism but also a new frontier for the governance profession itself.

CONCLUSION

Social Stock Exchanges represent an important milestone in the continuing evolution of social finance. They reflect a growing recognition that capital markets can contribute meaningfully to social and developmental objectives when supported by appropriate governance and accountability frameworks.

International experience demonstrates that successful SSE ecosystems can take many forms. Some emphasise disclosure, others focus on investment facilitation, while several operate within broader sustainable-finance ecosystems. Yet common success factors consistently emerge viz. governance, transparency, impact measurement, regulatory credibility and investor trust.

India's Social Stock Exchange is a significant addition to this evolving landscape. Its regulated framework, inclusion of both non-profit and for-profit entities and emphasis on impact reporting position it among the most comprehensive SSE initiatives globally.

Ultimately, the long-term success of SSEs will depend not merely on their ability to mobilise capital but on their capacity to build trust. Governance professionals will play a critical role in this journey by strengthening accountability, improving disclosures and ensuring that social impact remains measurable, credible and meaningful.

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LEGAL WORLD



- V. P. Shrivastava v. Indian Explosives Ltd. & Ors [SC]
- Shree Dhanvantari Pharmaceuticals v. Konkan Ayur Pharma Private Limited & Ors [NCLAT]
- Subir Mukherjee v. Ram Ratan Modi [NCLAT]
- HP India Sales Private Limited & Ors [CCI]
- Rajeev Bakshi v. Nissan Motor India Pvt. Ltd. [CCI]
- Amarjit Singh v. AIIMS & Anr [DEL]
- Prabhodhan Prakashan Pvt. Ltd. v. Disha Shantaram Salvi & Anr [BOM]
- Wu Jyun Lin v. Foreigners Regional Registration Office & Ors [BOM]
- Ti Clean Mobility Pvt. Ltd. v. Senatla Innovative EV Components Pvt. Ltd. [MAD]



Corporate Laws

Landmark Judgement

LMJ 08:08:2026

V.P. SHRIVASTAVA v. INDIAN EXPLOSIVES LTD. & ORS [SC]

Criminal Appeal No. 1843 of 2010 with connected appeal

D. K. Jain & H. L. Dattu, JJ. [Decided on 24/09/2010]

Equivalent citations: (2010) 159 Comp Cas 529

Criminal Procedure Code, 1973 - Section 482- agreement to supply goods- appellants, officers of the seller company, retired from service- seller could not supply goods due to becoming sick- purchaser company instituted criminal proceedings against the appellants- High court refused to quash then proceedings- whether correct - Held, No.

Brief facts:

Both the appellants in these appeals were senior employees of the Fertilizer Corporation of India Limited (hereinafter referred to as "FCIL"). The complainant -- Indian Explosives Limited (hereinafter referred to as "IEL"), respondent No. 1 in these appeals, was engaged in the manufacture and sale of industrial explosives. Ammonium nitrate is a major raw material for the manufacture of explosives, and the same was procured by IEL from FCIL under a tripartite agreement. However, due to the breakdown of a synchronized gas compressor and other financial difficulties, FCIL stopped supplies of ammonium nitrate to IEL.

In 2002, the Government of India directed that FCIL shall implement Voluntary Suppression Scheme in all its units, and all the employees shall be discharged of their employment. The appellants herein availed of the Voluntary Suppression Scheme and were discharged from the service of FCIL.

In 2003 IEL instituted a criminal complaint in the court of Chief Metropolitan Magistrate, Kolkata under Sections 406, 420 and 120B of the IPC read with Sections 540 and 542 of the Companies Act, 1956 against both the appellants and Mr. A.K. Mukherjee. The Metropolitan Magistrate issued summons against the appellants and Mr. A.K. Mukherjee. Aggrieved by the order of the Magistrate taking cognizance of the complaint, appellants together with Mr. A.K. Mukherjee approached the High Court under Section 482 of the Code for quashing of the

order summoning them to stand trial, which dismissed the petition. Hence the present appeals.

Decision: Allowed.

Reason:

In the instant case, it has been alleged by IEL that at the time of entering into the tripartite agreement, the appellants, by having suppressed the fact that FCIL was likely to be declared a sick company and was, in fact, declared to be so by the BIFR, had dishonest intention to induce IEL to enter into the said agreement, which amounted to cheating. A bare reading of the complaint would show that there is not even a whisper let alone a specific averment that the appellants had dishonestly "induced" IEL to enter into the said agreement/arrangement. On the contrary, the complaint clearly reveals that IEL was fully conscious of the precarious financial health of FCIL at the time they had decided to enter into contract with FCIL and BCCL to ensure a regular supply of their basic raw material from FCIL so that their production of explosives did not suffer.

It is manifest from the afore-extracted paragraphs of the complaint that the basis of the complaint is that by deliberately suppressing the fact that FCIL had already been referred to the BIFR after the erosion of its net worth and was likely to be declared a "sick company", the appellants induced IEL to pay Rs.4,20,41,622/- to BCCL and in return did not supply ammonium nitrate to them. In our view, a mere mention of the words "defraud" and "cheat" in para 12 of the complaint, in the setting that these have been used, is not sufficient to infer that the appellants had dishonest intention right at the beginning when, demonstrably, after due deliberations a tripartite agreement was signed, which, under the given circumstances at that juncture, was considered to be in the interest of all the three parties to the agreement.

In our view, the averment strikes at the root of the allegation that at the time of entering into the agreement sometime in the year 2001, the appellants had fraudulent intention to somehow induce IEL to enter into the said agreement and part with a huge sum of money. It bears repetition that on their own showing IEL was fully aware of the financial health of FCIL at the time the said contract was entered into, as also the reason why FCIL was unable to continue the production of ammonium nitrate. It needs little emphasis that in order to constitute an offence of "cheating", the intention to deceive should be in existence at the time when the alleged inducement was made. In the instant case, such an intention cannot be inferred from the aforementioned allegations in the complaint and averments in the plaint. In our opinion, therefore, even if the allegations made in the complaint are taken to be correct on their face value, may amount to breach of terms of contract by FCIL but do not constitute an offence of "cheating", punishable under Section 420 of the IPC.

We may now consider whether the allegations in the complaint make out a case of criminal breach of trust, as defined in Section 405 of the IPC.

In the instant case, there is nothing in the complaint which may even suggest remotely that the IEL had entrusted any property to the appellants or that the appellants had dominion over any of the properties of the IEL, which they dishonestly converted to their own use so as to satisfy the ingredients of Section 405 of the IPC, punishable under Section 406 IPC.

Having come to the conclusion that no prima facie case had been made out against the appellants in respect of the alleged offences under Sections 420 and 406 IPC, the question of alleged conspiracy between the appellants does not arise. Nevertheless, in order to bring home the charge of conspiracy within the ambit of Section 120B of the IPC, it is necessary to establish that there was an agreement between the appellants for doing an unlawful act. The complaint lacks any such substance.

For the foregoing reasons, the appeals are allowed; the impugned order is set aside and the order of the Magistrate taking cognizance in Complaint Case No. 2560 of 2003 is quashed.

LW 55:08:2026

SHREE DHANVANTARI PHARMACEUTICALS v. KONKAN AYUR PHARMA PRIVATE LIMITED & ORS [NCLAT]

Company Appeal (AT) (Ins) No. 988 of 2024

N. Seshasayee & Arun Baroka. [Decided on 17/07/2026]

Insolvency and Bankruptcy Code, 2016 – Section 7 – financial debt- last transaction took place in 2019- CIRP petition- dismissed for want of clarity in date of default- whether correct – Held, Yes.

Brief facts:

The Adjudicating Authority dismissed the Section 7 application filed by the Appellant holding that there is lack of clarity regarding the date of default besides absence of material explaining the nature of the transaction, and that the petition suffered from want of proper authority and it arose out of disputes amongst the partners of the Appellant firm.

Decision: Dismissed.

Reason:

The contention of the corporate debtor is that the money which the appellant has claimed to have advanced as a loan is not a debt, and that it is only a financial assistance. In other words, the contention of the corporate debtor appears to be that what was paid to it by the appellant is not a debt. The second defence taken was on the discrepancy in the date of default as shown in Part IV of the petition and the uncertainty it has created as the date of default was changed from 31.03.2019 to 30.05.2022 by the appellant vide affidavit dated 13.07.2023.

The corporate debtor having admitted the receipt of money from the appellant, it may not matter that the one who has signed the balance sheet of the debtor is also a partner of

the lender firm, the legal relationship between the parties can still be distinct. What could now be derived from this is that the money which the corporate debtor has received from the appellant is intended to be repaid. If this is taken alongside the classification of appellant as sundry creditor in the balance sheet of the corporate debtor, lends credence to the fact that the amount paid by the appellant to the corporate debtor constitutes only a debt. The fact that there is no formal agreement between the parties is of no consequence, for a loan transaction does not require a formal agreement.

The second aspect relates to payment of interest. The ledger account which the appellant has produced does not show any interest component within the amount paid by the corporate debtor. Here two facts are required to be noted: (a) Payment of interest is not sine qua non for constituting a debt vide ratio in *M/s Orator Marketing Pvt. Ltd v M/s Samtex Desinz Pvt. Ltd [(2021) ibclaw.in 68 SC]*; and (b) In Part IV, the principal account shown to be due from the corporate debtor itself is shown to be ₹2,26,45,568/- which very obviously exceeds the threshold limit of ₹1.0 crore. Therefore, even if the interest component is excluded, Sec.7 petition can still be sustained.

Date of default may not have sanctity except in computing the period of limitation. As stated earlier, the nearest ascertainable date from which the default has commenced was from 31.03.2019, the last date of transaction between the parties, which to repeat even the appellant relies on in part IV of his petition. If that is so, then the terminus a quo for computing limitation would commence from 31.03.2022, and the petition under Section 7 should have been filed on or before that date. However, the appellant has issued the notice of demand, dated 14.05.2022 on the corporate debtor, mailed it on 17.05.2022 (gathered from the affidavit of the appellant, dated 13.07.2023), and laid its petition under Section 7 in August 2022. Very evidently, the debt has become time barred and necessarily Section 7 petition cannot be maintained. Now, if the affidavit dated 13.07.2023 is perused, while it gives the date of default as 30.05.2022, it does not explain, how? It appears that the date 30.05.2022 is artificially given, and we do not find any support for it from the materials available before us.

We, therefore, concur with the finding of the Adjudicating Authority on the uncertainty of date of default, and have also demonstrated how it impacts the point on limitation. Necessarily we arrive at the same conclusion which the Adjudicating Authority has arrived, and accordingly the appeal will stand dismissed.

LW 56:08:2026

SUBIR MUKHERJEE v. RAM RATAN MODI [NCLAT]

Company Appeal (AT) (Ins) No. 72 of 2025

N. Seshasayee, Arun Baroka, Indevvar Pandey. [Decided on 17/07/2026]

Insolvency and Bankruptcy Code, 2016 – Section 5 (13) – costs of CIRP- gratuity and encashable leaves- whether form part of the costs of CIRP - Held, No.

Brief facts:

The appellant herein was the former director of the corporate debtor, who challenged an Order, dismissing his application, which he had taken out for treating his claim for payment of gratuity and leave encashment dues as part of CIRP costs. The Adjudicating Authority, however, has held that he is entitled to be paid only in terms of the Resolution Plan.

Decision: Dismissed.**Reason:**

The issue in controversy is short and straight forward: whether the gratuity and the encashable leave of an employee should be part of CIRP costs.

It is not in dispute that the appellant has been an employee of the corporate debtor before and after the commencement of CIRP, that he has superannuated during the CIRP, and that the resolution professional did not reject the amount claimed as gratuity payable to the appellant. It is about when it has to be paid. Unfortunately, the corporate debtor did not maintain any Gratuity fund to support its employees for the appellant to feel more secured. And, the strategy of the appellant makes evident his underlying anxiety: If his claim of gratuity is made of CIRP cost he will not only be entitled to the actuals but also receive the same in priority.

Section 5(13) defines insolvency resolution process costs. An analysis of the definition informs that the legislature has opted for a narrower definition when it used the word 'means', which implies nothing which is not stated to mean an insolvency resolution process costs within the definition can be read into it. Secondly, except in (b) which deals with remuneration payable to the resolution professional, those in (a), (c) and (d) are expenses actually incurred by the resolution professional. Therefore, IRP cost essentially means those costs which are actually incurred by the resolution professional during the insolvency resolution process, but slated for deferred payment to be paid first in the order of priority when payment happens as per Section 53 formula. Very obviously, the obligation to pay gratuity is not an expense which the resolution professional has actually incurred. Indeed, it accrues to an employee as an aspect of his terminal benefit and hence cannot even be equated to the salary payable to an employee during an insolvency resolution process.

To conclude, we find that the appellant's claim is misconceived and cannot be sustained in law. Accordingly, the appeal is dismissed as devoid of merits.



Competition Laws

LW 57:08:2026**HP INDIA SALES PRIVATE LIMITED & ORS [CCI]****Suo Moto Case No. 07 of 2020**

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 13/07/2026]

Competition Act, 2002 - Section 3&4- cartelisation-supply of personal computers and devices- bid rigging through cartelisation- investigation by DG- cease and desist order as well as penalty imposed by CCI

Brief facts:

The present case pertains to cartelisation amongst HP India Sales Private Limited and its 10 resellers in the sale and supply of personal system products laptops, desktops, workstations, thin clients, notebooks, mobility devices, retail Point of Sale systems etc. as well as related software and accessories such as monitors, keyboards, mouse and docks ('Personal Systems Products'), to the commercial and retail customers in India.

Decision: Cease and desist order passed. Penalty also imposed.**Reason:**

Having dealt with the preliminary objections above, the Commission proceeds to examine the matter on merits. The Commission has perused the Information, material available on record, the consolidated Investigation Report, the replies/suggestions/objections to the Investigation Report filed by the OPs and their respective individuals as well as the oral and written submissions of the parties. The Commission proceeds to examine the role of each OP and its individuals in the aforesaid arrangement:

It is noted that, as per the prima facie order the cartelisation existed. The DG has examined the tenders (above INR 1 crore) post introduction of GEM i.e. 2017 during which the emails were exchanged. As per the DG, the impugned conduct continued till at least June, 2020. The Commission notes that in order to optimize time and resources of investigation and for administrative reasons, the scope of investigation was narrowed to GeM tenders of value exceeding INR 1 crore in Delhi region. The oral testimonies of the key personnels of the OP resellers, including officials of HP India, establishes that HP India used to resellers, HP India ensured that such resellers are able to retain their respective MVC accounts. Thus, HP India seems to have indulged in customer allocation when there was no e-tendering, and ensured that such allocation continues even after introduction of e-tendering at GEM portal. However, considering the scope of investigation, the Commission is inclined to consider the period from 2017 to 2020 as the relevant period of consideration for the purpose of imposition of penalty.

In view of the foregoing, the Commission holds the conduct of OP-1, OP-2, OP-4, OP-6, OP-8 and OP-11 in contravention of the provisions of Section 3(3) read with Section 3(1) of the Act. On the basis of investigation and examination of the matter and considering all other material available on record, the Commission finds that OP-1, OP-2, OP-4, OP-6, OP-8 and OP-11 to have acted in contravention of provisions of Section

3(3) of the Act. Accordingly, the Commission, in terms of Section 27(a) of the Act, directs these contravening OPs and their respective officials who have been found liable in terms of provisions of Section 48 of the Act, to cease and desist in future from indulging in practices found in the present order to be in contravention of the provisions of the Act, as detailed in the earlier part of the present order.

Considering the mitigating factors such as being an MSME, limited role, acting upon directions of OP-1, cooperation during investigation, first time contravention, nature and gravity of contravention, the Commission decides to impose penalty @ 2% upon OP-4, OP- 6 including its individuals, OP-8 and OP-11. Consequently, the penalty amount imposed and payable by OP-4, OP-6 including its individual, OP-8, OP-11 and respective individual. Accordingly, the Commission directs the aforementioned OPs and their individuals to deposit the penalty amount within sixty (60) days of the receipt of this order.

LW 58:08:2026

RAJEEV BAKSHI v. NISSAN MOTOR INDIA PVT. LTD. [CCI]

Case No. 09 of 2026

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 07/07/2026]

Competition Act, 2002- Sections 3 and 4- termination of dealership agreement – whether fall foul of sections 3 and 4 - Held, No.

Brief facts:

The informant, partner of a partnership firm, was an authorised dealer of the OP for the sale and servicing of Nissan vehicles in the territory of South Delhi and Faridabad.

The Informant has stated that its relationship with the OP is governed under a Dealership Agreement, executed on a standard-form basis without any scope for negotiation, and there was imbalance of bargaining power in favour of the OP. The Informant has alleged that despite heavy investments made by him, the OP has, in a wholly arbitrary and unilateral manner, issued a termination notice invoking Clause 16 of the Dealership Agreement, without issuing any show cause notice, assigning any reasons and affording any opportunity of hearing, thereby seeking to terminate the dealership mid-term. Further he alleged that the agreement contained restrictive clauses and that the OP has abused its dominant position.

Decision: Dismissed.

Reason:

The Commission notes that the OP is conducting its business by way of Dealership Agreement which appears to be a standardised document. The Commission has had the opportunity to deal with similar allegations in earlier cases before it. In Case No. 36 and 82 of 2014; Fx

Enterprise Solutions India Pvt. Ltd. v. Hyundai Motor India Ltd. The Commission finds that in the present matter, the Informant has not furnished any evidence to demonstrate that the OP restricted its dealers from acquiring dealerships of competing manufacturers. Also, it is observed from the information available in public domain that the Informant has acquired another car dealership with VinFast, a Vietnamese Car manufacturer while its dealership with OP subsisted.

In view of the above, the Commission does not find any substance in the Informant's allegation of restricting it to have exclusive dealership under Section 3(4) of the Act.

The Commission has considered the allegation of resale price maintenance by the Informant. Upon perusal of the Dealership Agreement, the Commission observes that the dealers are required not to sell above the Maximum Recommended Retail Price ('MRRP'), but there is no condition in relation to the minimum price and discount that can be given by the Informant. Accordingly, the allegation relating to resale price maintenance does not hold good.

The Commission finds that the allegation of the Informant under Section 3(4)(d) of the Act i.e., refusal to deal, is also not tenable as termination of dealership has been done as per Clause 16 of the Dealership Agreement. Clause 16 allows both the parties to the Dealership Agreement to terminate the agreement after giving a notice of 90 days at any time during the subsistence of the said agreement. Notably, there is no requirement to provide any reasons for termination by both the parties. The cancellation of dealership is a standard commercial dispute. The Commission is of the view that in common parlance the freedom of contract and the selection of trading partners is a normal business practice rather than an anticompetitive practice.

Further, when tested on factors mentioned under Section 19(4) of the Act, the Commission observes that, in the present matter, the market share of the OP is miniscule. It is further noted that the Informant has not been restrained from acquiring another dealership with Vinfast. There does not appear to be any dependence on the OP of either the Informant or customers at large who are free to exercise options in the market with other car manufacturers. Therefore, prima facie, the OP does not appear to be dominant in the relevant market. In the absence of dominance, no further analysis on the aspect of abuse of dominance is required.

In view of the Information provided and analysis carried out in preceding paragraphs, the Commission is of the opinion that no prima facie case of contravention of Sections 3(4) and 4 of the Act is made out against the OP. Accordingly, the Information is directed to be closed forthwith under Section 26(2) of the Act. Consequently, no case for grant of relief(s) as sought under Section 33 of the Act arises and the same is also rejected.



Industrial & Labour Laws

LW 59:08:2026

AMARJIT SINGH v. AIIMS & ANR [DEL]

W.P.(C) 18004/2004 with connected writ petition

Shail Jain, J. [Decided on 29/07/2026]

Industrial Disputes Act, 1947- termination of services- working for not less than 240 days-employment records were in the custody of the respondent- respondent failed to produce employment records of the workmen- Tribunal dismissed the claim – whether correct - Held, No.

Brief facts:

These two connected Writ Petitions assailed two separate Awards, both dated 13.02.2004, passed by the Labor Court. No. IV, Delhi (hereinafter referred to as “the Tribunal”) in Industrial Since both Writ Petitions arise out of substantially identical facts, involve common questions of fact and law, and challenge Awards passed by the same Tribunal against the same Management on the same date, they were taken up together for hearing and are being decided by this common judgment. The Labour court dismissed the petitions of the Petitioners on the ground that they had failed to establish completion of 240 days of continuous service.

Decision: Allowed.

Reason:

The issue in the present petitions thus narrows to a single question, namely, whether the Petitioners established completion of 240 days of continuous service within the meaning of Section 25-B of the Industrial Disputes Act, 1947. The correctness of the impugned Awards must, therefore, be examined solely with reference to the Labor Court’s appreciation of the evidence and its application of the settled legal principles governing proof of that statutory requirement.

The enquiry before this Court is not whether the Petitioners produced documentary evidence which admittedly remained in the exclusive custody of the Respondent, but whether the evidentiary record, viewed as a whole, justified the Labor Court’s conclusion on the issue of continuous service.

The Petitioners did not rest their claim upon bare pleadings. In their respective Statements of Claim, they specifically pleaded the nature of their engagement, the period during which they continuously worked under the Respondent, the completion of more than 240 days of continuous service,

and the circumstances in which their services came to be terminated. Each Petitioner thereafter entered the witness box, filed an affidavit by way of evidence affirming those facts on oath, and subjected himself to cross-examination. During cross-examination, suggestions were put on behalf of the Respondent that the Petitioners were engaged only as and when work was available, that the work assigned to them was of a casual nature, and that they had not worked continuously during their tenure. The Petitioners categorically denied those suggestions. No material contradiction or admission was brought out in cross-examination capable of discrediting their testimony or undermining the factual foundation of their claim. The Petitioners further identified the attendance registers, muster rolls, wage registers and other employment records maintained by the Respondent as the primary records bearing upon the exact period of their engagement and, by serving notices under Order XII Rule 8 of the Code of Civil Procedure, 1908, called upon the Respondent to produce those records before the Labor Court. The receipt of the said notices was never disputed. The records remained exclusively within the custody and control of the Respondent and were beyond the possession of the Petitioners. The Petitioners thus laid the foundational factual basis of their respective claims in the manner contemplated by the principles explained in *R.M. Yellatti (supra)*.

The evidentiary onus thereafter shifted to the Respondent to rebut the Petitioners’ prima facie case by producing the best available evidence in its possession. Such shifting of evidentiary onus did not relieve the Petitioners of the legal burden of establishing completion of 240 days of continuous service, which remained upon them throughout. It merely required the Respondent, being the admitted custodian of the relevant employment records, to place before the Labor Court those records or other cogent evidence capable of rebutting the Petitioners’ case and substantiating its own plea regarding the actual period of service and the alleged breaks therein.

The impugned Awards, however, do not disclose an appreciation of the evidence consistent with the aforesaid principles. Decisive weight was attached to the absence of documentary evidence produced by the Petitioners without examining the evidentiary consequences flowing from the Respondent’s admitted custody of the primary employment records, the specific notices requiring their production, the Respondent’s unexplained failure to produce those records, and the inability of its own witnesses to substantiate the factual basis of the defense. The error was compounded by the finding that the employment records had been destroyed, although no such plea was raised, no witness deposed to their destruction and no contemporaneous record was produced in support thereof. On the contrary, the Respondent’s own witnesses admitted that their affidavits had been prepared on the basis of those very records while simultaneously acknowledging that the records themselves had not been produced before the Labor Court. The finding regarding destruction of the records is, therefore, unsupported by either the pleadings or the evidence on record.

On such an examination, this Court is unable to sustain the finding returned by the Labor Court. The Respondent, despite being the admitted custodian of the contemporaneous employment records, neither produced those records nor led any cogent evidence substantiating its plea regarding the alleged breaks in service. Its witnesses were themselves unable to disclose the factual basis of that plea. In these circumstances, the Respondent failed to rebut the Petitioners' case, and its unexplained withholding of the best evidence available in its possession assumes due evidentiary significance while appreciating the record as a whole.

Accordingly, the impugned Awards passed by the learned Presiding Officer are set aside. In substitution thereof, the Respondent is directed to pay each Petitioner a lump-sum compensation of ₹3,00,000/- each within eight weeks from the date of this judgment, failing which the workmen shall be entitled to interest at the rate of 9% per annum on the abovementioned amount with effect from the date of default.

The writ petitions are allowed in the aforesaid terms. Pending applications, if any, also stand disposed of. There shall be no order as to costs.

LW 60:08:2026

PRABHODHAN PRAKASHAN PVT. LTD. v. DISHA SHANTARAM SALVI & ANR [BOM]

Writ Petition No. 13075 of 2025

Sandeep v. Marne, J. [Decided on 28/07/2026]

Industrial Disputes Act, 1947- worker employed as accounts officer- terminated without domestic enquiry- labour court held the worker to be worker and the termination as illegal- whether correct - Held, Yes.

Brief facts:

By this Petition, the Petitioner-Employer has challenged the Award passed by the learned Labour Court, directing the Petitioner to reinstate Respondent No. 1 with continuity of service and full backwages from the date of termination till her reinstatement. Before the labour court the primary contention of the Petitioner was that being a accounts officer she was not a worker. However, the Labour Court held the respondent to be a worker.

Decision: Allowed.

Reason:

The main defence of Petitioner before the Industrial Court was that Respondent No. 1 was not a workman within the meaning of Section 2(s) of the ID Act. Since no enquiry is conducted before terminating the services of Respondent No.1, answer to issue about status of Respondent No. 1 became the key for deciding the Reference by the Labour Court. Labour Court has answered issue No.1 relating to status of Respondent No. 1 as a workman in the affirmative.

By now, it is well-settled position that mere nomenclature of the post does not decide status of a person as a workman.

The crucial test to be applied is about the nature of work performed by the concerned employee. According to the Petitioner-Employer, Respondent No. 1 had certain workers employed under her whose work she used to supervise. This aspect is admitted by Respondent No. 1 in her cross-examination.

Petitioner has relied upon leave applications submitted by the concerned staff working under the Respondent No. 1. It appears that in the leave application form, Respondent No. 1 signed as Head of the Department. However, though signature of Respondent No. 1 is reflected on various leave applications, it is difficult to draw a definitive conclusion that she had authority to sanction leaves. This is clear from the fact that the leave application is in two parts. The first part is to be filled in and signed by the applicant with Respondent No. 1 endorsing her signature as Head of Department. However, second part of the application contained space for decision of the leave application. The Labour Court has correctly appreciated this position and has held that there was no evidence of Respondent No. 1 sanctioning or rejecting the leave applications and that Respondent No. 1 was not vested powers in respect of sanction of leave.

The admission given by the Respondent No. 1 in her cross-examination that without her approval the four employees were not getting conveyance expenses cannot be read to mean as if Respondent No. 1 had independent power to sanction payment of conveyance expenses.

I am in broad agreement with findings recorded by the Labour Court with regard to absence of authority in Respondent No. 1 to sanction leave or to sanction payment of conveyance allowance.

Though an admission appears to have been given by Respondent No. 1 that without her approval, the four employees were not receiving conveyance expenses, there also appears to be a direct admission by Petitioner's witness that Respondent No. 1 used to work as per his instructions. Thus, far from proving that Respondent No. 1 had independent authority to take decisions and to bind the Petitioner-Employer with her decisions, an express admission was given by Petitioner's witness that Respondent No. 1 used to work as per his instructions. It therefore cannot be held that Respondent No. 1 was engaged in managerial, administrative or supervisory capacity. Though she carried designation of Accounts Officer and Accounts Officer - Recovery, the predominant nature of her duties was clerical.

Considering the above position, I am not inclined to disturb the finding recorded by the Labour Court that Respondent No. 1 is a workman within the meaning of Section 2(s) of the ID Act.

Once the status of Respondent No. 1 as a workman is upheld, the termination would automatically be rendered illegal. Since termination is effected without conducting enquiry and without following provisions of Section 25F of the ID Act, the same is rendered illegal. The Petitioner-Employer did not even pay retrenchment compensation or

notice wages to Respondent No. 1. It also appears that the termination is stigmatic in nature. Therefore, termination of Respondent No. 1 is rightly held to be illegal by the Labour Court.

Coming to the nature of relief that can be granted to Respondent No. 1, it is seen that she attained the age of superannuation shortly after passing of the impugned judgment and order dated 7 April 2025 by the Labour Court. The termination is rendered illegal mainly due to technicalities of not following the prescribed procedure. While awarding the compensation it would be necessary to bear in mind the fact that the Petitioner is in the print publication business.

Considering the above circumstances, in my view, Respondent No. 1 cannot be awarded full backwages. Instead, it would be appropriate to award lumpsum compensation to Respondent No. 1 in lieu of reinstatement and backwages. Considering the facts and circumstances of the present case, the lumpsum compensation is fixed at Rs.6,00,000/-.



General Laws

LW 61:08:2026

WU JYUN LIN v. FOREIGNERS REGIONAL REGISTRATION OFFICE & ORS [BOM]

Writ Petition (Lodging) No. 8223 of 2026

Ravindra V. Ghuge & Gautam A. Ankhad, JJ. [Decided on 28/07/2026]

Immigration and Foreigners Act, 2025- FERRO-registration of foreign workers- petitioner on employment visa was pursuing various education courses- got admission in govt college for law course- went back to Taiwan- obtained fresh student visa to pursue law course- returned to India- respondent passed exit order and penalty- whether correct - Held, No.

Brief facts:

The Petitioner was granted Employment Visa and was in employment till 1st July, 2025 and simultaneously pursued online academic programmes. In 2024 the Petitioner got admission to the Government Law College, Mumbai in the three years LL.B. programme. He resigned from the job and applied afresh for a Student Visa before the Indian Embassy in Taiwan. Upon due verification, the competent authorities granted him a Student Visa valid till 13th August, 2028. The petitioner applied to Respondent No. 1 for issuance of a Registration Certificate on the portal maintained by Respondent No. 1 along with the requisite documents. As no decision was taken on the Application, the Petitioner addressed several emails requesting Respondent No. 1 to process his Application. The Respondent informed him

that he was liable to pay a penalty of Rs. 50,000/- and that his request for a Registration Certificate had been closed. No reasons were assigned for the closure of the Petitioner's request for issuance of Registration Certificate. The Petitioner disputed the levy of penalty, and Respondent No. 1 issued the impugned Exit Permit directing the Petitioner to leave India within the period stipulated therein. Aggrieved thereby, the Petitioner has instituted the present proceedings.

Decision: Allowed.

Reason:

We are unable to accept the Respondent's contention that the Exit Permit was justified as the Petitioner violated the conditions of his earlier Employment Visa by pursuing educational courses while employed in India. The Employment Visa stipulated only two conditions, (i) that it was not valid for prohibited/restricted/cantonment areas; and (ii) that FRRO registration was required within fourteen days of arrival in India.

The Petitioner was in employment till 1st July, 2025 and simultaneously pursued online academic programmes. There is no prohibition in the conditions of Employment Visa from doing so. After resigning from employment and whilst studying at the Government Law College, the Petitioner left India and returned to Taiwan. The Petitioner applied afresh for a Student Visa before the Indian Embassy in Taiwan. Upon due verification, the competent authorities granted him a Student Visa valid till 13th August, 2028.

The reliance placed by the Respondents on Section 7(2)(f) of the Immigration and Foreigners Act, 2025 is misplaced. Section 6 of the Act provides for registration of foreigners upon their arrival in India with Respondent No. 1. Section 7 of the Act provides for powers to issue orders, directions or instructions for prohibiting, regulating or restricting the entry of foreigners into India or their departure. Section 7(2) (f) obligates a foreign national to comply with conditions of the Visa. The material on record does not establish any breach of the express conditions contained in the Employment Visa. The Petitioner is not involved in any criminal investigations nor are any proceedings filed against him by any authorities. The Indian Embassy at Taiwan is presumed to be aware that the Petitioner had already begun studying at the Government Law College, under the Employment Visa.

Nevertheless it granted the Student Visa to the Petitioner. The Student Visa now issued specifically prohibits employment or business activities. It is not the Respondents' case that after entering India on the Student Visa the Petitioner has engaged in any employment or otherwise breached any condition of the Student Visa. Therefore, if the Petitioner is directed to leave India, it would seriously disrupt his education.

The Registration of Foreigners Rules, 1992 (now superseded) require registration within fourteen days of arrival. The Petitioner arrived in India on 20th August 2025 and submitted his online application on 1st September, 2025, which is within the prescribed period. There is no delay on the Petitioner's part and hence the question of imposing penalty of Rs. 50,000/- does not arise. The Petitioner's request is closed without assigning any reasons and he was called upon to pay a penalty again without assigning any reasons. There is no response to any of the Petitioner's representations. Thereafter,

the impugned Exit Permit came to be issued without even considering the Petitioner's explanation. Such actions, in the present peculiar facts, are arbitrary and cannot be sustained.

The decision of the learned Single Judge of the Delhi High Court in *Kasha Elizabeth Vande* (supra) does not advance the Respondents' case. In that case, the Petitioner therein was blacklisted for visa violation for being involved in NGO activities in Puducherry while holding a business visa. The Petitioner had made incorrect statements in his visa application including the name of her employer and had over-stayed in India beyond the permissible limit in violation of the visa conditions. The facts are distinguishable. In the present case, the Petitioner resigned from employment, departed from India, obtained a fresh Student Visa through the prescribed procedure and thereafter entered India for pursuing his studies. The Indian Embassy which had earlier granted him an employment visa, had itself verified his application for a student's visa, which was granted and on the basis of which, he lawfully entered India. The ratio of the said decision is inapplicable in the present facts. For all the aforesaid reasons, the Petition is allowed.

Respondent No. 1 shall pass appropriate orders in accordance with law within a period of six weeks from the date of this order after examining the relevant documents. Pending such consideration, the Petitioner shall be permitted to remain in India and continue his studies in terms of the Student Visa issued to him. It is clarified that the Petitioner shall strictly abide by all the conditions of the Student Visa and shall not undertake any other activity or employment or business during its validity.

LW 62:08:2026

TI CLEAN MOBILITY PVT. LTD. v. SENATLA INNOVATIVE EV COMPONENTS PVT. LTD. [MAD]

Arb O.P. (Com Div) No. 83 of 2026

K. Kumaresh Babu, J. [Decided on 31/07/ 2026]

Arbitration and Conciliation Act, 1996- Section 11- appointment of arbitrator- respondent MSME entity- whether arbitrator could be appointed - Held, Yes.

Brief facts:

The Arbitration Original Petition had been filed to appoint an independent and impartial Sole Arbitrator to adjudicate the disputes between the petitioner and the respondent arising out of the basic purchase agreement and related purchase orders. The Respondent resisted that it is a MSMED registered entity and the dispute resolution provisions of the MSMED Act would prevail over the provisions of the A&C Act.

Decision: Allowed.

Reason:

A conjoint reading of Section 18 read with Section 17 would indicate that a supplier for the recovery of amount under Section 17 could approach the counsel under Section 18(1) and of on the reference under sub-Section (1), which relates to Section 17 recovery, a conciliation process should be initiated and if there is a failure of conciliation, process of arbitration should be invoked and only in that regard, the provisions of Arbitration and Conciliation Act would be made applicable.

The said provision therefore cannot be made applicable to a claim made against a supplier who is registered under the either for a failure to supply or for a defective supply that had been made by the supplier. The MSMED Act restricts itself to the scope of recovery of unpaid amount that is liable to be paid by the buyer under Section 15 together with interest under Section 16 alone and not otherwise. The restrictions imposed under Section 18 deals with only the claim under Section 17, which would itself show that the supplier cannot also invoke the provisions of the Section 18 for any relief that falls outside the scope of Section 17 of the Act.

As noted by the Hon'ble Apex Court, the object of Section 18 is to only recover the dues payable by the buyer to the supplier for the goods supplied and services rendered therein to keep the micro and small industries running and in that regard, any other disputes outside Section 17 of the Act cannot be resolved by the facilitator of the council. If there has been any dispute falling outside the realm of Section 17 read with Section 18 of the MSMED Act the same cannot be a subject matter of Conciliation and Arbitration under sub-section (2) & (3) of the Section 18 of the Act. In that regard, an independent Arbitration Agreement which deals with the other rights and liabilities of the party cannot be overridden by the provisions of the MSMED Act. This had not been the subject matter of the issue before the Hon'ble Apex Court in the judgment relied upon by the learned counsel appearing for the respondent.

Applying the aforesaid analogy to the present facts of the case, it could be seen that the petitioner/applicant had initially approached this Court for interim relief under Section 9 of the Arbitration Act and had issued a notice under Section 21 on 28.11.2025. The initiation of Section 9 was also well within the knowledge of the respondent as evidenced from the typed set of papers where it had annexed the letter of Garnishee, dated 14.11.2025 informing of the prohibitory order passed by this Court. The petition filed under sub-section (1) of Section 18 which had been placed before this Court would indicate that there had been supplies made by the respondent to the petitioner to the tune of Rs.2,16,80,730.17/- which remained unpaid. The claim made by the petitioner in the Section 21 notice issued to the respondent as also the petition and the applications filed under Section 11 and Section 9 would indicate that the claims have been made to the tune of Rs.5,08,15,264/- after giving due credit to a sum of Rs.2,00,83,628/- payable by the petitioner to the respondent of a total debit note issued to the tune of Rs.7,08,98,892/-.

Viewing the facts of the case in that regard and the claim of the respondent before the MSME counsel, there is no dispute with regard to a sum of Rs.2,00,83,628/- which the petitioner has admitted to be paid to the respondent as reflected in its claim before the MSME Council.

As analysed above, any dispute for recovery of damages for the defective supply cannot be made by the petitioner before the MSME Council and as noted above, the MSME Council, for conciliation and arbitration can only deal with the disputes falling within Section 17 alone and not otherwise.

For the aforesaid reasons, this Court is of the view that an Arbitrator could be appointed to resolve the dispute between the parties arising out of the agreement, independently of the conciliation proceedings initiated by the respondent under the MSMED Act.



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- Reserve Bank of India (Rural Co-operative Banks – Resolution of Stressed Assets) Second Amendment Directions, 2026
- Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Third Amendment Directions, 2026
- Designation of 23 individuals under clause (a) of sub-section (1) and sub-section (2) of Section 35 of the Unlawful Activities (Prevention) Act, 1967 and listed in the Fourth Schedule of the Act
- Reserve Bank of India (All India Financial Institutions – Credit Facilities) Second Amendment Directions, 2026
- Reserve Bank of India (Payments Banks – Governance) Amendment Directions, 2026
- Reserve Bank of India (Local Area Banks – Governance) Amendment Directions, 2026
- Reserve Bank of India (Small Finance Banks – Governance) Amendment Directions, 2026
- Reserve Bank of India (Commercial Banks – Governance) Amendment Directions, 2026
- Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 1 Entry



Corporate Laws

Ministry of Corporate Affairs

01 Invitation of Stakeholder Suggestions on the Integrated Platform for Insolvency Ecosystem (iPIE)

[Issued by the Ministry of Corporate Affairs dated 20.07.2026]

Introduction

The Ministry of Corporate Affairs is undertaking the development of the Integrated Platform for Insolvency Ecosystem (iPIE), as a unified digital platform that brings together the various stakeholders, processes and technology systems operating under the Insolvency and Bankruptcy Code, 2016 by integrating multiple business processes and digital services into a common technology framework with the objective of providing seamless, secure and transparent user experience across the insolvency lifecycle. The platform will support end-to-end digital workflows, facilitate information exchange among authorized stakeholders, and reduce dependence on manual processes.

The Insolvency and Bankruptcy Code, 2016 (IBC) has strengthened India's insolvency framework through a structured and time-bound process; however, the ecosystem continues to operate on multiple standalone systems requiring manual coordination and exchange of information among stakeholders. The iPIE platform is therefore envisaged to further strengthen and enhance the effectiveness of the IBC by improving efficiency, transparency, accountability, ease of doing business and improving the overall insolvency resolution process.

Recognizing that the success of such a platform depends upon the active participation of all stakeholders, MCA invites suggestions from professionals, institutions, industry, and academia to help shape the design and functionality of the iPIE platform.

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

02 Extension of Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) up to 31st August 2026-reg.

[Issued by the Ministry of Corporate Affairs [E. No. Policy-02/2/2020-CL-V-MCA dated 08.07.2026]

The Ministry of Corporate Affairs had introduced the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) to provide an opportunity to companies to complete pending statutory filings. The Scheme is presently valid up to 15th July, 2026.

2. In view of the capacity enhancement/restoration activities being done at data center consequent to a fire incident on 05.06.2026, it has been decided to extend the validity of the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) up to 31st August, 2026,
3. This issues with the approval of the competent authority.

NUPUR AISHWARYA
Deputy Director (Policy)

Securities and Exchange Board of India

03 Green-Channel: AIF Rollout Upon Document Acknowledgement (GARUDA) Mechanism for Processing of Placement Memorandum of Alternative Investment Funds (AIFs) filed with SEBI

[Issued by the Securities and Exchange Board of India vide Circular HO/19/19/11(2)/2026-AFD-RAC2/1/17617/2026 dated 30.07.2026]

1. With an objective to ease and expedite the process of launch of scheme/ funds by Alternative Investment Funds ("AIFs"), Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations'), have been amended and notified on July 14, 2026 vide Gazette Notification No. CG-MH-E-14072026-274483. The below-mentioned operational modalities, under the captioned GARUDA mechanism, are being specified through this circular:
2. Paragraph 2.4 of the SEBI Master Circular for AIFs dated June 03, 2026 ("the Master Circular") shall be substituted with the following paragraph:
 - 2.4. Modalities for filing of PPM and launch of Regular schemes:
 - 2.4.1. In terms of Regulation 12 of the AIF Regulations, AIFs may launch scheme(s) subject to filing of PPM with SEBI through a SEBI registered Merchant Banker. In this context, the following is specified with respect to Regular schemes:
 - 2.4.1.1. AIFs can proceed with launch of their new scheme after 10 working days of filing of application with SEBI, unless otherwise advised. However, AIFs can proceed with launch of their first schemes from the date of grant of SEBI registration (or) after 10 working days of filing of application with SEBI, whichever is later.
 - 2.4.1.2. PPM of Regular schemes shall be filed, at the time of registration or prior to launch of new scheme, on SEBI Intermediary portal along with the following documents in addition to payment of applicable (scheme) fee:
 - (i) Duly signed Merchant Banker Due Diligence Certificate in the format as given at Annexure 6.
 - (ii) Duly signed Fit and Proper declarations with respect to the AIF, Sponsor, Manager of the AIF as specified in Schedule II of SEBI (Intermediaries) Regulations, 2008;
 - (iii) Sponsor / Manager declarations with respect to minimum continuing interest commitment in AIF/scheme;

- (iv) Copies of PANs of AIF, its scheme (if available), Sponsor, Manager, Trustee, directors/ partners of Sponsor, Manager & Trustee, key investment team members. Excel/ word/ PDF file containing names and PANs of these entities/ individuals shall also be provided.

VIKASH NARNOLI
Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

04 Ease of Doing Investment and Ease of Doing Business – Simplification and standardisation of the framework for transmission of securities

[Issued by the Securities and Exchange Board of India vide Circular HO/38/13/11(14)2026-MIRSD-POD/I/17111/2026 dated 23.07.2026]

- As an ongoing measure to enhance ease of dealing in securities markets and with a view to make the transmission process more efficient and investor friendly, SEBI has reviewed the process being followed by processing entities (i.e. listed companies/ RTAs / Depositories/ DPs / AMCs) for effecting transmission of securities.
- Accordingly, in terms of Regulation 40(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended vide Gazette Notification no. SEBI/LAD-NRO/GN/2026/312 dated July 10th, 2026, it has been decided to specify the revised transmission framework for securities as prescribed in Annexure to this Circular.
- Key features of the revised framework:
 - Introduction of a harmonised, standardised and risk-based process for transmission of securities.

ARADHANA VERMA
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

05 Certification Requirements for Distribution of Specialized Investment Funds (SIFs)

[Issued by the Securities and Exchange Board of India vide Circular HO/24/13/17(1)2026-IMD-POD-1/I/16895/2026 dated 21.07.2026]

- SEBI, vide Circular No. SEBI/HO/IMD/IMD-I POD-1/P/CIR/2025/26 dated February 27, 2025, issued the regulatory framework for Specialized Investment Funds ('SIFs'). The provisions of the aforementioned circular have since been incorporated under Chapter 21 of the SEBI Master Circular for Mutual Funds dated March 20, 2026 ('MF Master Circular').
- Paragraph 21.10 of the MF Master Circular, inter alia, provides the certification requirements for entities engaged in the sale and/or distribution of SIF.
- Based on representations received from industry participants and pursuant to discussions with the National Institute of Securities Markets ('NISM'), the certification requirement for SIFs was reviewed. Pursuant

to review, it has been decided to modify paragraph 21.10 of the MF Master Circular, as under:

21.10. Distribution of Specialized Investment Funds

- Any persons employed or engaged or to be employed or engaged in the sale and/or distribution of SIF products shall be required to have a valid "NISM Series-V-D - Mutual Fund - Specialized Investment Fund Distributors Certification". Entities holding this certification shall be eligible to distribute both Mutual Fund and SIF products, without separately holding "NISM Series V-A – Mutual Fund Distributors Certification".
- Entities engaged in the sale and/or distribution of only Mutual Fund products shall continue to comply with NISM Series V-A certification, as specified under Gazette notification no. LAD-NRO/GN/2010-11/09/6422 dated May 31, 2010.
- The existing requirement of holding of "NISM Series XIII – Common Derivatives Certification" for the sale and/or distribution of SIF products shall not be applicable after September 21, 2026.
- In order to ensure seamless transition to the new certification requirement, SIF distributors holding a valid "NISM Series XIII - Common Derivatives Certification", obtained on or before September 21, 2026, shall not be required to obtain the "NISM Series-V-D – Mutual Fund - Specialized Investment Fund Distributors Certification" till the expiry of their existing "NISM Series XIII - Common Derivatives Certification". During this period, such distributors shall continue to hold a valid "NISM Series V-A Mutual Fund Distributors Certification", as required under the erstwhile framework.
- AMFI and AMCs shall ensure compliance with the above requirements by distributors and agents.

PETER MARDI
Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

06 Operationalisation of freezing of holdings of promoter and promoter group including their associates (promoter holdings) at the ISIN level under Regulation 24(i)(ea) of the SEBI (Buyback of Securities) Regulations, 2018

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/49/14/13(11)2026-CFD-POD/I/16864/2026 dated 21.07.2026]

- SEBI, vide notification dated July 01, 2026, has amended the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (herein after referred as "Buyback Regulations"), *inter alia*, inserting Regulation 24(i)(ea) to Buyback Regulations, which provides that

shares or other specified securities held by promoter and promoter group including their associates (herein after referred as “promoter holdings”) shall remain frozen at the ISIN level from the date of passing of the resolution by the board of directors or the special resolution, as the case may be, till the closing of the offer, while permitting:

- a. Tendering of shares or other specified securities in a buyback undertaken through the tender offer route and
 - b. Invocation of encumbrances created prior to the commencement of buyback period on shares or other specified securities.
2. To operationalise the aforesaid amendment, the Depositories shall put in place an operational framework, including the necessary system enhancements, and issue the necessary operational guidelines/communiqués to facilitate implementation of Regulation 24(i)(ea) of Buyback Regulations.
 3. The operational framework shall, *inter alia*, provide for:
 - a. Format of issuance of instructions by Listed companies for freezing of promoter holdings.
 - b. Operational modalities for implementation of the ISIN-level freeze on the promoter holdings.
 - c. Operational modalities for permitting tendering of shares or other specified securities in a buyback undertaken through the tender offer route.
 - d. Operational modalities for permitting invocation or release of encumbrances created prior to the commencement of buyback period and freeze to continue to apply on invoked/released shares or other specified securities.
 - e. Any other operational procedures or system requirements necessary for effective implementation of Regulation 24(i)(ea) of Buyback Regulations.
 4. The Depositories shall ensure that the operational framework and the necessary system enhancements are put in place before August 01, 2026.
 5. Listed Companies, Recognised Stock Exchanges, Depositories, Merchant Bankers, Registrars to an Issue and Share Transfer Agents (RTAs), shall ensure compliance with this Circular and the operational framework issued by the Depositories.
 6. This Circular shall come into force with immediate effect from date of issuance of this circular.
 7. This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Section 26(3) of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market.
 8. This Circular is available at www.sebi.gov.in under the link "Legal→Circulars".

VIMAL BHATTER
Deputy General Manager

07 Extending facility of creating standing instructions for Systematic Withdrawal Plan (SWP)/ Systematic Transfer Plan (STP) for Mutual Fund units held in demat form

[Issued by the Securities and Exchange Board of India vide Circular HO/47/14/13(2)2026-MRD-POD2/I/16590/2026 dated 17.07.2026]

1. Mutual Fund investors can avail the facility of SWP by creating standing instructions with Mutual Fund or its RTA for periodic redemption of specified number of Mutual Fund units or amount. Mutual Fund investors can also avail the facility of STP by creating standing instructions for transferring their investment in one scheme of Mutual Fund to another scheme of the same Mutual Fund, by way of redemption from one scheme and subscription to the other scheme of the same Mutual Fund.
2. Presently, the facility of creating such standing instructions for SWP / STP mandate is not available for the Mutual Fund units held in demat form.
3. In this context, taking into account the representations received from the Depositories, recommendations of a Working Group setup by SEBI and recommendations of Secondary Market Advisory Committee of SEBI, it has been decided to extend the facility of creating standing instruction for SWP/STP mandate for the Mutual Fund units held in demat form, to facilitate ease of doing business.
4. The aforesaid facility shall be implemented in the following two phases -
 - 4.1. In Phase-I, the facility shall be made available for “Unit-based SWP / STP” i.e. standing instructions based on fixed number of units to be redeemed at a specified frequency for withdrawal or for purchasing units of another scheme of the same Mutual Fund.
 - 4.2. In Phase-II, the facility shall be extended to “Amount-based SWP / STP” i.e. standing instruction for fixed amount which is required as pay-out at a specified frequency or for purchasing units of another scheme of the same Mutual Fund.
5. Depositories shall be the nodal facilitator for implementation of this framework and shall ensure the implementation of Phase-I by January 31, 2027 and implementation of Phase-II by April 30, 2027.
6. Further, Depositories are directed to :
 - 6.1. Jointly publish a standard framework on their website to operationalize the aforesaid facility by October 31, 2026;
 - 6.2. Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above framework, as may be applicable/necessary;
 - 6.3. Carry out system changes, if any, to implement the above framework;
 - 6.4. Disseminate the provisions of this circular on their website.
7. The provisions of this circular shall come into force with immediate effect.

8. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Section 26(3) of Depositories Act, 1996 and Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interest of investors in securities and to promote development of, and to regulate securities market.
9. This circular is available on SEBI website at www.sebi.gov.in at "Legal Framework - Circulars."
10. The circular has been issued with the approval of the competent authority.

SANJAY SINGH BHATI
General Manager

08 Intraday borrowing facility availed by mutual funds

[Issued by the Securities and Exchange Board of India vide Circular HO/(92)2026-IMD-POD-2/1/16006/2026 dated 10.07.2026]

1. In order to address liquidity mismatches due to difference in market settlement timings, SEBI vide Gazette Notification no. CG-MH-E-07072026-274229 dated July 3, 2026 carried out amendment to SEBI (Mutual Funds) Regulations, 2026 to permit intraday borrowings by mutual funds for various purposes as specified in this circular.
2. Accordingly, in supersession of the guidelines on borrowings of mutual funds specified in clause 5.9.1 of the SEBI Master Circular for Mutual Funds dated March 20, 2026 ("the Master Circular") and SEBI Circular no. HO/(92)2026-IMD-POD-2/1/7885/2026 dated March 25, 2026, intraday borrowings by mutual funds shall be subject to the following conditions:
 - 2.1. Mutual Funds may avail intraday borrowings for the following purposes:
 - 2.1.1. All unitholder pay-outs such as redemptions, IDCW pay-outs, interest etc.
 - 2.1.2. Pay-in with respect to investments made by the scheme.
 - 2.1.3. MTM obligations and foreign exchange settlements.
 - 2.1.4. Repayment of existing borrowings.
 - 2.2. The quantum of intraday borrowings shall be limited to:
 - 2.2.1. Guaranteed receivables such as inflows from RBI, Clearing Corporations, subscription inflows received in scheme bank accounts etc.
 - 2.2.2. Non-guaranteed receivables sighted during the day such as inflows from maturity proceeds and/or secondary market settlement from NCDs, CP, CDs, OTC Swaps, etc. and to be received by the scheme by end of the day.
 - 2.2.3. Intraday borrowing in addition to clause 2.2.1 and 2.2.2 may be availed by AMCs solely for the purpose of meeting redemption and other

pay-out to the unitholders as specified under Regulation 42(1) of SEBI (Mutual Funds) Regulations, 2026.

- 2.3. AMCs shall be responsible for ensuring that intraday borrowings are repaid by end of the day and any intraday borrowings converted to overnight borrowings are within regulatory limits and for the purposes allowed in Regulation 42(1) of SEBI (Mutual Funds) Regulations, 2026.
- 2.4. Boards of AMC and Trustees of a mutual fund shall approve the policy for use of intraday borrowing facility. The policy shall be made available on the website of AMC. The policy shall, *inter alia*, include approval processes, monitoring mechanism etc.
- 2.5. AMCs shall maintain scheme wise records detailing the underlying liquidity mismatch and the expected source of repayment for the intra-day borrowing.
- 2.6. AMCs shall ensure compliance of clauses 6 and 7 of Fourth Schedule of SEBI (Mutual Funds) Regulations, 2026 and para 17.7 of the Master Circular.
- 2.7. In line with para 11.10 of the Master Circular, cost of intraday borrowing, if any, shall be borne by the AMC. Further, any loss or cost incurred, on account of any unforeseen event or delay in receiving the funds from receivables as mentioned at clause 2.2.1 and 2.2.2 above shall also be borne by the AMC.

3. This circular shall come into effect from September 1, 2026.
4. The circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 42(2) and Regulation 84 of SEBI (Mutual Funds) Regulations, 2026, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
5. This Circular is available at www.sebi.gov.in under the link "Legal > Circulars".

PRIYANKA MAHAPATRA
General Manager

09 Review of norms for utilization of interest or income from IPF of the Depositories

[Issued by the Securities and Exchange Board of India vide Circular HO/47/14/13(4)2026-MRD-POD3/ 1/15577/2026 dated 07.07.2026]

1. Paragraph 4.46 of Section 4 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-1/P/ CIR/2024/168 for Depositories dated December 03, 2024, *inter alia*, prescribed the comprehensive guidelines for Investor Protection Fund (IPF) of Depositories.

- Paragraph 4.46.1.1(C)(i)(2) of the aforesaid Master Circular on the utilization of the interest or income received from the investments made from the IPF prescribed the following:

"To further strengthen the corpus, 100% of interest or income from IPF shall be treated as corpus of IPF."

- Taking into account the representations received from the Depositories and in order to bring uniformity & consistency in provisions for utilization of interest or income from IPF across depositories and stock exchanges, the proposal was discussed in the Secondary Market Advisory Committee of SEBI (SMAC).
- Based on the recommendations of SMAC, comments received through public consultation and subsequent internal deliberations, it has been decided that the provisions under clause 4.46.1.1(B)(i)(c) and 4.46.1.1(C)(i)(2) of Section 4 of the above mentioned Master Circular dated December 03, 2024 for Depositories shall stand modified as under:
- 46.1.1 B. Contribution to IPF of Depository
 - The following contributions shall be made by the Depository to the IPF:
 - At least 95% of the interest or income received every year out of any investments made from the IPF.

HRUDA RANJAN SAHOO
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

10 Handling of Client's Unpaid Securities by Trading Members

[Issued by the Securities and Exchange Board of India vide Circular HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated 03.07.2026]

- Paragraph 46 of the Master Circular for Stock Brokers dated June 17, 2025 ("Master Circular") specifies provisions with respect to Handling of Client's Securities by Trading Members (TM)/ Clearing Members (CM). These provisions were introduced vide SEBI Circular Nos. CIR/HO/MIRSD/DOP/CIR/P/2019/75 and SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated June 20, 2019 and November 11, 2022 respectively. Post-introduction of these provisions, there have been regulatory developments such as introduction of mandatory pay-out of securities directly to clients' demat accounts, as well as changes in market practices.
- Representations have been received from Brokers' Industry Standards Forum (ISF) seeking revisions to these provisions to align them with the current regulatory and market environment and to address certain operational challenges faced during implementation.

- Accordingly, in order to enhance the ease of doing business for stockbrokers and ease of doing investment for clients, it has been decided to amend Paragraph 46 of the Master Circular as under:

"46. Handling of Client's Unpaid Securities by Trading Members (TM)

Creation of pledge for unpaid securities

- For trades not covered under margin trading facility (MTF), the pay-out of unpaid securities (i.e., the securities that have not been paid for in full by the clients) shall be directly made to the client's demat account followed by creation of an auto-pledge (i.e., without any specific instruction from the client) with the reason "unpaid", in favor of a separate account titled – "client unpaid securities pledgee account (CUSPA)", which shall be opened by TM.
- After the creation of pledge, a communication (email / SMS) shall be sent by TM informing the client about the client's funds obligation and also about the right of TM to sell such securities in the event of failure by client to fulfill such obligation.

KUMAR ABHISHEK
Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

Reserve Bank of India

11 Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/219 DOR.SOG(SPE). REC.181/13.03.00/2026-27 dated 30.07.2026]

Please refer to the Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Directions, 2025 (hereinafter referred to as 'Directions'), dated November 28, 2025. On a review, it has been decided to issue revised instructions pertaining to disclosure of interest rates on deposits.

- Accordingly, in exercise of the powers conferred by Section 35A read with Section 56 of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (RBI) in this regard, the RBI, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.
- These Amendment Directions shall be called the Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Second Amendment Directions, 2026.
- These Amendment Directions shall come into effect from October 01, 2026.
- These Amendment Directions shall modify the Directions, as under:

(1) In Chapter II on ‘General Guidelines (Interest Rate Framework)’, the paragraph 6(3) shall be substituted by the following, namely:

Interest rates payable on deposits, including bulk deposits, shall be strictly as per the schedule of interest rates disclosed in advance on the bank’s website. However, interest rates payable on bulk deposits shall be disclosed on the bank’s website at 10:00 am with a grace time of 10 minutes, latest by 10:10 am, on each business day.

(1)(a) In Chapter II on ‘General Guidelines (Interest Rate Framework)’, the paragraph 6(2) shall be substituted by the following, namely:

The interest rates offered on deposits, including bulk deposits, shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another deposit of similar amount, accepted on the same date, at any of its offices.

DR. SUDARSANA SAHOO
Chief General Manager

12 Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/218 DOR.SOG(SPE). REC.177/13.03.00/2026-27 dated 30.07.2026]

Please refer to the Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Directions, 2025 (hereinafter referred to as ‘Directions’), dated November 28, 2025. On a review, it has been decided to issue revised instructions pertaining to disclosure of interest rates on deposits.

- Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank India (RBI) in this regard, the RBI, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.
- These Amendment Directions shall be called the Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Second Amendment Directions, 2026.
- These Amendment Directions shall come into effect from October 01, 2026.
- These Amendment Directions shall modify the Directions as under:

(1) In Chapter II on ‘General Guidelines (Interest Rate Framework)’, the paragraph 6(3) shall be substituted by the following, namely:

Interest rates payable on deposits, including bulk deposits, shall be strictly as per the schedule of interest rates disclosed in advance on the bank’s website. However, interest rates payable on bulk deposits shall be disclosed on the bank’s website at 10:00 am with a

grace time of 10 minutes, latest by 10:10 am, on each business day.

(1)(a) In Chapter II on ‘General Guidelines (Interest Rate Framework)’, the paragraph 6(2) shall be substituted by the following, namely:

The interest rates offered on deposits, including bulk deposits, shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another deposit of similar amount, accepted on the same date, at any of its offices.

DR. SUDARSANA SAHOO
Chief General Manager

13 Reserve Bank of India (Payments Banks – Interest Rate on Deposits) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/217 DOR.SOG(SPE). REC.179/13.03.00/2026-27 dated 30.07.2026]

Please refer to the Reserve Bank of India (Payments Banks – Interest Rate on Deposits) Directions, 2025 (hereinafter referred to as ‘Directions’), dated November 28, 2025. On a review, it has been decided to issue revised instructions pertaining to disclosure of interest rates on deposits.

- Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank India (RBI) in this regard, the RBI, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.
- These Amendment Directions shall be called the Reserve Bank of India (Payments Banks – Interest Rate on Deposits) Amendment Directions, 2026.
- These Amendment Directions shall come into effect from October 01, 2026.
- These Amendment Directions shall modify the Directions as under:

(1) In Chapter II on ‘General Guidelines (Interest Rate Framework)’, the paragraph 6.3 shall be substituted by the following, namely:

Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed in advance on the bank’s website.

DR. SUDARSANA SAHOO
Chief General Manager

14 Reserve Bank of India (Regional Rural Banks – Interest Rate on Deposits) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/216 DOR.SOG(SPE). REC.180/13.03.00/2026-27 dated 30.07.2026]

Please refer to the Reserve Bank of India (Regional Rural Banks – Interest Rate on Deposits) Directions, 2025 (hereinafter referred to as ‘Directions’), dated November 28, 2025. On a review, it has been decided to issue revised

instructions pertaining to disclosure of interest rates on deposits.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (RBI) in this regard, the RBI, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.
3. These Amendment Directions shall be called the Reserve Bank of India (Regional Rural Banks – Interest Rate on Deposits) Second Amendment Directions, 2026.
4. These Amendment Directions shall come into effect from October 01, 2026.
5. These Amendment Directions shall modify the Directions, as under:

(1) In Chapter II on ‘General Guidelines (Interest Rate Framework)’, the paragraph 6(3) shall be substituted by the following, namely:

Interest rates payable on deposits, including bulk deposits, shall be strictly as per the schedule of interest rates disclosed in advance on the bank’s website. However, interest rates payable on bulk deposits shall be disclosed on the bank’s website at 10:00 am with a grace time of 10 minutes, latest by 10:10 am, on each business day.

(1)(a) In Chapter II on ‘General Guidelines (Interest Rate Framework)’, the paragraph 6(2) shall be substituted by the following, namely:

The interest rates offered on deposits, including bulk deposits, shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another deposit of similar amount, accepted on the same date, at any of its offices.

DR. SUDARSANA SAHOO

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

15 Reserve Bank of India (Small Finance Banks – Governance) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/DOR/2026-27/212 DOR. ACC.REC.No.189/29.67.001/2026-27 dated 30.07.2026]

Please refer to the Reserve Bank of India (Small Finance Banks – Governance) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. On a review, consequent to the issuance of the Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Fifth Amendment Directions,

2026, pertaining to Basel Pillar 3 disclosures, and in exercise of the powers conferred by the section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. These Directions shall be called the Reserve Bank of India (Small Finance Banks – Governance) Third Amendment Directions, 2026.
4. The Amendment Directions modify the Directions as under:

4(1) For Paragraph 55(3)(ii)(f), the following shall be substituted, namely:

“Share-linked Instruments: Such instruments shall be included as a component of variable pay. Norms for grant of share-linked instruments shall be framed by a bank in conformity with relevant statutory provisions and should form part of the bank’s compensation policy. The details of share-linked instruments granted shall also be disclosed in terms of the disclosure requirements stipulated in the Reserve Bank of India (Small Finance Banks- Financial Statements – Presentation and Disclosures) Directions, 2025 Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Directions, 2025. Share-linked instruments shall be fair valued on the date of grant by the bank using Black-Scholes model. The fair value thus arrived at shall be recognised as an expense beginning with the accounting period for which approval has been granted.”

4(2) For Paragraph 55(7), the following shall be substituted, namely:

“A bank shall make disclosure on remuneration of WTDs / MD&CEO / MRTs on an annual basis at the minimum, in their Annual Financial Statements as prescribed in Reserve Bank of India (Small Finance Banks- Financial Statements – Presentation and Disclosures) Directions, 2025 Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Directions, 2025, as amended from time to time.”

5. The above amendments shall come into force from April 1, 2027.

SUNIL T. S. NAIR

Chief General Manager

16 Reserve Bank of India (Small Finance Banks – Asset Liability Management) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/DOR/2026-27/211 DOR. ACC.REC.No.188/13-10-002/2026-27 dated 30.07.2026]

Please refer to the Reserve Bank of India (Small Finance Banks – Asset Liability Management) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. On a review, consequent to the issuance of the Reserve Bank of India (Small Finance Banks - Prudential Norms

on Capital Adequacy) Fifth Amendment Directions, 2026, pertaining to Basel Pillar 3 disclosures, and in exercise of the powers conferred by the section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. These Directions shall be called the Reserve Bank of India (Small Finance Banks – Asset Liability Management) Amendment Directions, 2026.

4. The Amendment Directions modify the Directions as under:

4(1) For Paragraph 197, the following shall be substituted, namely:

“For LCR disclosure template and related instructions, a bank shall refer to relevant instructions in ~~Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) Directions, 2025~~ Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Directions, 2025.”

4(2) For Paragraph 243, the following shall be substituted, namely:

“For NSFR disclosure template and related instructions a bank shall refer to relevant instructions in ~~Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) Directions, 2025~~ Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Directions, 2025.”

5. The above amendments shall come into force from April 1, 2027.

SUNIL T. S. NAIR

Chief General Manager

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17 Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/210 DOR.ACC.REC. No.191/21-01-002/2026-27 dated 30.7.2026]

Please refer to ‘Annex III: Pillar 3 Disclosure Requirements’ of the Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (hereinafter referred to as ‘the Directions’). Upon a review and to ensure greater consistency with the Basel Pillar 3 disclosure requirements, there is a felt need to amend these Directions.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank of India (RBI) to issue instructions in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

3. These Directions shall be called the Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026.

4. The Amendment Directions modify the Directions as under:

4(1) In Paragraph 120 the words “Table DF 4” shall be substituted with “Table CRD, Template CR4 and Template CR5”.

4(2) For Paragraphs 188 and 189 the following shall be substituted, namely:

“188. The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. It reduces information asymmetry and helps promote comparability of a bank’s risk profiles within and across jurisdictions. Pillar 3 of the Basel Framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable market participants to access key information relating to a bank’s regulatory capital and risk exposures in order to increase transparency and confidence about a bank’s exposure to risk and the overall adequacy of its regulatory capital.

SUNIL T. S. NAIR

Chief General Manager

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18 Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Eighth Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/DOR/2026-27/207 DOR.ACC.REC.No.184/21.04.018/2026-27 dated 30.07.2026]

Please refer to the Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. On a review, consequent to the issuance of the Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026, pertaining to Basel Pillar 3 disclosures, and in exercise of the powers conferred by the section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
3. These Directions shall be called the Reserve Bank of India (Commercial Banks – Financial Statements) Eighth Amendment Directions, 2026.
4. The Amendment Directions modify the Directions as under:

4(1) Paragraph 10(2)(ii), 10(2)(iii) on disclosures on Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) respectively shall stand deleted.

4(2) Paragraph 10(13) on disclosures on remuneration shall stand deleted.

5. The above amendments shall come into force from April 1, 2027.

SUNIL T. S. NAIR
Chief General Manager

19 Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026

[Issued by the Reserve Bank of India vide Notification No. RBI/2026-27/204 DOR.ACC.REC.No.185/21-02-002/2026-27 dated 30.7.2026]

Please refer to 'Annex III: Pillar 3 Disclosure Requirements' of the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (hereinafter referred to as 'the Directions'). Upon a review and to ensure greater consistency with the Basel Pillar 3 disclosure requirements, there is a felt need to amend these Directions.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank of India (RBI) to issue instructions in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. These Directions shall be called the Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026.
4. The Amendment Directions modify the Directions as under:
 - 4(1) In paragraph 134, the words "Table DF 4" shall be substituted with "Table CRD, Template CR4 and Template CR5".
 - 4(2) In paragraph 155(iv), the words "Table DF 5" shall be substituted with "Table CRC and Template CR3".

- 4(3) For paragraphs 239 and 240, the following shall be substituted, namely:

"239. The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. It reduces information asymmetry and helps promote comparability of a bank's risk profiles within and across jurisdictions. Pillar 3 of the Basel Framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable market participants to access key information relating to a bank's regulatory capital

and risk exposures in order to increase transparency and confidence about a bank's exposure to risk and the overall adequacy of its regulatory capital.

SUNIL T. S. NAIR
Chief General Manager

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20 Special Rupee Vostro Accounts (SRVAs)

[Issued by the Reserve Bank of India vide RBI/2026-27/203 A.P. (DIR Series) Circular No.19 dated 17.07.2026]

Attention of authorised dealer banks is invited to the following circulars on International Trade Settlement in Indian Rupees (INR): A.P. (DIR Series) Circular No. 10 dated July 11, 2022, Circular No. 08 dated November 17, 2023, Circular No. 11 dated June 11, 2024, A.P. (DIR Series) Circular No. 08 dated August 05, 2025, and A.P. (DIR Series) Circular No. 14 dated October 03, 2025.

2. On a review, it has been decided to consolidate and rationalise the instructions contained in above referred circulars. Accordingly, this circular is being issued in supersession of the above referred circulars. The changes flowing from the above circulars are indicated in Annex.
3. AD banks in India may open Special Rupee Vostro Accounts (SRVAs) of its branch outside India or a bank resident outside India, in terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016.
4. The settlement of cross-border trade transactions through SRVA is an additional arrangement for invoicing, payment and settlement of exports and imports in INR. Additionally, all permissible capital and current account transactions under FEMA may be settled through the SRVA. Further, AD banks maintaining SRVA are also permitted to open additional current account for exporter/importer, exclusively for settlement of export/import transactions.
5. SRVA may be funded by way of inward remittances or transfer from other repatriable INR accounts in terms of Foreign Exchange Management (Deposit) Regulations, 2016. The proceeds accrued through permissible current and capital account transactions under FEMA can also be held in the SRVA.
6. Investments in debt instruments out of the balances held in the SRVA shall be governed by the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025, as amended from time to time.
7. Documentation and reporting of cross-border transactions through SRVA shall be done in terms of the extant guidelines under FEMA 1999, issued from time to time. The details of SRVA held by overseas correspondent banks with AD banks in India may be

updated periodically in the 'SRVA directory', published by FEDAI.

8. The above instructions shall come into force with immediate effect and AD banks may bring the contents of this Circular to the notice of their constituents and customers concerned.
9. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

N. SENTHIL KUMAR
Chief General Manager

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21 Reserve Bank of India (Local Area Banks – Income Recognition, Asset Classification and Provisioning) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/202 DOR.STR. REC.167/21-04-048/2026-27 dated 16.07.2026]

Please refer to Reserve Bank of India (Local Area Banks – Resolution of Stressed Assets) Second Amendment Directions, 2026 dated July 16, 2026.

2. Consequent to the aforesaid Amendment Directions, in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. These Amendment Directions modify the Directions as under:

(i) The following shall be inserted in Chapter V – Income Recognition:

“E1. Income Recognition in case of acquisition of Specified Non-Financial Assets (SNFA)

119C. Any accrued but unrealised interest and / or charges from the extinguished exposure pertaining to periods prior to acquisition of an SNFA, shall not be recognised as income upon acquisition of the SNFA. Where such income has been recognised in respect of any SNFA outstanding in the books of a bank as on September 30, 2026, it shall be reversed through Profit and Loss account, latest by September 30, 2027, to the extent remaining unrealised as on that date.

119D. Any income received from an SNFA shall be recognised in the income statement as ‘non-interest / other income’, in the financial year in which it is realised. Similarly, any expense incurred towards upkeep of an SNFA shall be accounted for in the income statement in the financial year in which it is incurred.”

4. The above amendment would come into force with effect from October 01, 2026.

VAIBHAV CHATURVEDI
Chief General Manager

22 Reserve Bank of India (Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/200 DOR.STR. REC.165/21-04-048/2026-27 July 16, 2026 dated 16.07.2026]

Please refer to Reserve Bank of India (Rural Co-operative Banks – Resolution of Stressed Assets) Second Amendment Directions, 2026 dated July 16, 2026.

2. Consequent to the aforesaid Amendment Directions, in, in exercise of the powers conferred by the sections 21, 35A and 56 of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. These Amendment Directions modifies the Directions as under:

(i) The following shall be inserted in Chapter V – Income Recognition:

“A1. Income Recognition in case of acquisition of Specified Non-Financial Assets (SNFA)

62C. Any accrued but unrealised interest and / or charges from the extinguished exposure pertaining to periods prior to acquisition of an SNFA, shall not be recognised as income upon acquisition of the SNFA. Where such income has been recognised in respect of any SNFA outstanding in the books of a bank as on September 30, 2026, it shall be reversed through Profit and Loss account, latest by September 30, 2027, to the extent remaining unrealised as on that date.

62D. Any income received from an SNFA shall be recognised in the income statement as ‘non-interest / other income’, in the financial year in which it is realised. Similarly, any expense incurred towards upkeep of an SNFA shall be accounted for in the income statement in the financial year in which it is incurred.”

4. The above amendment would come into force with effect from October 01, 2026.

VAIBHAV CHATURVEDI
Chief General Manager

23 Reserve Bank of India (Urban Cooperative Banks – Income Recognition, Asset Classification and Provisioning) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/199 DOR.STR. REC.164/21-04-048/2026-27 dated 16.07.2026]

Please refer to Reserve Bank of India (Urban Co-operative Banks – Resolution of Stressed Assets) Third Amendment Directions, 2026 dated July 16, 2026.

2. Consequent to the aforesaid Amendment Directions, in exercise of the powers conferred by the Sections 20, 21 and 35A read with the Section 56 of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
3. These Amendment Directions modify the Directions as under:
 - (i) The following shall be inserted in Chapter V – Income Recognition:

“E1. Income Recognition in case of acquisition of Specified Non-Financial Assets (SNFA)

113C. Any accrued but unrealised interest and / or charges from the extinguished exposure pertaining to periods prior to acquisition of a Specified Non-Financial Asset (SNFA), shall not be recognised as income upon acquisition of the SNFA. Where such income has been recognised in respect of any SNFA outstanding in the books of a bank as on September 30, 2026, it shall be reversed through Profit and Loss account, latest by September 30, 2027, to the extent remaining unrealised as on that date.

113D. Any income received from an SNFA shall be recognised in the income statement as ‘non-interest / other income’, in the financial year in which it is realised. Similarly, any expense incurred towards upkeep of an SNFA shall be accounted for in the income statement in the financial year in which it is incurred.”
4. The above amendment would come into force with effect from October 01, 2026.
3. These Amendment Directions modify the Directions as under:
 - (i) The following shall be inserted in Chapter V – Income Recognition:

“E1. Income Recognition in case of acquisition of Specified Non-Financial Assets (SNFA)

116C. Any accrued but unrealised interest and / or charges from the extinguished exposure pertaining to periods prior to acquisition of a Specified Non-Financial Asset (SNFA), shall not be recognised as income upon acquisition of the SNFA. Where such income has been recognised in respect of any SNFA outstanding in the books of a AIFI as on September 30, 2026, it shall be reversed through Profit and Loss account, latest by September 30, 2027, to the extent remaining unrealised as on that date.

116D. Any income received from an SNFA shall be recognised in the income statement as ‘non-interest / other income’, in the financial year in which it is realised. Similarly, any expense incurred towards upkeep of an SNFA shall be accounted for in the income statement in the financial year in which it is incurred.”
4. The above amendment would come into force with effect from October 01, 2026.

VAIBHAV CHATURVEDI
Chief General Manager

24 Reserve Bank of India (All India Financial Institutions – Income Recognition, Asset Classification and Provisioning) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/198 DOR.STR. REC.163/21-04-048/2026-27 dated 16.07.2026]

Please refer to Reserve Bank of India (All India Financial Institutions – Resolution of Stressed Assets) Second Amendment Directions, 2026 dated July 16, 2026.

2. Consequent to the aforesaid Amendment Directions, in exercise of the powers conferred by the section 45L of the Reserve Bank of India Act, 1934 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
3. On examination of the feedback received on the draft Directions issued on May 5, 2026 and in exercise of the powers conferred by the Sections 21, 35A and 56 of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
4. These Amendment Directions modify the Directions as under:

VAIBHAV CHATURVEDI
Chief General Manager

25 Reserve Bank of India (Rural Co-operative Banks – Resolution of Stressed Assets) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/192 DOR.STR. REC.173/21-04-048/2026-27 dated 16.07.2026]

Please refer to Reserve Bank of India (Rural Co-operative Banks – Resolution of Stressed Assets) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. A bank generally does not transact in immovable assets as part of its core business operations, other than in exceptional cases where it acquires such immovable assets in satisfaction of its claims on the borrower. In order to provide clarity on the prudential treatment of such specified non-financial assets including non-banking assets (NBAs), acquired by a bank through various mechanisms, it has been decided to issue prudential norms applicable in such cases.
3. On examination of the feedback received on the draft Directions issued on May 5, 2026 and in exercise of the powers conferred by the Sections 21, 35A and 56 of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
4. These Amendment Directions modify the Directions as under:

- i. Paragraph 5(2B) shall be inserted as below:

(2B) 'specified non-financial asset' (SNFA) means an immovable asset acquired by a bank in satisfaction or part satisfaction of its claims on the borrower, including non-banking assets (NBAs) acquired in terms of the relevant provisions of the Banking Regulation Act, 1949.

- ii. Paragraph 8B shall be inserted as below:

8B. A bank's policy shall incorporate suitable clauses for acquisition of an SNFA and disposal thereof. Such provisions shall specify inter-alia the limit on SNFAs as a share of total assets, eligibility criteria, delegation matrix, recovery efforts to be explored before acquisition and maximum period for disposal not exceeding seven years.

- iii. A new Chapter V-A as under shall be inserted:

Chapter V-A – Prudential Norms on Specified Non-financial Assets

49A. The provisions of this Chapter shall cover all SNFAs including those acquired through bilateral acquisitions or through Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

49B. In respect of any SNFA outstanding in the books of a bank as on September 30, 2026 ('Legacy SNFAs'), compliance with these Directions shall be achieved latest by September 30, 2027.

49C. An SNFA shall be deemed to have been acquired only if the title of the asset is transferred in the name of the bank, and the bank is in a clear position to deal with the asset on its own.

49D. SNFA shall be acquired only in cases where a bank's exposures to a borrower is classified as non-performing.

49E. SNFA may be acquired from the borrower against full or partial extinguishment of the bank's exposure on a non-recourse basis.

49F. Partial extinguishment of exposure shall be treated as restructuring and the residual exposure to the borrower shall attract the prudential treatment applicable to restructuring as contained in these Directions.

VAIBHAV CHATURVEDI
Chief General Manager

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26 Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/187 DOR.STR. REC.168/21-04-048/2026-27 dated 16.07.2026]

Please refer to Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 (hereinafter referred to as 'the Directions').

2. A bank generally does not transact in immovable assets as part of its core business operations, other than in exceptional cases where it acquires such immovable assets in satisfaction of its claims on the borrower. In order to provide clarity on the prudential treatment of such specified non-financial assets including non-banking assets (NBAs), acquired by a bank through various mechanisms, it has been decided to issue prudential norms applicable in such cases.

3. On examination of the feedback received on the draft Directions issued on May 5, 2026 and in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

4. These Amendment Directions modify the Directions as under:

- i. Paragraph 6(15A) shall be inserted as below:

(15A) 'specified non-financial asset' (SNFA) means an immovable asset acquired by a bank in satisfaction or part satisfaction of its claims on the borrower, including non-banking assets (NBAs) acquired in terms of the relevant provisions of the Banking Regulation Act, 1949.

- ii. Paragraph 13B shall be inserted as below:

13B. A bank's policy shall incorporate suitable clauses for acquisition of an SNFA and disposal thereof. Such provisions shall specify inter-alia the limit on SNFAs as a share of total assets, eligibility criteria, delegation matrix, recovery efforts to be explored before acquisition and maximum period for disposal not exceeding seven years.

- iii. A new Chapter VII-A as under shall be inserted:

Chapter VII-A – Prudential Norms on Specified Non-financial Assets

140A. The provisions of this Chapter shall cover all SNFAs including those acquired through bilateral acquisitions or through Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

140B. In respect of any SNFA outstanding in the books of a bank as on September 30, 2026 ('Legacy SNFAs'), compliance with these Directions shall be achieved latest by September 30, 2027.

140C. An SNFA shall be deemed to have been acquired only if the title of the asset is transferred in the name of the bank, and the bank is in a clear position to deal with the asset on its own.

140D. SNFA shall be acquired only in cases where a bank's exposures to a borrower is classified as non-performing.

140E. SNFA may be acquired from the borrower against full or partial extinguishment of the bank's exposure on a non-recourse basis.

140F. Partial extinguishment of exposure shall be treated as restructuring and the residual exposure to the borrower shall attract the prudential treatment applicable to restructuring as contained in these Directions.

VAIBHAV CHATURVEDI

Chief General Manager

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27 Designation of 23 individuals under clause (a) of sub-section (1) and sub-section (2) of Section 35 of the Unlawful Activities (Prevention) Act, 1967 and listed in the Fourth Schedule of the Act

[Issued by the Reserve Bank of India vide RBI/2026-27/186 DOR.AML. REC.159/14.06.001/2026-27 dated 15.07.2026]

In terms of Chapter IX on "Requirements/obligations under International Agreements - Communications from International Agencies" of the Reserve Bank of India - Know Your Customer, Directions, 2025 dated November 28, 2025 (amended as on December 29, 2025) ("Directions"), as applicable, regulated entities shall strictly follow the procedure laid down in the UAPA Order dated February 2, 2021 (Annex I of these Directions), and ensure the meticulous compliance with the Order issued by the Government. Further, regulated entities shall report the details of accounts resembling any of the individuals / entities in the lists to FIU-IND in addition to advising the Ministry of Home Affairs (MHA) as required under UAPA notification dated February 2, 2021. In this regard, it is reiterated that the UAPA Order in Annex I of the aforementioned Directions shall also apply to amendments carried out in Schedule IV and I of the UAPA, 1967 apart from the UNSC lists mentioned in the Order.

- In this connection, please refer to the notifications dated July 04, 2026 of the MHA, as per which, following individuals have been declared as "Terrorist" and have been listed in the Fourth Schedule of UAPA, 1967, under clause (a) of sub-section (1) and sub-section (2) of Section 35 of UAPA, 1967. The Statutory Order (S.O.) numbers and the respective entries are as provided below:

VEENA SRIVASTAVA

Chief General Manager

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28 Reserve Bank of India (All India Financial Institutions – Credit Facilities) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/184 DOR.STR. REC.157/21-04-048/2026-27 dated 15.07.2026]

Please refer to Reserve Bank of India (All India Financial Institutions – Credit Facilities) Directions, 2025 (hereinafter referred to as 'the Directions').

- In exercise of the powers conferred by the Section 45L of the Reserve Bank of India Act, 1934 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

- These Amendment Directions modify the Directions as under:

- In paragraph 39, an Explanation shall be added as under:

Explanation: Where it is possible for a project to be operationalised as multiple independent viable units, a AIFI may at its discretion finance such independent units as separate projects with their own financial closure, provided each unit is appraised ex-ante for standalone viability.

- In paragraph 41, an Explanation shall be added as under:

Explanation: For the purpose of this paragraph, for projects in electricity generation where the project scope involves both generation and transmission (evacuation infrastructure), the right of way requirement for transmission may be determined as per sub-paragraph (3).

- The above amendment would come into force with immediate effect.

VAIBHAV CHATURVEDI

Chief General Manager

29 Reserve Bank of India (Payments Banks – Governance) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/179 DOR.HGG. GOV.152/29.67.001/2026-27 dated 14.07.2026]

Please refer to the Reserve Bank of India (Payments Banks - Governance) Directions, 2025 (hereinafter referred to as 'Directions').

- In an endeavour to enable bank Boards to utilize their time effectively and to facilitate a more focused and qualitative engagement on strategy and risk governance, it has been decided to undertake a review to rationalize the extant RBI directions/circulars on the matters required to be placed before the Board. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

- The Amendment Directions modify the Directions as under:

3(1) Paragraph 23 of Chapter V shall be deleted and reinserted (with slight modification) after paragraph 16 as under:

“16A. The Board shall exercise oversight on the following:

- (i) risk management system, policy and strategy followed by the bank;
- (ii) exposures to related entities of the bank;
- (iii) conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.”

3(2) Paragraph 17 of Chapter IV and paragraphs 22, 24, 25, 26 and 27 of Chapter V shall be deleted.

3(3) Title of Chapter-V ‘Calendar of Reviews and Board Meeting Procedures’ stands amended to ‘Matters to be placed before the Board’.

SCENTA JOY
Chief General Manager

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30 Reserve Bank of India (Local Area Banks – Governance) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/180 DOR.HGG. GOV.153/29.67.001/2026-27 July 14, 2026 dated 14.07.2026]

Please refer to the Reserve Bank of India (Local Area Banks - Governance) Directions, 2025 (hereinafter referred to as ‘Directions’).

2. In an endeavour to enable bank Boards to utilize their time effectively and to facilitate a more focused and qualitative engagement on strategy and risk governance, it has been decided to undertake a review to rationalize the extant RBI directions/circulars on the matters required to be placed before the Board. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. The Amendment Directions modify the Directions as under:
 - 3(1) Paragraph 15 of Chapter IV and paragraphs 20 and 21 of Chapter V shall be deleted.
 - 3(2) Title of Chapter-V ‘Calendar of Reviews and Board Meeting Procedures’ stands amended to ‘Matters to be placed before the Board’.
 - 3(3) After paragraph 21, the following new paragraphs shall be inserted as under:

“21A. Notwithstanding anything contained in extant RBI circulars or directions, the requirement for matters to be placed before the Board shall be as under:

- (i) Policies that are required to be placed before the Board for approval and those in respect of which such approval can be delegated, shall be as specified in Appendix I. Review of policies which are specified to be approved by Board may be delegated to Board Committees, with the Board approving only material amendments thereto.
- (ii) Matters, other than policies, that are required to be placed before the Board for approval/ review/information, shall be as specified in Appendix II A.
- (iii) Matters, other than policies, that may be delegated at the discretion of the Board, shall be as specified in Appendix II B.

SCENTA JOY
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

31 Reserve Bank of India (Small Finance Banks – Governance) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/178 DOR.HGG. GOV.151/29.67.001/2026-27 dated 14.07.2026]

Please refer to the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025 (hereinafter referred to as ‘Directions’).

2. In an endeavour to enable bank Boards to utilize their time effectively and to facilitate a more focused and qualitative engagement on strategy and risk governance, it has been decided to undertake a review to rationalize the extant RBI directions/circulars on the matters required to be placed before the Board. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. The Amendment Directions modify the Directions as under:
 - 3(1) Paragraph 29 of Chapter V shall be deleted and reinserted after paragraph 20 of Chapter IV as under:

“20A. The Board shall exercise oversight on the following:

 - (i) risk management system, policy and strategy followed by the bank;
 - (ii) exposures to related entities of the bank, viz. details of lending to / investment in subsidiaries, the asset classification of such lending / investment, etc.; and
 - (iii) conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.”

3(2) Paragraph 21 of Chapter IV and paragraphs 28, 30, 31, 32 and 33 of Chapter V shall be deleted.

3(3) After paragraph 33 of Chapter V, the following new paragraphs shall be inserted as under:

“33A. Notwithstanding anything contained in extant RBI circulars or directions, the requirement for matters to be placed before the Board shall be as under:

- (i) *Policies that are required to be placed before the Board for approval and those in respect of which such approval can be delegated, shall be as specified in Appendix I. Review of policies which are specified to be approved by Board may be delegated to Board Committees, with the Board approving only material amendments thereto.*
- (ii) *Matters, other than policies, that are required to be placed before the Board for approval/review/information, shall be as specified in Appendix II A.*
- (iii) *Matters, other than policies, that may be delegated at the discretion of the Board, shall be as specified in Appendix II B.*

SCENTA JOY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

32 Reserve Bank of India (Commercial Banks – Governance) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/177 DOR.HGG. GOV.150/29.67.001/2026-27 dated 14.07.2026]

Please refer to the Reserve Bank of India (Commercial Banks - Governance) Directions, 2025 (hereinafter referred to as ‘Directions’).

2. In an endeavour to enable bank Boards to utilize their time effectively and to facilitate a more focused and qualitative engagement on strategy and risk governance, it has been decided to undertake a review to rationalize the extant RBI directions/circulars on the matters required to be placed before the Board. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. The Amendment Directions modify the Directions as under:

3(1) Paragraph 15 of Chapter II shall be deleted and reinserted after paragraph 11 as under:

“11A. The Board shall exercise oversight on the following:

- (i) risk management system, policy and strategy followed by the PSB;
- (ii) exposures to related entities of the PSB, viz. details of lending to / investment in subsidiaries, the asset classification of such lending / investment, etc.; and
- (iii) conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.”

SCENTA JOY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

33 Implementation of Section 51A of UAPA, 1967: Updates to UNSC’s 1267/ 1989 ISIL (Da’esh) & Al-Qaida Sanctions List: Amendment of 1 Entry

[Issued by the Reserve Bank of India vide RBI/2026-27/176 DOR.AML. REC.149/14.06.001/2026-27 dated 09.07.2026]

Please refer to Chapter IX on “Requirements/obligations under International Agreements - Communications from International Agencies” of the Reserve Bank of India - Know Your Customer, Directions, 2025 dated November 28, 2025 (amended as on December 29, 2025) (“Directions”), as per which, regulated entity shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, it does not have any account in the name of individuals / entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

2. In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC/16407, dated July 08, 2026 wherein the Security Council pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da’esh), Al-Qaida and associated individuals, groups, undertakings and entities enacted the amendments specified with strikethrough and underline in the entry below on its ISIL (Da’esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban and arms embargo set out in paragraph 1 of Security Council resolution 2734 (2024), and adopted under Chapter VII of the Charter of the United Nations.

SIRIN KUMAR

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

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NEWS FROM THE INSTITUTE



- List of Members Restored In The Month of June, 2026
- Certificate of Practice surrendered during the month of June 2026
- Uploading of Photograph (Passport Size only) and Signature
- Obituaries
- Change / Updation of Address



Institute News

LIST OF MEMBERS RESTORED IN THE MONTH OF JUNE, 2026

Sl. No.	Membership No.	Member's Name	Region
1	ACS - 13156	CS SEEMA GANAPATI KASHI	WIRC
2	ACS - 13469	CS SANTOSH SOMANI	WIRC
3	ACS - 15089	CS VIKRAM KUMAR GUPTA	NIRC
4	ACS - 15178	CS PANKAJ KUMAR GAGGAR	WIRC
5	ACS - 16398	CS KAVITA AGARWAL	EIRC
6	ACS - 16532	CS PRAKASH KUMAR AGRAWAL	WIRC
7	ACS - 16723	CS AMIT SINGH CHAUHAN	SIRC
8	ACS - 17001	CS SUMIT GUPTA	NIRC
9	ACS - 17809	CS RANJEET SINGH	NIRC
10	ACS - 17868	CS PRADEEP KUMAR ARORA	NIRC
11	ACS - 19225	CS MADHURI METKAR DALAL	WIRC
12	ACS - 19875	CS PARAS MITTAL	NIRC
13	ACS - 24044	CS PUJA TANDON	NIRC
14	ACS - 25157	CS RANJEET KUMAR AGRAWAL	EIRC
15	ACS - 26982	CS SHALLY GOYAL	NIRC
16	ACS - 29806	CS RAJEEV THEKKEETIL	SIRC
17	ACS - 30015	CS NILESH NEMCHAND SHAH	WIRC
18	ACS - 31885	CS RAJESH PAWANKUMAR KABRA	WIRC
19	ACS - 32472	CS GAURAV SHARMA	NIRC
20	ACS - 32892	CS RADHIKA BANKA	SIRC
21	ACS - 32902	CS ANANT JOSHI	EIRC
22	ACS - 3292	CS RAKESH NISCHAL	NIRC
23	ACS - 33957	CS SHIKHA PANDEY	NIRC
24	ACS - 34614	CS CHETNA NAVRATANMAL GANDHI	WIRC
25	ACS - 34635	CS SHWETA SHARMA	NIRC
26	ACS - 35389	CS JUHI GARG	NIRC
27	ACS - 35437	CS BHARAT MISHRA	NIRC
28	ACS - 37434	CS GARISHMA ARORA	NIRC
29	ACS - 3761	CS RAJESH KUMAR NIGAM	NIRC

30	ACS - 37696	CS RICHA BHOLA	NIRC
31	ACS - 38837	CS LIPSY GUPTA	NIRC
32	ACS - 39655	CS SHRADDHA BIYANI	EIRC
33	ACS - 40320	CS KRUTI SUNIL PATEL	WIRC
34	ACS - 41314	CS NANDANI PATIDAR	NIRC
35	ACS - 43700	CS ANUJA GIRIA	SIRC
36	ACS - 43949	CS NIKITA AJMERA	SIRC
37	ACS - 44360	CS SWETA ROHAN GUPTA	WIRC
38	ACS - 45479	CS VUDANDA CHANDRA SEKHAR PATNAIK	SIRC
39	ACS - 45591	CS NEERAJ PURI	NIRC
40	ACS - 45619	CS NITISHA JAISWAL	EIRC
41	ACS - 45738	CS UMA GOENKA	EIRC
42	ACS - 45770	CS NUPUR LODWAL	WIRC
43	ACS - 46177	CS DUHITA VIDYADHAR CHAKRADEO	WIRC
44	ACS - 46182	CS BALKRISHNA OM PRAKASH TODI	WIRC
45	ACS - 46855	CS DHWANI YOGESHBHAI CHANDARANA	WIRC
46	ACS - 47100	CS VIPUL JAIN	NIRC
47	ACS - 47184	CS NIKITA GUPTA	NIRC
48	ACS - 47755	CS ANKITA SAXENA	EIRC
49	ACS - 47811	CS PRIYA MALHOTRA	NIRC
50	ACS - 47971	CS SONAM RAGHUVANSHI	WIRC
51	ACS - 48027	CS SIDDHI ANAND	NIRC
52	ACS - 49527	CS PRAGYA JAIN	NIRC
53	ACS - 49808	CS MAHESH LABHSHANKAR PUROHIT	WIRC
54	ACS - 50144	CS SONAM KANT	NIRC
55	ACS - 50632	CS SAPNA SHARMA	NIRC
56	ACS - 50948	CS SNEHA GOYAL	NIRC
57	ACS - 53719	CS AMISHA VIJAY MALKAN	WIRC
58	ACS - 54722	CS RIYA SHARMA	NIRC
59	ACS - 55653	CS NARESH DEVDA	SIRC
60	ACS - 55993	CS SRISHTI GULECHA	NIRC
61	ACS - 56188	CS AERICA SARDAR	EIRC
62	ACS - 56363	CS NEHA RANI	NIRC
63	ACS - 57064	CS KAMALPREET KHANUJA	WIRC
64	ACS - 57504	CS RAJESH KUMAR DHAYAL	NIRC
65	ACS - 57533	CS RITIKA BIYANI	EIRC
66	ACS - 57582	CS POOJA BAJAJ	SIRC
67	ACS - 57621	CS SMRITI WADEHRA	NIRC
68	ACS - 57677	CS DISHA SHARMA	NIRC
69	ACS - 58394	CS LITTLE H BOHRA	SIRC
70	ACS - 58409	CS POOJA AGARWAL	NIRC
71	ACS - 58413	CS HEENA KESWANI	WIRC
72	ACS - 58544	CS RIDDHI HEMANT MOGHE	WIRC
73	ACS - 58830	CS NEHA	NIRC

74	ACS - 59228	CS KRITIKA BHARDWAJ	NIRC
75	ACS - 59687	CS MITIKA MALIK	NIRC
76	ACS - 60571	CS NEHA VERMA	WIRC
77	ACS - 60966	CS KANIKA CHAUHAN	NIRC
78	ACS - 61316	CS NIRANJAN KUMAR	EIRC
79	ACS - 61375	CS PRIYANKA TAKHTANI	WIRC
80	ACS - 63576	CS PARUL JOLLY	NIRC
81	ACS - 65326	CS DEEPALI	NIRC
82	ACS - 65884	CS SHASHANK JAIN	WIRC
83	ACS - 67757	CS AVINASH REDDY SINGIREDDY	SIRC
84	ACS - 68142	CS RONDLA SNEHA SREE REDDY	SIRC
85	ACS - 69657	CS PARUL MAHESHWARI	NIRC
86	ACS - 70659	CS KEVAL BHARATBHAI VIKMANI	WIRC
87	ACS - 70849	CS MAHIMA JITENDRA RATHOD	WIRC
88	ACS - 7153	CS S N JAJODIA	EIRC
89	ACS - 71610	CS JAYA GUPTA	NIRC
90	ACS - 72240	CS ASHNA GUPTA	NIRC
91	ACS - 72390	CS ANISHA AHUJA	NIRC
92	ACS - 72867	CS ARUSHI JAIN	NIRC
93	ACS - 76004	CS KHUSHBOO MAHENDRA SOLANKI	WIRC

94	ACS - 7805	CS VISWANATHAN NADI GANESAN	SIRC
95	ACS - 9387	CS ASHOK KUMAR SWAMI	NIRC
96	FCS - 10593	CS PARBODH KUMAR GUPTA	SIRC
97	FCS - 10936	CS AARTI CHAUHAN	NIRC
98	FCS - 1736	CS RAJINDER KUMAR	NIRC
99	FCS - 1763	CS ANAND M FATEHPURIA	WIRC
100	FCS - 3207	CS ASHISH MIDHA	NIRC
101	FCS - 3522	CS NARENDRA KUMAR SETHIA	EIRC
102	FCS - 4114	CS NARINDER KUMAR GARG	NIRC
103	FCS - 4493	CS SUMIT BINANI	EIRC
104	FCS - 4855	CS SEEMA RANI NAGPAL	NIRC
105	FCS - 5331	CS MOHAN LAL TATER	EIRC
106	FCS - 5973	CS GAURAV DANI	NIRC
107	FCS - 6074	CS R RAMESH	SIRC
108	FCS - 6812	CS DEVAKUMAR P S	SIRC
109	FCS - 7458	CS ABHISHEK BANSAL	NIRC
110	FCS - 7517	CS AKHILESH KUMAR MISHRA	NIRC
111	FCS - 8067	CS GAURAV GARG	WIRC
112	FCS - 9474	CS ANJALI RASTOGI	WIRC
113	FCS - 9858	CS JASBIR SINGH	NIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF JUNE 2026

Sl. No.	Member's Name	Membership No.	CoP No.	Cancel Date	Region
1	CS HIMANSHU	A42707	28099	01/06/2026	NIRC
2	CS VENKATA RAMAKRISHNAN	A71252	26614	01/06/2026	SIRC
3	CS YAMUNA R	A68684	27424	01/06/2026	SIRC
4	CS ANKIT ALAUGH	A62707	26129	02/06/2026	SIRC
5	CS AYUSHI ANAND CHAMEDIYA	A70873	27223	02/06/2026	SIRC
6	CS GAURAV NARENDRA PINGLE	F13042	17512	04/06/2026	WIRC
7	CS SAMIR KUMAR PALEI	F13994	20861	05/06/2026	NIRC
8	CS MEENU SHARMA	A62251	26682	08/06/2026	NIRC
9	CS NIDHI ARORA	A47238	17331	08/06/2026	NIRC
10	CS BHUMI SMIT TRIPATHI	A60747	24393	09/06/2026	WIRC
11	CS MOHAMED NISHAN ABDUL RASHEED	F11073	25069	10/06/2026	SIRC
12	CS SAVIKA SOMANI	A73016	27574	11/06/2026	EIRC
13	CS ARTI CHAUHAN	A71174	27373	12/06/2026	NIRC
14	CS HARSHPREET KAUR SALUJA	A57439	21747	12/06/2026	WIRC
15	CS NISHI DHIRAWAT	A54551	24171	12/06/2026	WIRC
16	CS VENKATA NARASIMHAN	F5625	5276	12/06/2026	SIRC
17	CS SANDHYA HEGDE	A48411	25156	13/06/2026	SIRC
18	CS BINU THOMAS	F11208	28784	15/06/2026	SIRC
19	CS NEHA AGRAWAL	A57086	21600	15/06/2026	WIRC
20	CS PONNUSAMY VENKATACHALAM	A38299	22236	15/06/2026	SIRC
21	CS SHIVANI SAXENA	A42747	25838	15/06/2026	NIRC
22	CS INDU TAYAL	A33139	12167	19/06/2026	NIRC
23	CS SANDHYA MAHESH BORASE	A8353	4563	19/06/2026	WIRC
24	CS BHAGWANT PANDHARINATH BHARGAWE	F3410	17319	22/06/2026	WIRC
25	CS DEVARAJAN RAMAN	A5034	14689	22/06/2026	WIRC
26	CS JAY MALVIYA	A79861	28691	22/06/2026	WIRC

27	CS MADHVI GUPTA	A75753	28069	22/06/2026	NIRC
28	CS NEHA NAVIN AGRAWAL	A45962	21255	22/06/2026	WIRC
29	CS PANKAJ AGGARWAL	A29337	10572	22/06/2026	NIRC
30	CS RONAK KUMAR RAJESHBHAI DARJI	A67434	28482	22/06/2026	WIRC
31	CS BHOLI KUMAR PANDEY	A33168	22800	23/06/2026	NIRC
32	CS APARNA CHETAN DAGLI	A48781	17730	24/06/2026	WIRC
33	CS BISWAJIT KAR	A44840	27858	24/06/2026	EIRC
34	CS NAGMA KHATOON	A78430	28432	24/06/2026	EIRC
35	CS PRATEEK TIWARI	A80376	28849	24/06/2026	WIRC
36	CS HONEY SHARMA	A25896	27865	25/06/2026	SIRC
37	CS NATESH KALIDEVAPUR	F6835	7277	25/06/2026	SIRC
38	CS SONAM MINESH JAIN	A40086	14980	25/06/2026	WIRC
39	CS V PRIYADARSHANA JAIN	A78601	28531	26/06/2026	SIRC
40	CS VINIT JAIN	A22995	27175	27/06/2026	WIRC
41	CS KAMIT JAIN	F12459	18803	29/06/2026	NIRC
42	CS RICHA SHARMA	F13235	22122	29/06/2026	NIRC
43	CS SAKSHI NASHA	A66923	28028	29/06/2026	WIRC
44	CS SONAM MALHOTRA	A50989	28319	29/06/2026	NIRC
45	CS SUNITA	A65765	24847	29/06/2026	NIRC
46	CS NISHA RAMPURIA	A30486	15060	30/06/2026	NIRC
47	CS PREETI SINGH	A46445	26799	30/06/2026	NIRC
48	CS SHAHEEN	A80107	28746	30/06/2026	SIRC

UPLOADING OF PHOTOGRAPH (PASSPORT SIZE ONLY) AND SIGNATURE

Members are requested to ensure that their latest scanned PASSPORT size front-facing colour photograph (in formal wear) and signature in .jpg format (each on light-colored background of not more than 200 kb file size) are uploaded on the online portal of the Institute.

Online Steps for Uploading of photo and signature.

- Use ONLINE SERVICES tab on www.icsi.edu
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Under My Profile --- Click on View and Update
- Upload/update the photo and signature as required
- Press Save button

OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS T RADHAKRISHNAN (13-07-1931 – 01.08.2014) an Associate Member of the Institute from CHENNAI, TAMIL NADU

CS GAJENDRA SINGH BUTOLA (15-11-1954 – 02.08.2025) a Fellow Member of the Institute from DEHRADUN, UTTARAKHAND

CS DINESH KUMAR TRIVEDI (27-09-1960 – 28-10-2025) an Associate Member of the Institute from MUMBAI, MAHARASHTRA.

CS S VIDHYASHANKAR (01-06-1959 – 07.02.2026) a Fellow Member of the Institute from CHENNAI, TAMIL NADU

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and E-mail ID click the side option “**Click Here to update Mobile Number and E-mail ID**”
6. Check the residential address and link the Country-State-District-City and check your address in the fields Add. Line1/Add. Line2 & Add. Line3 (Click Here to change residential address)
 - a) Select the Country[#]
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on “Save” button.
7. Select the appropriate radio button for Employment Status and check your address in the fields Add. Line1/ Add. Line2 & Add. Line3 click the link on the right (Click Here to change Professional address)
 - a) Select the Country[#]
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on “Save” button.
8. Go back to the Dashboard and check if the new address is being displayed.

[#]in case of Foreign Country and State is not available in options then Select “**Overseas**” – A pop-up will open and you can add the “City, District, State” of that Country along with Zipcode

Members are required to verify and update their address and contact details as required under Regulation 3 of the CS Regulations, 1982 amended till date.

For any further assistance, we are available to help you at <http://support.icsi.edu>



भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
 IN PURSUIT OF PROFESSIONAL EXCELLENCE
 Statutory body under an Act of Parliament
 (Under the jurisdiction of Ministry of Corporate Affairs)

Documents downloadable from the DigiLocker Platform

The National Digital Locker System, launched by Govt. of India, is a secure cloud-based platform for storage, sharing and verification of documents and certificates. In the wake of digitization and in an attempt to issue documents to all the members in a standard format and make them electronically available on real-time basis, the Institute of Company Secretaries of India had connected itself with the DigiLocker platform of the Government of India. The initiative was launched on 5th October, 2019 in the presence of the Hon'ble President of India.

In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the Digilocker anytime, anywhere.



How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up.
- You may download the Digilocker mobile app from mobile store (Android/iOS).

How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website.
2. Go to Central Government and select Institute of Company Secretaries of India.
3. Select the option of ID Card / Membership Certificate / Practice Certificate.
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
5. For Membership Certificate, enter your membership and select ACS / FCS from dropdown menu.
6. For COP Certificate enter your COP number e.g. 12345 and select COP.
7. Click download / generate.
8. The ID Card / Membership Certificate / Practice Certificate can be downloaded every year after making payment of Annual Membership fees.

8

MISCELLANEOUS CORNER



- GST Corner
- Ethics in Profession
- CG Corner
- Maritime Corner
- ESG Corner
- MSME Corner
- AI Corner
- Gist of ROC & RD Adjudication Orders

ADVISORY ON REVISION OF TIMELINE FOR AMENDMENT OF AGGREGATE ANNUAL TURNOVER (AATO), 2026 (DATED JULY 01, 2026)

The Goods and Services Tax Network (GSTN) has revised the Aggregate Annual Turnover (AATO) amendment schedule for FY 2025-26. The new application window is 01 July to 31 July 2026, followed by tax officer review from 01 August to 15 August 2026 due to system upgrades for automatic turnover updates.

Key Portal Dates and Activities

- *Taxpayer Amendment Window:* 01 July 2026 to 31 July 2026 (shifted from the previous month of May).
- *Jurisdictional Tax Officer Review:* 01 August 2026 to 15 August 2026.

Important Action Items for Taxpayers

- *Verify Data:* Check pre-filled turnover details carefully for accuracy before final submission.
- *Automatic Updation:* Note that subsequent returns filed after this window will update your AATO automatically in the upgraded system.
- *Raise Grievances:* Report any technical difficulties or errors through the Self-Service Portal on the Official GST Portal.

Source: <https://www.gst.gov.in/newsandupdates/read/666>

FAQs ON MANDATORY CAPTURE OF SHIP-TO FIELD AND VOLUNTARY CLOSURE OF E-WAY BILL, 2026 (DATED JULY 02, 2026)

The GSTN released a comprehensive set of FAQs on July 02, 2026, detailing the mandatory capture of Ship-to GSTIN in Bill-to/Ship-to transactions, new voluntary E-Way Bill (EWB) closure process, and a revised implementation date is from August 1, 2026.

Key Highlights on Ship-to Field

- *Mandatory Entry:* Registered Ship-to GSTIN must be explicitly captured in Bill-to/Ship-to transactions; use “URP” if the party is unregistered.
- *Distinct Entities:* The GSTIN in the Ship-to field must be different from the Bill-to GSTIN.
- *Privacy Protection:* The Ship-to GSTIN is hidden from taxpayer/transporter-facing EWBs to protect sensitive data and is only visible to official tax officers.

Key Highlights on Voluntary Closure

- *Delivery Confirmation:* Closure is a user action taken after goods are successfully delivered, distinct from cancellation or expiry.
- *Access Points:* Can be completed via web login or mobile-based verification by drivers and authorized handlers.

Source: FAQs.

https://tutorial.gst.gov.in/downloads/news/faqs_on_ship_to_field_approved_version.pdf

https://tutorial.gst.gov.in/downloads/news/faqs_on_voluntary_closure_of_e_way_bill_approved.pdf

Due Diligence By Company Secretaries in Practice-Ensuring Parity in Information

As per Section 22 of the Company Secretaries Act, 1980, “*professional and other misconduct*” shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

Company Secretaries in Practice are expected to collate data from records of the Client as well as previous filings done, to ensure parity in information to be submitted in various e-Forms, before certification.

A member of the Institute in practice shall be deemed to be guilty of professional misconduct under Clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.

CASE STUDY:

1. A Complaint has been filed against a Company Secretary in Practice (hereinafter referred to as ‘the Respondent’) for Misconduct under Section 21 of the Company Secretaries Act, 1980 (hereinafter referred to as ‘the Act’) read with Rule 3 of the Company Secretaries (Procedure of Investigations of Professional and other Misconduct and Conduct of Cases) Rules, 2007 (hereinafter referred to as ‘the Rules’).
2. The Complainant has stated that the professionals are duty bound to discharge their duties as per law and certify/ verify documents/e-forms or give certificate/ report after due diligence so that compliance to the provisions of law shall be ensured. However, the professionals had failed to discharge their duties and wilfully connived with Directors/ company/ shareholders/ Foreign individuals in certifying e-Forms knowingly with false information/ documents/ false declaration/ omitting material facts or information in said company.
3. The Complainant has observed from Form MGT-7 for the FY 2019-20 filed in respect of one private limited company (hereinafter referred to as ‘the company’) that the following is the share holding pattern: -

Name	2018-19	2019-20
X	100000	200000
Y	75000	150000
Z	75000	150000

4. The paid-up share capital of the company has been increased from Rs. 25,00,000/- to Rs. 50,00,000/- as given in audited financial statement of the company for the year ended 31st March, 2020. But the Respondent in Para 8 of Form MGT-8 certified that the company has neither made any allotment nor buyback of securities and there is no alteration in the share capital. It is inferred from the said certification that the Registers are not maintained

in accordance with the provisions of the Companies Act, 2013. The Complainant has further alleged that the statutory auditors of the company were reappointed instead they were ratified.

5. The Respondent has not submitted Written Statement.
6. The Director (Discipline) has *prima facie* opined that that the Respondent is *prima facie* ‘Guilty’ of Professional Misconduct under Clause (7) of Part-I of the Second Schedule to the Act. The Disciplinary Committee decided to adjudicate the matter against the Respondent in accordance with Rule 18 of the Rules read with the Act to finally conclude as to whether the Respondent is guilty or not in the matter.
7. The Complainant has reiterated the submissions made in the Complaint and the Rejoinder.
8. The Disciplinary Committee further noted that despite being given ample opportunity, the Respondent has not submitted Written Statement to the *prima facie* opinion of the Director (Discipline). The Disciplinary Committee observed that Form MGT-7 & Form MGT-8 for the year 2019-20 in respect of the company is certified by the Respondent. The Respondent in Form MGT-8 for the year 2019-20 has stated that (i) the company has neither made any allotment nor buyback of securities and there is no alteration in share capital; (ii) During the year there were no change in Directors of the company; (iii) the Chartered Accountant and Statutory Auditors of the company were re-appointed till the conclusion of ensuing Annual General Meeting. The Disciplinary Committee also observed that these certifications were in contradiction with the Form MGT-7, Form AOC-4 and the Auditor’s Report. The Respondent in Form MGT-7 for the year 2019-20 has disclosed that the allotment of 2,50,000 shares made by the company and the change in directorship of the company during the year 2019-20 but failed to collate the same with Form MGT-8. The Disciplinary Committee further observed that in the Notice of the AGM of September, 2019 of the company, it is clearly stated that the agenda is for the ratification of the appointment of the Statutory Auditor and not for his re-appointment. But the Respondent has stated as ‘the reappointment’.
9. The Disciplinary Committee after considering the materials on record, the nature of issues involved in the matter and in the totality of the facts and circumstances of the case, held the Respondent ‘Guilty’ of Professional Misconduct under Clause (7) of Part I of the Second Schedule to the Act for not exercising required due diligence.
10. After giving an opportunity of being heard to the Respondent in terms of Rules of 19(1) of the Rules, before passing of order under Section 21B(3) of the Act, the Disciplinary Committee passed an Order of ‘Reprimand’ and Fine of Rs. 35000/- (Rupees Thirty-Five Thousand) under Section 21B(3) of the Company Secretaries Act, 1980.

Strengthening Board Oversight on Governance in Commercial Banks

The Reserve Bank of India had issued Reserve Bank of India (Commercial Banks: Governance) Directions, 2025 (hereinafter referred to as 'the Directions') on November 28, 2025 with the objective of strengthening governance standards and enhance Board oversight in Public Sector Banks (PSBs). The Chapter II of the directions *inter alia* prescribed the Role of the Board of Directors, Board Structure and Governance Practices, applicable on Public Sector Banks (hereinafter collectively referred to as 'PSBs' and individually as a 'PSB'). The Directions had defined the seven broad themes with adequate focus on matters of strategic and financial importance for the Board agenda items, and further required the Board to review action taken status, seek compliance information and take detailed note of proceedings of the previous Board Meetings.

In an endeavour to enable bank Boards to utilize their time effectively and to facilitate a more focused and qualitative engagement on strategy and risk governance, the RBI has undertaken a review to rationalize the extant RBI directions/circulars on the matters required to be placed before the Board. Consequently, Reserve Bank of India (Commercial Banks – Governance) Amendment Directions, 2026 (hereinafter referred to as 'the Amendment Directions') were issued on July 14, 2026, which shall come into force from October 01, 2026.

The salient features of the amendment directions include the following:-

- a. Elimination of routine compliance crowding on board agendas, shift from rigid theme-based reporting to principle-based guidelines, and strengthen direct board oversight on strategic risk and governance.
- b. Policies that are required to be placed before the Board for approval and those in respect of which such approval can be delegated.
- c. Matters, other than policies, that are required to be placed before the Board for approval / review / information and those that may be delegated at the discretion of the Board.

The seven broad themes of the Directions included Business Strategy, Risk, Financial Reports and their integrity, Compliance, Customer Protection, Financial Inclusion and Human Resources, which ensured comprehensive oversight, however, they also resulted in Board meetings being occupied by operational and compliance-related matters, limiting time for strategic discussions. Therefore, in order to provide the Boards the freedom to formulate their agendas based on specific bank's priorities, the RBI has now introduced principle-based approach for determining the matters to be placed before the Board. The amendment directions specify that the matters to be placed before the Board may be determined based on the following key principles:

- (i) The Board has ultimate responsibility for the bank's business strategy and financial soundness, key personnel

decisions, internal organisation and governance structure and practices, and risk management and compliance obligations. It may, however, delegate certain matters to the Board Committees / Management Committees, along with reporting requirements as may be necessary.

- (ii) The Board shall clearly articulate the matters reserved for its approval or to be brought to its notice for information or reporting. The role and responsibilities of the Board prescribed under various statutes or regulations, shall be taken into account in determining such matters. However, the Board shall ensure that sufficient time is dedicated to strategy and risk governance.
- (iii) The Chairperson of the Board shall have the primary responsibility for setting the agenda of the meeting.
- (iv) The Board shall ensure that it receives sufficient information from the management to discharge its role effectively. It shall specify the nature and frequency of information required from the management. The Board may seek external reports, if needed.
- (v) The Board shall periodically review the matters to be placed before it as well as the matters delegated to the Board Committees / Management Committees. The review shall also include the timeliness of circulation of agenda items, adequacy of information captured in the agenda, time allotted for important matters, etc.

The Reserve Bank has mandated through various directions/circulars issued from time to time, that certain policies and other matters for approval/review/information be placed before the Board. The policies and other matters along with the relevant paragraph reference of directions/circulars have been compiled in Appendix I and Appendix II respectively, of the amendment direction, for ease of reference of banks. The Board may at its discretion, delegate certain aspects of these matters to a Board Committee/ Management Committee, as indicated in the Appendices. The review of policies required to be placed before the Board for approval may be delegated to Board Committees, with the Board approving only material amendments to such policies.

An important reform introduced through the amendment direction is extension of provisions relating to the role of Board of Directors and Board Structure and Governance Practices to Private Sector Banks (PVBs), thereby promoting greater consistency in governance standards across the banking sector.

The revised framework is expected to enhance the effectiveness of Boards across both public and private sector banks, ensuring Boards remain vigilant, accountable, and strategically engaged.

Source: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13555&Mode=0>

Maritime News

INDIA-PANAMA CHART NEW MARITIME PARTNERSHIP: EMPHASIS ON LOGISTICS, DIGITAL INNOVATION AND GLOBAL CONNECTIVITY

Union Minister of Ports, Shipping and Waterways Shri Sarbananda Sonowal held bilateral talks with Panama's Minister of Foreign Affairs, Javier Martínez-Acha Vásquez, to strengthen maritime cooperation between the two countries.

The discussions focused on key areas such as logistics, shipping, maritime security, skill development, and digital transformation, which were identified as the foundation for an expanded strategic partnership.

Shri Sonowal highlighted that India's rapidly growing maritime sector and Panama's position as a leading global logistics hub complement each other well. He noted that closer cooperation could help create more resilient supply chains, improve connectivity, and generate new opportunities for trade, investment, and innovation.

Both leaders reaffirmed the strong maritime relationship between India and Panama, which dates back to 19th century. They also acknowledged the significant contribution of the Indian diaspora in strengthening bilateral ties. Recognizing India's rise as a major ports' nation and Panama's strategic role in global shipping, both sides agreed to enhance collaboration, exchange best practices, and explore new opportunities to boost trade, connectivity, and investment across the Americas.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2283401®=3&lang=1>

GOVERNMENT EXEMPTS IFSC GIFT CITY UNITS FROM COASTAL SHIPPING LICENSING: LANDMARK REFORM TO BOOST INDIA'S MARITIME FINANCE ECOSYSTEM

In a major policy move to strengthen India's maritime services sector and improve its global competitiveness in shipping, the Government of India has exempted units operating in the International Financial Services Centre (IFSC) at GIFT City, Gandhinagar, from obtaining a licence under Section 11 of the Coastal Shipping Act, 2025 for chartering foreign vessels used in EXIM (export-import) and international trade. The exemption is expected to make GIFT City a more attractive destination for maritime leasing, ship financing, and ship-owning businesses.

The policy aims to:

- Strengthen GIFT City's position as a global maritime leasing and financing hub.
- Simplify regulatory procedures for businesses involved in international shipping.

- Encourage maritime leasing, ship financing, and ship ownership activities in India.
- Attract greater global investment into maritime assets and infrastructure.
- Support development of a comprehensive maritime ecosystem, including:
 - ♦ Ship leasing
 - ♦ Maritime financing
 - ♦ Asset management
 - ♦ Other value-added maritime services

The exemption applies only to the licensing requirement under Section 11 of the Coastal Shipping Act, 2025. It does **not** affect India's existing cabotage regulations or safeguards governing coastal trade. The current framework for coastal shipping remains unchanged, while greater flexibility has been provided for EXIM and international trade operations.

This reform is another step in the Government's broader strategy to establish GIFT City as a world-class international financial and maritime services centre. By easing regulatory requirements and promoting maritime financial services, the initiative is expected to:

- Deepen India's maritime capabilities.
- Boost foreign and domestic investment.
- Enhance India's attractiveness as a global maritime business destination.
- Strengthen the country's role in international shipping and maritime services.

Overall, the measure is expected to create a more business-friendly environment for maritime enterprises while supporting India's ambition to become a leading global maritime hub.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2283401®=3&lang=1>

KAMARAJAR PORT BECOMES INDIA'S SECOND MAJOR PORT WITH 18-METRE DRAFT CAPABILITY: ADVANCING INDIA'S MARITIME COMPETITIVENESS

With the successful completion of its Capital Dredging Phase VI project, Kamarajar Port Limited (KPL) has achieved a significant milestone by establishing itself as a deep-water port, capable of handling Capesize vessels. The port now offers an operational draft of 18.0 metres, enabling it to accommodate vessels carrying cargo loads of up to 1,70,000 DWT. With this enhancement, Kamarajar Port becomes the second major port in India, after Visakhapatnam Port, to provide an 18-metre draft.

Implemented in line with the Government of India's vision of making Kamarajar Port "Cape Compliant," the project



involved deepening the outer approach channel from 20.0 metres to 23.0 metres, the inner entrance channel from 19.0 metres to 22.0 metres, as well as dredging alongside berths, the harbour basin, and associated navigational areas to support an 18-metre draft. The project was completed at an investment of approximately ₹440 crore.

The enhanced draft capability will allow shipping lines to deploy larger vessels, leading to reduced freight costs through economies of scale, improved operational efficiency, and increased cargo-handling capacity. This development is expected to deliver substantial benefits to regional trade, strengthen the port's competitiveness against domestic and international counterparts, and support the growing demands of India's EXIM trade. By attaining Cape Compliant status, Kamarajar Port has joined the ranks of leading international ports equipped for large-scale bulk cargo operations.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2282243®=3&lang=1>

INDIA, EU ADVANCE COOPERATION ON SUSTAINABLE SHIP RECYCLING: THREE INDIAN YARDS READY FOR EU RECOGNITION

India and the European Union have reaffirmed their commitment to strengthening cooperation in sustainable ship recycling, with both sides expressing confidence in the progress made towards facilitating the inclusion of Indian ship recycling facilities under the European Union Ship Recycling Regulation (EUSRR).

According to the latest estimates by the United Nations Conference on Trade and Development (UNCTAD), India's share in global ship recycling increased from 30.1% in 2024 to 35.4% in 2025. The country recycled 2.99 million gross tons (GT) of ships in 2025, marking nearly 60% growth compared to 1.86 million GT recycled in 2024.

The listing of Indian ship recycling yards is being facilitated through a transparent process involving audits, inspections

and regulatory compliance. Indian facilities have made significant investments in upgrading infrastructure and operational practices to meet international standards, demonstrating the country's commitment to sustainable maritime development and responsible ship recycling.

Highlighting India's long-term vision, **Shri Sarbananda Sonowal** said that the country aims to recycle nearly 16,000 ships over the next decade and has committed USD 8 billion to support the growth of shipbuilding and ship recycling sectors. He added that expanding the number of internationally recognised Indian recycling facilities would make a significant contribution to the global circular economy by promoting environmentally sound recycling practices, generating employment opportunities and strengthening maritime sustainability.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2280098®=3&lang=1>

MARITIME TERMINOLOGY:

1. **Cabotage:** The right to operate sea, air, or other transport services within a particular territory.
2. **Cape Compliant Port:** A "Cape Compliant" port is a harbour with deep enough water to safely receive and handle massive Capesize vessels, which are among the largest dry bulk cargo ships in the world.
3. **Capital dredging:** Capital dredging is the one-time process of removing virgin soil, rock, and sediment from the seabed or riverbed to create new infrastructure or deepen existing water bodies.
4. **Harbour Basin:** Protected water area within a port where vessels manoeuvre and berth.
5. **Gross Tonnage (GT):** Measurement of a ship's internal volume and size.
6. **Deadweight Tonnage (DWT):** Maximum weight a ship can carry, including cargo, fuel, crew, and supplies.

RULE OF IMPLEMENTATION OF JOINT CREDITING MECHANISM BETWEEN GOVERNMENT OF THE REPUBLIC OF INDIA AND GOVERNMENT OF JAPAN

India and Japan have adopted the 'Rule of Implementation' of Joint Crediting Mechanism, under Article 6.2 of the Paris Agreement of United Nations Framework Convention on Climate Change (UNFCCC).

Last year, India and Japan signed a Memorandum of Cooperation (MoC) for the Joint Crediting Mechanism (JCM). The MoC established a framework for collaboration on mitigation activities that deliver greenhouse gas emission reductions or removals while supporting sustainable development outcomes in India and contributing to the achievement of the Nationally Determined Contributions (NDCs) of both countries.

The Rule of Implementation defines robust governance arrangements, including a Joint Committee with representatives from both Governments, transparent project approval procedures, third-party validation and verification, sustainable development safeguards and national registries to track the issuance and transfer of credits.

The Joint Crediting Mechanism demonstrates India's firm commitment to climate action. It will catalyse investment, technology transfer and capacity-building for projects involving low-carbon technologies in India to support climate change mitigation and sustainable development.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2273527®=48&lang=1>

EU PLANS EMISSIONS CHARGES FOR WASTE INCINERATORS

The European Commission plans to bring **waste incineration plants into the EU Emissions Trading System (EU ETS)**, requiring operators to pay for the carbon dioxide they emit. This would extend the EU's carbon market to the waste sector and incentivize emissions reductions, carbon capture, and better material recovery.

Under the ETS, companies must buy permits for every tonne of CO₂ emitted. While incinerators help reduce waste volumes and often generate heat or electricity, they also release significant emissions, especially from plastic-based waste.

The proposal supports EU's goals of:

- Reducing waste generation
- Increasing reuse and recycling
- Encouraging investment in carbon capture and low-emission technologies

A major concern is the financial impact on municipalities, many of which own or operate waste-to-energy facilities and must continue processing waste regardless of its composition.

The Commission is also expected to introduce **monitoring of landfill emissions** to avoid waste being diverted from incineration to landfills due to higher carbon costs.

The proposal increases the financial impact of waste generation across the value chain:

- Producers of difficult-to-recycle materials may face greater pressure from customers, municipalities, and regulators.

- Waste operators may need to invest in carbon capture, improve energy efficiency, and manage exposure to rising carbon allowance prices.
- Municipalities may need to review long-term waste management and financing strategies.

<https://esgnews.com/eu-plans-carbon-costs-for-waste-incinerators/>

EUROPEAN FINANCIAL REPORTING ADVISORY GROUP DRAFTS NEW ESG RULES FOR NON-EU GROUPS

European Financial Reporting Advisory Group has issued the ESRS-40a Exposure Draft, the final sustainability reporting standard under CSRD for large non-EU groups with significant EU operations.

The standard would apply to financial years beginning on or after January 01, 2028 and requires companies to report material impacts on people and environment, covering governance, strategy, impact management, policies, actions, metrics and targets.

The draft removes mandatory reporting on sustainability-related risks, opportunities, resilience and dependencies, focusing solely on impact materiality. While this may reduce duplication for companies already reporting under financial-materiality frameworks, investors may receive less information about sustainability-related effects on cash flows, financing costs and long-term value.

The original CSRD applied to non-EU companies with more than €150 million in EU revenue and a qualifying subsidiary or branch. Under the EU's Omnibus simplification process, a non-EU parent must now generate over €450 million in EU turnover for two consecutive years, while its EU subsidiary or branch must exceed €200 million in net turnover.

A key point of debate is the proposed "mixed approach" for non-climate impacts. Companies may report impacts globally or limit disclosures to EU-related products, services and activities, and may apply different geographic scopes to different topics.

For example, a company could report microplastics globally while limiting air pollution disclosures to EU-related impacts, provided those impacts can be meaningfully identified and faithfully represented.

<https://esgnews.com/efrag-drafts-new-esg-rules-for-non-eu-groups/>

CHINA SETS BINDING 2030 RENEWABLE POWER TARGET

China has unveiled a new renewable energy plan that aims to increase wind and solar power generation by 53% over the next five years, marking the first-time where renewable electricity has been established as a binding national target. The plan sets a goal of reaching 1.8 billion tonnes of coal equivalent in renewable energy generation by 2030, up from an estimated 1.18 billion tonnes in 2025.

Beyond expanding wind and solar capacity, the strategy focuses on improving reliability of renewable power, particularly during periods of peak electricity demand. China is also working to better integrate power generation, energy storage, transmission networks, and industrial electricity consumption. The success of these efforts will be crucial in ensuring that rapid growth in renewable energy strengthens the country's power system resilience while supporting its transition to a lower-carbon economy.

<https://esgnews.com/china-sets-binding-2030-renewable-power-target/>

Call For ARTICLES

Articles Invited on Micro, Small and Medium Enterprises (MSMEs) for Chartered Secretary Journal

Empowering MSMEs and Startups: Fuelling Nation Building and Demographic Dividend

Micro, Small, and Medium Enterprises (MSMEs) form the backbone of India's economic growth, while dynamic startups spearhead innovation and job creation. Together, they represent the vital engines required to transform our large demographic dividend into an enduring economic advantage.

The Institute of Company Secretaries of India, in understanding of this evolving role of MSMEs & Startups has rolled out various initiatives to strengthen the capabilities of its members and thereby handhold these entities in the matters of compliance and governance with greater ease.

In furtherance of this thought, a dedicated section has been curated in the Chartered Secretary Journal to deliberate upon contemporary MSME & Startup matters.

You are requested to share in your articles on the topics on the following sub-themes:

- ◆ Regulatory Simplification & EODB: Evaluating current legal frameworks and compliance burdens for MSMEs
- ◆ Financing & Capital Structuring: Innovative funding mechanisms, bootstrapping, and venture capital governance for startups
- ◆ CS as a Growth Catalyst: How governance professionals can steer MSMEs toward formalization and sustainability
- ◆ Unlocking the Demographic Dividend: Fostering grassroots entrepreneurship
- ◆ Digital Transformation: Leveraging technology for MSMEs
- ◆ IPR journey : Protecting intellectual property in early-stage ventures
- ◆ The ESG Mandate: Scaling Sustainability Frameworks for Mid-Market MSMEs

It may please be noted that ICSI Members contributing Articles are entitled to 4 CPE Credits under clause 7.2 of the Continuing Professional Education (CPE) Guidelines 2019, if any article is published in the Chartered Secretary Journal or any UGC-approved journal. The Guidelines for Authors are placed elsewhere in the Journal.

Articles should be submitted in Word Document Format to msme@icsi.edu on or before **Friday, August 21, 2026**.

We look forward to your significant contribution in shaping the deliberations in the MSME & Startup ecosystem.

Sincerely,
Team ICSI

FASTER PAYMENTS, STRONGER MSMEs: GOVERNMENT MANDATES TReDS FOR SETTLEMENT OF ALL MSME INVOICES BY CPSEs

The Government of India has taken a major step to solve the long-standing problem of delayed payments for small businesses. A formal notification issued on June 30, 2026, requires all operating Central Public Sector Enterprises (CPSEs) to use RBI-authorized Trade Receivables Discounting System (TReDS) platforms to settle invoices for goods and services bought from Micro, Small and Medium Enterprises (MSMEs). This rule turns the budget promise from the Union Budget 2026–27 into real action.

Core Pillars of the New Directive

- **Mandatory TReDS Routing:** All active CPSEs must process MSME vendor invoices through RBI-approved electronic platforms.
- **Strict Audit and Accountability:** CPSEs must report the details of settled invoices as asked by the RBI and show a statutory auditor's certificate of compliance during yearly audits.
- **Corporate Leadership:** This move sets a strong standard for timely payment behavior across all large corporate buyers in India.

Benefits and Operational Impact for MSME Suppliers

- **Fast Cash Conversion:** Approved invoices can turn into cash before the final due date.
- **Collateral-Free Finance:** Sellers do not need to provide property security or worry about recourse back to them.
- **Competitive Rates:** Banks and NBFCs bid against each other to discount invoices, offering quick and affordable working capital.

Understanding the TReDS Ecosystem

- Functioning since 2017 under RBI rules, TReDS lets multiple financiers competitively bid to discount trade bills owed by government bodies, public sector firms, and corporate buyers. Five authorized platforms handle these transactions: RXIL, M1xchange, Invoicemart, C2treds, and DTX. Invoice discounting volume has expanded sharply from ₹40,000 crore in FY 2021-22 to ₹3.47 lakh crore in FY 2025-26.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2283195®=48&lang=1>

NITI AAYOG'S INVESTMENT FRIENDLINESS INDEX 2026

NITI Aayog's Investment Friendliness Index 2026 (IFI) transcends conventional, one-dimensional ease-of-doing-business metrics. By synthesizing 84 quantitative indicators with direct investor perception surveys across

28 states and 8 union territories, the framework evaluates what makes a State attractive for investors, as well as the challenges investors face. For investors, the index serves as a diagnostic tool that highlights how local governance impacts daily business operations.

Eight Core Pillars of IFI Framework

- **Infrastructure (25%):** Measures the robustness of sub-national connectivity and operations through logistics networks, energy availability, digital connectivity, and dedicated industrial manufacturing zones.
- **Business Climate (20%):** Tracks the overarching state economic performance alongside the vitality of the local innovation ecosystem and business facilitation services.
- **Resources (15%):** Evaluates the foundation of industrial input by assessing local natural resources and human resource capabilities.
- **Regulatory Ease (12%):** Assesses the efficiency of the legal landscape by measuring commercial compliance burdens and contract enforcement mechanisms.
- **Government Policy (10%):** Monitors the accessibility of state-level fiscal incentives and the speed of processing business clearances and single-window approvals.
- **Financial Health (7%):** Analyzes the structural stability of the sub-national economy by tracking the state's overall fiscal position.
- **Institutional Environment (6%):** Judges the quality of administrative governance, institutional transparency, and the baseline enforcement of the rule of law.
- **Environment Resilience (5%):** Measures the vulnerability and adaptation capabilities of local industries against geophysical threats and weather-related disruptions.

Performance Tiers and Regional Leaders

States are categorized into four distinct performance bands: Top Performers (scores above 50), Frontrunners (45–50), Emerging Performers (40–45), and Aspiring States (below 40).

- **Large State Toppers:** Gujarat led the national tally with a score of 56.6, backed by stellar port turnaround times and a low fiscal deficit-to-GSDP ratio of 2.81%, followed by Maharashtra (53.7) and Tamil Nadu (53.3).
- **Regional Vanguard:** Uttarakhand topped the hilly and North-Eastern cohort, while Goa and Delhi set the pace among Union Territories and city-states.
- **The Policy Takeaway:** High scores correlate directly with efficient MoU-to-project conversions and digital single-window systems, which shield small units from procedural run arounds.

The Investment Friendliness Index aims to encourage collaboration and informed decision-making. By acting on the insights from this index, states can foster a healthier business environment, thereby attracting more capital. This can enable stronger economic growth across states, percolate capital and, thereby, development across regions, strengthen investment attractiveness, and spur meaningful steps towards realising the Viksit Bharat vision.

<https://www.niti.gov.in/sites/default/files/2026-07/Investment-Friendliness-Index.pdf>

PM VISHWAKARMA SCHEME COMMENCES IN WEST BENGAL

Significant financial and structural growth is transforming the MSME ecosystem in West Bengal through targeted central-state collaborations and gender-focused economic initiatives. Major central schemes like PM Vishwakarma, PMMY, and the MSME Innovative Scheme are now fully operationalizing across the state to boost local artisans, women entrepreneurs, and grassroots innovators.

PM Vishwakarma Scheme launched globally on September 17, 2023, to provide holistic, end-to-end support to artisans working with traditional tools. The Government of West Bengal issued an official notification on May 14, 2026, establishing the State Monitoring Committee and District Implementation Committees to oversee deployment. The scheme provides skill training, toolkit incentives, collateral-free credit support, digital transaction incentives, and marketing support to 18 traditional trades. Artisans including Carpenters, Boat Makers, Armourers, Blacksmith (Lohar), Tool Kit Makers, Locksmiths, Goldsmiths, Potters, Sculptors/Stone Workers, Cobblers, Masons, Basket/Mat/Broom Makers, Traditional Toy Makers, Barbers, Garland Makers, Washermen, Tailors, and Fishing Net Makers.

Pradhan Mantri Mudra Yojana (PMMY) has emerged as a cornerstone for institutional credit access for small businesses in the region. From April 08, 2015 to June 26, 2026, a total of 5.82 crore loans have been successfully disbursed in West Bengal. Total capital injected into the state's grassroots economy through these micro-loans stands at ₹3.55 lakh crore, driving self-employment and localized business expansion.

To transition early-stage concepts into commercially viable businesses, the Incubation Component of the **MSME Innovative Scheme** is actively nurturing the regional startup ecosystem. There are currently 23 approved Host Institutes (HIs) acting as Business Incubators across academic and innovation centers in West Bengal. Each approved innovative idea nurtured within these institutes is eligible to receive direct financial assistance of up to ₹15 lakh to facilitate prototype development and market transformation.

Empowering Women Entrepreneurs and Fisherfolk: Special structural incentives are being deployed nationally and regionally—including for women entrepreneurs and fisherfolk in the sensitive Sundarbans region—to bridge the credit and market access gap:

- **Udyam Registration Portal (UR) and Udyam Assist Portal (UAP):** Women-owned enterprises registered are eligible to avail benefits under various schemes of the Ministry including access to Priority Sector Lending.
- **Public Procurement Policy for MSEs:** Central Ministries and CPSEs are mandated to procure at least 3% of their annual procurement from women-owned Micro and Small Enterprises, thereby facilitating market access.
- **Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE):** Women-owned Micro and Small Enterprises are eligible for enhanced guarantee coverage of up to 90% (as against 75% for others) and a 10% concession in the annual guarantee fee.
- **PMEGP:** Women beneficiaries are categorized under Special Category and eligible for a higher Margin Money (MM) Subsidy rate of up to 35% and lower own contribution of 5% of project cost, compared to 25% MM Subsidy rate and 10% own contribution of project cost for beneficiaries under General category.
- **Skill Upgradation and Mahila Coir Yojana:** Women artisans engaged in the coir sector are provided with skill upgradation training under the Coir Vikas Yojana to enhance their employability and entrepreneurial capabilities.
- **Procurement and Marketing Support (PMS) Scheme:** Women entrepreneurs are provided financial assistance of up to 100% of the admissible expenditure for participation in domestic trade fairs, compared to 80% for other entrepreneurs.
- **PM Vishwakarma Scheme:** Women artisans engaged in any of the 18 notified trades are eligible for benefits including skill training, toolkit incentive, collateral free credit support, incentive for digital transactions and marketing support.
- **Yashasvini Campaign:** Ministry undertakes awareness, handholding, mentorship and capacity building activities to facilitate access of existing and aspiring women entrepreneurs to various Government schemes and institutional support.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2288369®=48&lang=1>

GOVERNMENT ENHANCES CGTMSE SCHEME TO BOOST COLLATERAL-FREE CREDIT FLOW FOR MSEs

In a significant move strengthening the financial support for Micro Small Enterprises (MSEs), the Credit Guarantee Scheme (CGS) raised its loan guarantee ceiling to ₹10 crore and reduced standard annual fees down to 0.37% to expand collateral-free loans via the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). The scheme provides collateral-free credit facilities to entrepreneurs, women-led enterprises, and units in backward districts.

Key Policy Updates & Loan Limits

- Enhanced Guarantee Ceiling: Raised from ₹5 crore to ₹10 crore effective from April 01, 2025.
- Reduced Annual Guarantee Fees: Cut standard rates by 50%, dropping fees to as low as 0.37% per annum.
- Mandatory Collateral Waiver: Scheduled Commercial Banks cannot accept collateral security for MSE loans up to Rs. 20 lakh (per RBI Master Direction dated February 9, 2026).

Special Targeted Incentives

- Credit Deficient Districts: Offers a 10% discount on AGF and 5% additional guarantee coverage in RBI-identified regions.
- Special Category Boost: Provides an enhanced extent of guarantee specifically for women-led MSEs and other special demographics.
- Tamil Nadu State Scheme: Implements the Tamil Nadu Credit Guarantee Scheme (TNCGS) to offer extra coverage for manufacturing MSEs in that state.

Monitoring & Awareness Mechanisms

- Periodic Performance Reviews: Tracked via State Level Bankers' Committee (SLBC) meetings to evaluate bank performance and sector credit flow.
- Strategic Outreach Programmes: Conducted by Ministry field offices alongside SIDBI, CGTMSE, and MSME Associations to create awareness of the scheme to stakeholders.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2288366®=48&lang=1>

EMPOWERING PM VISHWAKARMA (PMV) ARTISANS THROUGH ENHANCED MARKET ACCESS AT AIRPORTS

In a significant step towards strengthening market access for traditional artisans, a PMV stall at Shaheed Bhagat Singh International Airport, Chandigarh, was inaugurated on 14th July 2026, marking the launch of second operational PMV stall at an airport. The stall has been set up with the support of the National Bank for Agriculture and Rural Development (NABARD) and a Self-Help Group (SHG). Through this initiative, three PMV beneficiaries from Chandigarh have been provided with a platform to showcase and sell their handcrafted products. The first operational PMV stall was inaugurated earlier at Raja Bhoj Airport, Bhopal.

Key Features:

- By providing space at a high-footfall location such as Shaheed Bhagat Singh International Airport, Chandigarh, the initiative helps PMV beneficiaries gain better visibility, wider customer exposure, including domestic and international travellers, while promoting India's rich traditional craftsmanship and supporting the vision of 'Vocal for Local' and 'Atmanirbhar Bharat'.
- This initiative expands market opportunities and enable PMV artisans to engage directly with customers, understand market preferences, enhance product presentation and explore new avenues for growth, thereby supporting sustainable livelihoods on a larger stage.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2286958®=3&lang=1>



YOUR OPINION MATTERS

'Chartered Secretary' has been constantly striving to achieve Excellence in terms of Coverage, Contents, Articles, Legal Cases, Govt. Notification etc. for the purpose of knowledge sharing and constant updation of its readers. However, there is always a scope for new additions, improvement, etc.

The Institute seeks cooperation of all its readers in accomplishing this task for the benefit of all its stakeholders. We solicit your views, opinions and comments which may help us in further improving the varied segments of this journal. Suggestions on areas which may need greater emphasis, new Sections or areas that may be added are also welcome.

You may send in your suggestions to the Editor, Chartered Secretary, The ICSI at cs.journal@icsi.edu

“GUIDANCE ON REGULATORY PRINCIPLES FOR MODEL RISK MANAGEMENT”: DRAFT RELEASED BY RBI

On **24 June 2026**, the Reserve Bank of India (RBI) issued a **draft “Guidance on Regulatory Principles for Model Risk Management”** for public consultation. The guidance aims to establish a comprehensive framework for managing risks arising from the use of models across financial institutions.

OBJECTIVE:

- Financial institutions are increasingly relying on models for business decisions, risk assessment, operations, and regulatory compliance.
- Use of **Artificial Intelligence (AI)** and **Machine Learning (ML)** models has expanded significantly.
- Weak governance, inadequate validation, or poor oversight of models can create:
 - ♦ Financial risks
 - ♦ Operational risks
 - ♦ Compliance risks
 - ♦ Reputational risks

PURPOSE:

The draft guidance seeks to:

- Establish regulatory expectations for **model risk management (MRM)**.
- Cover the **entire model lifecycle**, including development, implementation, validation, monitoring, and retirement.
- Apply to **all models**, including:
 - ♦ Traditional statistical models
 - ♦ AI/ML-based models
 - ♦ Third-party/vendor models

COVERAGE:

The guidance is proposed to apply to the following RBI-regulated entities:

1. Commercial Banks
2. Small Finance Banks
3. Payments Banks
4. Local Area Banks
5. Regional Rural Banks
6. Urban Co-operative Banks
7. Rural Co-operative Banks

8. All India Financial Institutions
9. Non-Banking Financial Companies (NBFCs)
10. Asset Reconstruction Companies (ARCs)
11. Credit Information Companies (CICs)

BASIS:

The guidance builds upon:

- RBI’s draft **“Regulatory Principles for Management of Model Risks in Credit”** issued on **5 August 2024**.
- Recommendations of the **Committee on Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI)** published on **13 August 2025**.

The draft guidance represents RBI’s move from a **credit-model-focused approach** to a **broader enterprise-wide model risk management framework**. It signals greater regulatory emphasis on governance, validation, monitoring, and accountability for all models—including AI/ML models—used by banks, NBFCs, and other financial institutions.

[RBI-issued-the-Draft-Guidance-on-Regulatory-Principles-for-Model-Risk-Management-Jun242026.pdf](#)

INDIAAI MISSION STRENGTHENS CITIZEN TRUST THROUGH SECURE, FAIR AND RESPONSIBLE AI SOLUTIONS

IndiaAI Mission: India’s AI policy is based on Prime Minister’s vision of democratizing technology. It is aimed at creating economic opportunities and employment for youth, while addressing risks associated with AI.

Accordingly, the Government approved the IndiaAI Mission in March 2024 with an outlay of ₹10,371 crore over five years to build a comprehensive AI ecosystem in the country.

The Mission comprises seven pillars viz. IndiaAI Compute, Foundation Models, AIKosh, IndiaAI Application Development Initiative, FutureSkills, Startup Financing, and Safe & Trusted AI.

Progress under IndiaAI mission till date:

AI models: Government of India is supporting Indian startups and institutions to develop large language models. 20 indigenous sovereign model proposals have been identified for support, comprising 12 LLMs and 8 SLMs. Notable successes so far include:

- Sarvam AI’s Sarvam 30 billion parameter and 105 billion parameter models
- Gnani.AI’s speech-to-speech model
- BharatGen’s multilingual foundation models
- Avataar AI’s video generation model

Domain-specific SLMs, including specialized models and AI frameworks addressing healthcare, language technologies and agentic AI systems are at various stages of development and deployment.

Affordable compute:

- Compute service providers empanelled: 15
- Number of projects supported: 237
- GPU hours sanctioned: 93 lakh GPU hours

Application Development:

- 12 National-level Hackathons/Innovation Challenges launched
- Supported the development of 62 AI prototypes and 20 AI solutions deployment

Talent development:

- 686 fellowships have been awarded across undergraduate, postgraduate and doctoral programmes in 178 institutions.
- YUVA AI for All programme has been completed by over 26 lakh individuals.

IndiaAI labs:

- 27 India Data and AI Labs have been established, which has supported training for more than 2500 students
- Work ongoing on additional 188 labs

AI Centres of Excellence:

58 Artificial Intelligence Centres of Excellence (AI-CoEs) being established across States and Union Territories in collaboration with the respective State/UT Governments and industry partners.

Safe & Trusted AI pillar:

At the same time, the Government is also cognizant of the risks associated with AI. The Safe & Trusted AI pillar of the IndiaAI Mission aims to promote the responsible development, deployment and adoption of AI through indigenous governance frameworks, standards, tools and evaluation mechanisms.

13 Responsible AI projects have been approved in educational institutions across the country. These include topics such as bias mitigation, machine unlearning, privacy-preserving AI, explainability, deepfake detection and AI risk assessment.

Key initiatives include:

- Saakshya, multi-agent framework developed by IIT Jodhpur & IIT Madras for deep fake detection
- AI Vishleshak for improving Audio-Visual forgery detection system
- IIT Kharagpur's project on Real-Time Voice Deepfake Detection System

GOOGLE RELEASES EARTH AI DATASET TO MAP HIDDEN NATURE ASSETS ACROSS UK FARMLAND

Google has released a new Earth AI dataset designed to make overlooked natural features across UK farmland visible, measurable, and usable for climate and biodiversity planning.

The vectorized dataset converts high-resolution ecological maps into an actionable inventory of hedgerows, stone walls, copses, and other fine-scale landscape features. These features often sit between fields, beside boundaries, or across working farms.

The release builds on Farmscapes 2020, the first large-scale, high-resolution map of overlooked woody features across England. Google developed that project with the Leverhulme Centre for Nature Recovery at the University of Oxford.

The latest dataset moves the work beyond pixels. It gives landowners, conservation groups, policymakers, and researchers more precise vector data. That matters for project design, carbon accounting, biodiversity monitoring, and nature restoration.

Google Releases Earth AI Dataset to Map Hidden Nature Assets Across UK Farmland - ESG News

META EXITS RE100 AS GAS POWERS DATA CENTER GROWTH

Meta has withdrawn from the RE100 renewable electricity initiative as its accelerating data center expansion drives new investment in natural gas generation.

The move removes one of the world's largest technology companies from a corporate coalition built around sourcing electricity from renewable power. It also raises a broader question for the technology sector. Rapid growth in artificial intelligence and cloud infrastructure is increasing electricity demand faster than many grids can add clean generation.

Meta Exits RE100 as Gas Powers Data Center Growth - ESG News

AI TERMINOLOGY

1. **Retrieval-Augmented Generation (RAG):** Letting the AI read private company files to give exact, correct answers.
2. **Agentic Process Automation (APA):** It involves AI systems making decisions and performing tasks independently through enterprise agents. Think of it as the next level up from robotic process automation (RPA).
3. **Cognitive Computing:** Cognitive computing is a type of AI, and it's similar to AI where it simulates human intelligence.
4. **Agentic commerce:** It refers to a new era of digital interaction where AI agents independently research, plan, and complete purchases on behalf of users. Instead of customers manually searching and comparing options across various sources before they buy, AI agents handle the entire process.

GIST OF ROC & RD ADJUDICATION ORDERS

Gist of ROC Adjudication orders

1. Adjudication Order for violation of Section 178 of the Companies Act, 2013 in the matter of SHREEYAM POWER AND STEEL INDUSTRIES LIMITED

ROC Ahmedabad issued an adjudication order dated 07th July 2026 in the matter of Shreeyam Power & Steel Industries Limited for violation of Section 178(1) of the Companies Act, 2013 for failing to Constitute NRC. The Adjudicating Authority imposed a penalty of ₹5,00,000 upon the company and ₹1,00,000 on one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDo?mds=Pas0YQ%252B9ZAi%252BdEWUan3cFw%253D%253D&type=ORDER-ROC&csrfDecode=true>

2. Adjudication Order for violation of Section 12(3) of the Companies Act, 2013 in the matter of VAHH CHEMICALS LIMITED

ROC Ahmedabad issued an adjudication order dated 07th July 2026 in the matter of Vahh Chemicals Limited for violation of Section 12(3)(a) of the Companies Act, 2013 for failing to paint or affix its name and registered office address outside the warehouses during the FY 2025-26. The Adjudicating Authority imposed a penalty of ₹1,00,000 each upon the company and six of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=vAXrst7fHjBiWeU02GE9lg%253D%253D&type=ORDER-ROC&csrfDecode=true>

3. Adjudication Order for violation of Section 64 of the Companies Act, 2013 in the matter of AMICORP CAPITAL IFSC PRIVATE LIMITED

ROC Ahmedabad issued an adjudication order dated 10th July 2026 in the matter of Amicorp Capital IFSC Private Limited for violation of Section 64(1) of the Companies Act, 2013 for failing to file the notice of alteration in authorized share capital within the mandatory statutory period for the FY 2023-24. The Adjudicating Authority imposed a penalty of ₹15,750 each upon the company and three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=3xaKVghvU50MRmslkpOu3A%253D%253D&type=ORDER-ROC&csrfDecode=true>

4. Adjudication Order for violation of Section 454 of the Companies Act, 2013 in the matter of SOLEOS ENERGY LIMITED

ROC Ahmedabad issued an adjudication order dated 10th July 2026 in the matter of Soleos Energy Limited for violation of Section 454 of the Companies Act, 2013 read with Rule 14(8) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 for issuing a private placement offer letter (Form PAS-

4) before filing the required special resolution (Form MGT-14). The Adjudicating Authority imposed a penalty of ₹14,000 each upon the company and three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDo?mds=jxqwf42Z5H3WFAivuRcESw%253D%253D&type=ORDER-ROC&csrfDecode=true>

5. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of CRYO SCIENTIFIC SYSTEMS PRIVATE LIMITED

ROC Chennai issued an adjudication order dated 24th July 2026 in the matter of CRYO Scientific Systems Private Limited for violation of Section 143(3) (j) of the Companies Act, 2013 for failing to disclosure mandatory information in its financial statements for the FY 2016-17. The Adjudicating Authority imposed a penalty of ₹10,000 each upon company and on one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=LWToIqHeUxLmyoVPxxjuw%253D%253D&type=ORDER-ROC&csrfDecode=true>

6. Adjudication Order for violation of Section 454 of the Companies Act, 2013 in the matter of SEMPONNAR NIDHI LIMITED

ROC Chennai issued an adjudication order dated 24th July 2026 in the matter of Semponnar Nidhi Limited for violation of Section 454 of the Companies Act, 2013 read with Rule 14(8) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 for failing to provide complete occupation details of allottees in the list attached to Form PAS-3. The Adjudicating Authority imposed a penalty of ₹10,000 each upon the company and one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=Genr4NWLvN38OAdIlFubng%253D%253D&type=ORDER-ROC&csrfDecode=true>

7. Adjudication Order for violation of Section 4 (1) (c) of the Companies Act, 2013 in the matter of KWICK FORENSIC SOLUTIONS LIMITED

ROC Chennai issued an adjudication order dated 30th July 2026 in the matter of Kwick Forensic Solutions Limited for violation of Section 4(1) (c) of the Companies Act, 2013 for carrying on business other than specified in the objectives of Memorandum of Association (MOA) for FY 2017-18. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDo?mds=2WMCIsr0bt2RoOF9oTj5DA%253D%253D&type=ORDER-ROC&csrfDecode=true>

8. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of CRYO SCIENTIFIC SYSTEMS PRIVATE LIMITED

ROC Chennai issued an adjudication order dated 24th July 2026 in the matter of Cryo Scientific Systems Private Limited for violation of Section 143(3)(e) of the Companies Act, 2013 as the statutory auditor failed to report related party transactions disclosures mandated under AS-18. The Adjudicating Authority imposed a penalty of ₹10,000 upon the auditor of the company.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=Hz1rKzHxmdHcPx5S3c2RCQ%253D%253D&type=ORDER-ROC&csrfDecode=true>

9. Adjudication Order for violation of Section 118 of the Companies Act, 2013 in the matter of CHONGQING JIELI INDIA PRIVATE LIMITED

ROC Bangalore issued an adjudication order dated 8th July 2026 in the matter of Chongqing Jieli India Private Limited for violation of Section 118(10) of the Companies Act, 2013 for failing to disclose a statement confirming compliance with Secretarial Standard-1 (SS-1 for Board Meetings) and Secretarial Standard-2 (SS-2 for General Meetings) in its Board Report for FY 2017-18. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 each upon the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=Go%252Fq3Y8P69BwkIsScpwUpA%253D%253D&type=ORDER-ROC&csrfDecode=true>

10. Adjudication Order for violation of Section 118 of the Companies Act, 2013 in the matter of CHONGQING JIELI INDIA PRIVATE LIMITED

ROC Bangalore issued an adjudication order dated 8th July 2026 in the matter of Chongqing Jieli India Private Limited for violation of Section 118(10) of the Companies Act, 2013 for failing to disclose a statement confirming compliance with Secretarial Standard-1 (SS-1 for Board Meetings) and Secretarial Standard-2 (SS-2 for General Meetings) in its Board Report for FY 2018-19. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 each upon the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=9YTJnFWMf0eCmJqnYLJ69Q%253D%253D&type=ORDER-ROC&csrfDecode=true>

11. Adjudication Order for violation of Section 136 of the Companies Act, 2013 in the matter of NAVKKAR GOLD & DIAMOND LIMITED

ROC Chandigarh issued an adjudication order dated 06th July 2026 in the matter of Navkkar Gold & Diamond Limited for violation of Section 136(1) of the Companies Act, 2013 for failing to dispatch the Audited Standalone and Consolidated Financial

Statements, including the Auditor's Report and other required documents, at least 21 days before the Annual General Meeting (AGM) for the Financial Year 2024-25. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 upon the one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=ALfBdXF8zuUSj9S7%252FMc0bA%253D%253D&type=ORDER-ROC&csrfDecode=true>

12. Adjudication Order for violation of Section 92 of the Companies Act, 2013 in the matter of CHANDIGARH POWER DISTRIBUTION LIMITED

ROC Chandigarh issued an adjudication order dated 06th July 2026 in the matter of Chandigarh Power Distribution Limited for violation of Section 92 of the Companies Act, 2013 for failing to file its Annual Returns for the Financial Year 2023-24. The Adjudicating Authority imposed a penalty of ₹36,900 each upon the company and four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=YdedztdqrPSw%252B83hEK25tg%253D%253D&type=ORDER-ROC&csrfDecode=true>

13. Adjudication Order for violation of Section 10A of the Companies Act, 2013 in the matter of CHANDIGARH POWER DISTRIBUTION LIMITED

ROC Chandigarh issued an adjudication order dated 06th July 2026 in the matter of Chandigarh Power Distribution Limited for violation of Section 10A (1) of the Companies Act, 2013 for failing to submit Form INC-20A within the mandatory 180-day period. The Adjudicating Authority imposed a penalty of ₹50,000 upon the company and ₹1,00,000 each upon the four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=fbJqP3UkYtGdk9VfenV16Q%253D%253D&type=ORDER-ROC&csrfDecode=true>

14. Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of CHANDIGARH POWER DISTRIBUTION LIMITED

ROC Chandigarh issued an adjudication order dated 06th July 2026 in the matter of Chandigarh Power Distribution Limited for violation of Section 137(1) of the Companies Act, 2013 for failing to file its audited financial statements within the prescribed statutory period. The Adjudicating Authority imposed a penalty of ₹63,800 upon the company and ₹50,000 each upon the four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=88mZefsee2EX55G2PccSAg%253D%253D&type=ORDER-ROC&csrfDecode=true>

15. Adjudication Order for violation of Section 118 of the Companies Act, 2013 in the matter of CHANDIGARH POWER DISTRIBUTION LIMITED

ROC Chandigarh issued an adjudication order dated 06th July 2026 in the matter of Chandigarh Power Distribution Limited for violation of Section 118 of the Companies Act, 2013 for failing to maintain the minutes of meetings in the prescribed manner. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 each upon the four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=i6hwd1tKOHwcNA%252BFfpoLvA%253D%253D&type=ORDER-ROC&csrfDecode=true>

16. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of HOSAK INDUSTRIES & PLASTICS LTD.

ROC Chhattisgarh issued an adjudication order dated 25th July 2026 in the matter of Hosak Industries & Plastics Ltd. for violation of Section 12(1) of the Companies Act, 2013 for failing to maintain a registered office capable of receiving and acknowledging all official communications and notices. The Adjudicating Authority imposed a penalty of ₹1,00,000 each upon the company and the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=kxvj0BX7Gb9ncsDnTrtZZw%253D%253D&type=ORDER-ROC&csrfDecode=true>

17. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of BHILAI INVESTMENTS LTD.

ROC Chhattisgarh issued an adjudication order dated 25th July 2026 in the matter of Bhilai Investments Ltd. for violation of Section 12(1) of the Companies Act, 2013 for failing to maintain a registered office capable of receiving and acknowledging all official communications and notices. The Adjudicating Authority imposed a penalty of ₹1,00,000 each upon the company and the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=RPBx%252F7RmoB6WlY9jxNwWng%253D%253D&type=ORDER-ROC&csrfDecode=true>

18. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of KIRTIMOYA CAPITAL LIMITED

ROC Chhattisgarh issued an adjudication order dated 25th July 2026 in the matter of Kirtimoya Capital Limited for violation of Section 12(1) of the Companies Act, 2013 for failing to maintain a registered office capable of receiving and acknowledging all official communications and notices. The Adjudicating

Authority imposed a penalty of ₹1,00,000 each upon the company and the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=mfD4f0%252FGcynLrZux4SHzyQ%253D%253D&type=ORDER-ROC&csrfDecode=true>

19. Adjudication Order for violation of Section 135 of the Companies Act, 2013 in the matter of R.K. ASSOCIATES & HOTELIERS PRIVATE LIMITED

ROC Chhattisgarh issued an adjudication order dated 25th July 2026 in the matter of R.K. Associates & Hoteliers Private Limited for violation of Section 135(1) of the Companies Act, 2013 for failing to file Form CSR-2 within the statutory timeline for the financial year 2020-21. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each upon the five of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=GG%252BCxvLctv%252B0zdYMHVOWuA%253D%253D&type=ORDER-ROC&csrfDecode=true>

20. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of BECO CHEMICALS PVT. LTD.

ROC Chhattisgarh issued an adjudication order dated 25th July 2026 in the matter of Beco Chemicals Private Limited for violation of Section 12(1) of the Companies Act, 2013 for failing to maintain a registered office capable of receiving and acknowledging all official communications and notices. The Adjudicating Authority imposed a penalty of ₹50,000 each upon the company and the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=%252BMJkHu%252BkeiNM9PEUIQqA%253D%253D&type=ORDER-ROC&csrfDecode=true>

21. Adjudication Order for violation of Section 203 of the Companies Act, 2013 in the matter of ESWARI GLOBAL METAL INDUSTRIES LIMITED

ROC Coimbatore issued an adjudication order dated 15th July 2026 in the matter of Eswari Global Metal Industries Limited for violation of Section 203 of the Companies Act, 2013 for failing to appoint a mandatory Whole-Time Company Secretary (CS). The Adjudicating Authority imposed a penalty of ₹5,00,000 each on the company and one director, and ₹1,81,000 each on two other directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=uFWOKmFIGOZnUm2EL9er3A%253D%253D&type=ORDER-ROC&csrfDecode=true>

22. Adjudication Order for violation of Section 196 of the Companies Act, 2013 in the matter of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

ROC Coimbatore issued an adjudication order dated 16th July 2026 in the matter of Veejay Lakshmi Engineering Works Limited for violation of Section

196 of the Companies Act, 2013 for failing to file the Return of Appointment of a Managerial Personnel in Form MR-1 within 60 days of the appointment, making the statutory deadline August 23, 2022. The Adjudicating Authority imposed a penalty of ₹88,000 upon the company and ₹50,000 each upon the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=dWY5cAOHcsTszytEhaYZsQ%253D%253D&type=ORDER-ROC&csrfDecode=true>

23. Adjudication Order for violation of Section 90 of the Companies Act, 2013 in the matter of NARAINS INFRASTRUCTURE PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 15th July 2026 in the matter of Narains Infrastructure Private Limited for violation of Section 90(4) of the Companies Act, 2013 for failing to file e-Form BEN-2 (Return of Significant Beneficial Owners) with the ROC within the statutory deadline of 30 days. The Adjudicating Authority imposed a penalty of ₹2,50,000 upon the company and ₹50,000 each upon the four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=IZYzA3PUc0E2DriXoxucMA%253D%253D&type=ORDER-ROC&csrfDecode=true>

24. Adjudication Order for violation of Section 117 of the Companies Act, 2013 in the matter of ABSOLUTE PROJECTS (INDIA) LIMITED

ROC Delhi issued an adjudication order dated 15th July 2026 in the matter of Absolute Projects (India) Limited for violation of Section 117(1) of the Companies Act, 2013 for failing to file Form MGT-14 within 30 days for FY 2020–21, 2021–22, and 2023–24. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each upon the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=OfTMfWFYP7ke1o76KVCUqA%253D%253D&type=ORDER-ROC&csrfDecode=true>

25. Adjudication Order for violation of Section 149 of the Companies Act, 2013 in the matter of SHARP AGRICOM LIMITED

ROC Delhi issued an adjudication order dated 17th July 2026 in the matter of Sharp Agricom Limited for violation of Section 149(4) of the Companies Act, 2013 for failing to appoint the required number of Independent Directors on its Board. The Adjudicating Authority imposed a penalty of ₹3,00,000 each upon the company and ₹1,00,000 upon the one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=F9jK83GDp1wN19M3dLqd2A%253D%253D&type=ORDER-ROC&csrfDecode=true>

26. Adjudication Order for violation of Section 135 of the Companies Act, 2013 in the matter of VARINDERA CONSTRUCTIONS LIMITED

ROC Delhi issued an adjudication order dated 17th July 2026 in the matter of Varindera Constructions Limited for violation of Section 135(7) of the Companies Act, 2013 for failing to transfer unspent amount to a fund specified under Schedule VII, within the prescribed timeline from the end of the financial year. The Adjudicating Authority imposed a penalty of ₹10,39,706 upon the company and ₹51,985.3 each upon the six of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=udOr0iOkaibZTkMrp286zA%253D%253D&type=ORDER-ROC&csrfDecode=true>

27. Adjudication Order for violation of Section 29 of the Companies Act, 2013 in the matter of SYNERGY ADVANCED METALS LIMITED

ROC Delhi issued an adjudication order dated 17th July 2026 in the matter of Synergy Advanced Metals Limited for violation of Section 29 of the Companies Act, 2013, read with Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014 for failing to convert existing shareholdings into dematerialized form prior to issuing new shares. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each upon the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=m90Bw62H9NYDGrZhZ3BSA%253D%253D&type=ORDER-ROC&csrfDecode=true>

28. Adjudication Order for violation of Rule 8(3) of the Companies (Registration Offices and Fees) Rules, 2014 in the matter of LIFELINE MARKETING PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 07th July 2026 in the matter of Lifeline Marketing Private Limited for violation of Rule 8(3) of the Companies (Registration Offices and Fees) Rules, 2014 for failing to mention the correct paid-up share capital in its annual financial statements. The Adjudicating Authority imposed a penalty of ₹10,000 each upon the company and the one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=vVElFSkhregegJXngOuYCW%253D%253D&type=ORDER-ROC&csrfDecode=true>

29. Adjudication Order for violation of Rule 8(3) of the Companies (Registration Offices and Fees) Rules, 2014 in the matter of SOUMO CONSULTANCY SERVICES (P) LTD.

ROC Kolkata issued an adjudication order dated 07th July 2026 in the matter of Soumo Consultancy Services (P) Ltd. for violation of Rule 8(3) of the Companies (Registration Offices and Fees) Rules,

2014 for failing to file correct e-Form AOC-4. The Adjudicating Authority imposed a penalty of ₹10,000 each upon the company and the one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=WUnCxlLC7L0yd3r7pyo4tA%253D%253D&type=ORDER-ROC&csrfDecode=true>

30. Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of REEJA VYAPAAR PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 07th July 2026 in the matter of Reeja Vyapaar Private Limited for violation of Section 137 (1) of the Companies Act, 2013 for failing to file its mandatory annual financial statements in the prescribed Form AOC-4 for the FY 2017–18. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=LnNTL8ZPoS9rovbHkpO99Q%253D%253D&type=ORDER-ROC&csrfDecode=true>

31. Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of GROUNDZERO VINCOM PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 07th July 2026 in the matter of Groundzero Vincom Private Limited for violation of Section 137 (1) of the Companies Act, 2013 for failing to file its mandatory annual financial statements in the prescribed Form AOC-4 for FY 2022–23. The Adjudicating Authority imposed a penalty of ₹47,050 upon the company and ₹25,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=mXDHZ1m9KaDUBIII3M4a0g%253D%253D&type=ORDER-ROC&csrfDecode=true>

32. Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of REEJA VYAPAAR PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 07th July 2026 in the matter of Reeja Vyapaar Private Limited for violation of Section 137 (1) of the Companies Act, 2013 for failing to file its mandatory annual financial statements in the prescribed Form AOC-4 for FY 2021–22. The Adjudicating Authority imposed a penalty of ₹70,100 upon the company and ₹25,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=nNsNuUVtmAr7f4KZImzL2Q%253D%253D&type=ORDER-ROC&csrfDecode=true>

33. Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of LIFELINE MARKETING PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 07th July 2026 in the matter of Lifeline Marketing

Private Limited for violation of Section 137(1) of the Companies Act, 2013 for failing to file its mandatory annual financial statements in the prescribed Form AOC-4 for FY 2021–22. The Adjudicating Authority imposed a penalty of ₹10,000 each upon the company and on one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=IxsBSADiFjDa9SvA3hquJQ%253D%253D&type=ORDER-ROC&csrfDecode=true>

34. Adjudication Order for violation of Section 137 of the Companies Act, 2013 in the matter of REEJA VYAPAAR PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 07th July 2026 in the matter of Reeja Vyapaar Private Limited for violation of Section 137(1) of the Companies Act, 2013 for failing to file its mandatory annual financial statements in the prescribed Form AOC-4 for FY 2019–20. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=nTNzutO9ruGmFJvRGfKcwQ%253D%253D&type=ORDER-ROC&csrfDecode=true>

35. Adjudication Order for violation of Section 135 of the Companies Act, 2013 in the matter of YASHVARDHAN MARKETING PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 22nd July 2026 in the matter of Yashvardhan Marketing Private Limited for violation of Section 135 of the Companies Act, 2013 for failing to disclose. Corporate Social Responsibility report in its Board's report for ending 31 March 2022. The Adjudicating Authority imposed a penalty of ₹ 2,00,000 upon the company and ₹50,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=bhmhiquumYaVH3rsmKcRMg%253D%253D&type=ORDER-ROC&csrfDecode=true>

36. Adjudication Order for violation of Section 450 of the Companies Act, 2013 in the matter of TAI INDUSTRIES LIMITED

ROC Kolkata issued an adjudication order dated 22nd July 2026 in the matter of TAI Industries Limited for violation of Section 450 of the Companies Act, 2013 read with Rule 7(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for failing to file e-Form MR-2 within 90 days. The Adjudicating Authority imposed a penalty of ₹17,000 each upon the company and four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=yVdb%252FkNz3OOSkf5HqydcVg%253D%253D&type=ORDER-ROC&csrfDecode=true>

37. Adjudication Order for violation of Section 117 of the Companies Act, 2013 in the matter of POLAR ELEKTRIC LIMITED

ROC Kolkata issued an adjudication order dated 23rd July 2026 in the matter of Polar Elektric Limited for violation of Section 117(1) of the Companies Act, 2013 for failing to file e-Form MGT-14 with the Registrar of Companies (ROC) within 30 days of passing special resolutions. The Adjudicating Authority imposed a penalty of ₹63,800 upon the company and ₹50,000 upon one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=Sqxd%252F0XJJ7VdOZVTecgHQ%253D%253D&type=ORDER-ROC&csrfDecode=true>

38. Adjudication Order for violation of Section 135 of the Companies Act, 2013 in the matter of DHAN COMMERCIAL PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 23rd July 2026 in the matter of Dhan Commercial Private Limited for violation of Section 135(1) of the Companies Act, 2013 for failing to disclose Corporate Social Responsibility report in its Board's report for the financial year ending 31 March 2022. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=xYjAavbb2%252BXJ6XBNt95gCA%253D%253D&type=ORDER-ROC&csrfDecode=true>

39. Adjudication Order for violation of Section 117 of the Companies Act, 2013 in the matter of POLAR ELEKTRIC LIMITED

ROC Kolkata issued an adjudication order dated 23rd July 2026 in the matter of Polar Elektric Limited for violation of Section 117(1) of the Companies Act, 2013 for failing to file e-Form MGT-14 with the Registrar of Companies (ROC) within 30 days of passing special resolutions. The Adjudicating Authority imposed a penalty of ₹63,900 upon the company and ₹50,000 upon the one of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=lpfEKZQFVkk2mPMFOtwV4Q%253D%253D&type=ORDER-ROC&csrfDecode=true>

40. Adjudication Order for violation of Section 135 of the Companies Act, 2013 in the matter of SHOGUN VINIMAY PRIVATE LIMITED

ROC Kolkata issued an adjudication order dated 27th July 2026 in the matter of Shogun Vinimay Private Limited for violation of Section 135(1) of the Companies Act, 2013 for failing to disclose Corporate Social Responsibility report in its Board's report for the financial year ending 31 March 2022.

The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each upon the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=lvjInY3%252FuB3tZGnjI3o82w%253D%253D&type=ORDER-ROC&csrfDecode=true>

41. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of LAUNZR PRIVATE LIMITED

ROC Patna issued an adjudication order dated 10th July 2026 in the matter of Launzr Private Limited for violation of Section 12(3)(a) of the Companies Act, 2013 for failing to paint or affix its name and registered office address outside the warehouses it maintained during the FY 2025-26. The Adjudicating Authority imposed a penalty of ₹30,000 each upon the company and two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=Is%252FVcEijK5U6xAievKtePA%253D%253D&type=ORDER-ROC&csrfDecode=true>

42. Adjudication Order for violation of Section 203 of the Companies Act, 2013 in the matter of TECH SIS LIMITED

ROC Patna issued an adjudication order dated 22nd July 2026 in the matter of Tech SIS Limited for violation of Section 203 of the Companies Act, 2013 for failing to appoint whole-time Key Managerial Personnel (KMP), including a Chief Financial Officer (CFO) for the four consecutive financial years (FY 2021-22 to 2024-25). The Adjudicating Authority imposed a penalty of ₹5,00,000 each upon and its seven of its directors and ₹3,69,000 upon one of the other directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=Qi35f%252FVPDpnDO%252BFXBmFIDg%253D%253D&type=ORDER-ROC&csrfDecode=true>

43. Adjudication Order for violation of Section 86 of the Companies Act, 2013 in the matter of AXIO DIGITAL PRIVATE LIMITED

ROC Pune issued an adjudication order dated 03rd July 2026 in the matter of Axio Digital Private Limited for violation of Section 86(1) of the Companies Act, 2013 for failing to create charge in favour of the Debenture Trustee. The Adjudicating Authority imposed a penalty of ₹5,00,000 upon the company and ₹50,000 each upon the three of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=EwigrqRXAhXf2kmYt8sBpg%253D%253D&type=ORDER-ROC&csrfDecode=true>

44. Adjudication Order for violation of Section 39 of the Companies Act, 2013 in the matter of MARCO SECURE SOLUTIONS LIMITED

ROC Pune issued an adjudication order dated 06th July 2026 in the matter of Marco Secure Solutions Limited

for violation of Section 39(4) of the Companies Act, 2013 for failing to attach the mandatory loan agreement. The Adjudicating Authority imposed a penalty of ₹50,000 each upon the company and four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=anVJ7ZpQCgGpLq9WAZQJZA%253D%253D&type=ORDER-ROC&csrfDecode=true>

45. Adjudication Order for violation of Section 29(1A) of the Companies Act, 2013 in the matter of MARCO SECURE SOLUTIONS LIMITED

ROC Pune issued an adjudication order dated 06th July 2026 in the matter of Marco Secure Solutions Limited for violation of Section 29(1A) of the Companies Act, 2013 read with Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014. The company allotted equity shares to its members in physical form instead of issuing them in dematerialized form. The Adjudicating Authority imposed a penalty of ₹28,000 upon the company and ₹25,000 each upon the four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=SHAjIWcpeEidfJZTmpe1g%253D%253D&type=ORDER-ROC&csrfDecode=true>

46. Adjudication Order for violation of Section 170 of the Companies Act, 2013 in the matter of CHANDRA GHANTA COMMERCE PRIVATE LIMITED

ROC Uttar Pradesh issued an adjudication order dated 01st July 2026 in the matter of Chandra Ghanta Commerce Private Limited for violation of Section 170 of the Companies Act, 2013 for failing to keep the mandatory Register of Directors and Key Managerial Personnel (KMP) at its registered office. The Adjudicating Authority imposed a penalty of ₹1,50,000 upon the company and ₹50,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=j%252FySpeHVeS99VYE3UdYJww%253D%253D&type=ORDER-ROC&csrfDecode=true>

47. Adjudication Order for violation of Section 173 of the Companies Act, 2013 in the matter of CHANDRA GHANTA COMMERCE PRIVATE LIMITED

ROC Uttar Pradesh issued an adjudication order dated 01st July 2026 in the matter of Chandra Ghanta Commerce Private Limited for violation of Section 173(1) of the Companies Act, 2013 for failing to hold the mandatory minimum of four annual board meetings and not verified the gap between consecutive meetings. The Adjudicating

Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each upon the two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=stVX%252FjPVeB%252FTtRfJo2M4A%253D%253D&type=ORDER-ROC&csrfDecode=true>

48. Adjudication Order for violation of Section 118 of the Companies Act, 2013 in the matter of CHANDRA GHANTA COMMERCE PRIVATE LIMITED

ROC Uttar Pradesh issued an adjudication order dated 01st July 2026 in the matter of Chandra Ghanta Commerce Private Limited for violation of Section 118(1) of the Companies Act, 2013 for failing to maintain the mandatory minutes of the proceedings for its Board Meetings and General Meetings in the prescribed manner. The Adjudicating Authority imposed a penalty of ₹12,500 upon the company and ₹2500 each upon the four of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=vT7bQ3IcdLAj%252FSd%252F2p4Tuw%253D%253D&type=ORDER-ROC&csrfDecode=true>

49. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of CHANDRA GHANTA COMMERCE PRIVATE LIMITED

ROC Uttar Pradesh issued an adjudication order dated 10th July 2026 in the matter of Chandra Ghanta Commerce Private Limited for violation of Section 12(1) of the Companies Act, 2013 for failing to maintain a registered office of the company, capable of receiving and acknowledging official communications and legal notices. The Adjudicating Authority imposed a penalty of ₹50,000 each upon the company and two of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=TLV6Wwp6GpHC8fbUBJfE%252FQ%253D%253D&type=ORDER-ROC&csrfDecode=true>

50. Adjudication Order for violation of Section 134 of the Companies Act, 2013 in the matter of PANEM INDUSTRIES PRIVATE LIMITED

ROC Uttar Pradesh issued an adjudication order dated 10th July 2026 in the matter of Panem Industries Private Limited for violation of Section 134(5) of the Companies Act, 2013 for failing to disclose related party transactions in accordance with AS-18. The Adjudicating Authority imposed a penalty of ₹3,00,000 upon the company and ₹50,000 each upon the seven of the directors.

<https://www.mca.gov.in/bin/mca/dms/pfmsViewDoc?mds=SdkDLA6wGanpVZ%252B7TwDZ8g%253D%253D&type=ORDER-ROC&csrfDecode=true>



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2

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3

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(05 years prior to the date of application shall mean 5 years have lapsed from the date of declaration of result to the date of application)

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9

BEYOND GOVERNANCE

Case Study

The Case Study section is inserted to make Chartered Secretary Journal (CSJ) more interactive for the members and students. The Case Study is followed by question(s) which are to be solved by member(s)/student/s. The answer(s) are to be sent to cs.journal@icsi.edu latest by the 25th of each month.

The answer(s) will be reviewed by a Panel of reviewer(s). The winner will be given:

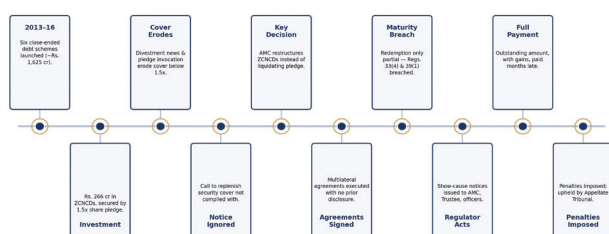
- (i) Certificate of Appreciation.
- (ii) His/Her name will be published in the next issue of the Journal.
- (iii) He/She will be awarded cash award of ₹ 2,500.

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'Crossword' contains terminologies/concepts from Companies Act, IBC, NCLT and such related areas of profession. Members/students are to send the answers to the Crossword to cs.journal@icsi.edu latest by 25th of each month.

- The answer(s) will be published in the next issue of CSJ.
- The winners will be selected randomly.
- The name of three winners will be published in the next issue of CSJ.

CASE STUDY



Background

“Horizon Asset Management Company Limited” (“the AMC”), the investment manager of “Horizon Mutual Fund”, and “Horizon Trustee Company Limited” (“the Trustee”), which held the fund’s assets in a fiduciary capacity, together launched a series of close-ended fixed maturity debt schemes. When two of the underlying debt instruments held by these schemes ran into repayment trouble on the eve of maturity, the AMC — with the Trustee’s concurrence — unilaterally extended the maturity of the underlying securities and partially withheld redemption to unitholders, without following the statutory roll-over process. The regulator initiated action for lack of due diligence, unauthorised extension of maturity, and inadequate disclosure. The AMC, the Trustee, and several of the Trustee’s senior officers were penalised. The question now before the Appellate Tribunal is whether a regulatory breach committed in what is claimed to be the investors’ own interest — and which ultimately caused no demonstrable loss — can still attract penalty.

Facts

- Horizon Mutual Fund was sponsored by a scheduled commercial bank. The Trustee held the fund’s assets on behalf of unitholders, and had appointed the AMC, its group affiliate, to manage the schemes on a day-to-day basis.
- Between 2013 and 2016, Horizon Mutual Fund launched six close-ended fixed maturity plans (“the Schemes”), collectively raising approximately Rs. 1,625 crore, each with a fixed maturity date falling between April and May of the relevant year.
- Under the applicable regulatory framework, a close-ended scheme is required to invest only in instruments

maturing on or before the scheme’s own maturity date, and must be fully redeemed and wound up at the end of that period unless it is “rolled over” through a statutory process involving prior disclosure to unitholders, filing with the regulator, and the unitholders’ express written consent.

- Of the funds collected, Rs. 266 crore was invested in zero-coupon non-convertible debentures (“ZCNCDs”) issued by two group companies of a large conglomerate (“the Issuer Group”). The investment was secured by a pledge over shares of a listed media company (“the Listed Entity”) equal to 1.5 times the exposure, with an obligation on the pledgor to top up the cover if the share value fell.
- In November of the relevant year, the Listed Entity announced its intention to divest a substantial part of its promoter shareholding. This announcement, coupled with invocation of pledges by other lenders, caused the share price to fall sharply, eroding the security cover well below the mandated 1.5 times.
- Despite notices calling for replenishment of the security cover, no additional shares or funds were furnished by the pledgor group.
- Faced with an imminent default, the AMC — instead of liquidating the pledged shares or proceeding to wind up the maturing schemes — chose to enter into a restructuring arrangement with the Issuer Group and other lenders, extending the maturity of the ZCNCDs beyond the maturity dates of the underlying Schemes. The Trustee was informed of, and concurred with, this course of action.
- When the first two Schemes matured, only a part of the amount due was paid to unitholders; the balance (invested in the restructured ZCNCDs) was withheld. A similar partial withholding occurred when the remaining four Schemes matured. The entire outstanding amount was eventually paid to unitholders several months after the respective maturity dates, along with the gains that had accrued in the interim.

- Neither the regulator nor the unitholders were informed of the restructuring decision before it was implemented. The regulator learned of the extension only after making specific inquiries following the delayed payouts.
- The regulator issued show-cause notices to the AMC, the Trustee, and several senior officers of the Trustee, and eventually imposed monetary penalties on all of them for (i) lack of due diligence in the original investment, (ii) unauthorised extension of maturity without following the roll-over procedure, and (iii) inadequate and belated disclosure.
- On appeal, the Appellate Tribunal upheld the finding of violation against all parties, though it set aside a direction requiring the AMC to disgorge a portion of its investment management fees. The AMC, the Trustee, and its senior officers have now filed further appeals.

Arguments on behalf of the Appellants (AMC, Trustee and Senior Officers)

- The decision to restructure rather than liquidate the pledged shares was a bona fide commercial judgment taken to protect unitholders from a steep, immediate loss estimated at over Rs. 376 crore, and was not motivated by any personal or corporate gain.
- The ZCNCDs were structured obligations; the investment decision was reasonably based on the reputation and repayment track record of the Issuer Group and the strength of the pledged collateral, rather than solely on the standalone financials of the issuing entities. At least twenty-two other market participants, including several other mutual funds, had similarly invested in the same Issuer Group.
- No unitholder ultimately suffered any loss; on the contrary, the delayed payout included accrued gains, meaning unitholders were financially better off than they would have been under an immediate liquidation.
- The Trustee, in advising the AMC to obtain a personal guarantee from the promoter, exercised independent oversight and did not merely rubber-stamp the AMC's decision.
- Penalising conduct that was disclosed to unitholders by email (even if not placed on formal record) and that was undertaken transparently within the group structure is disproportionate, particularly where the regulatory framework itself contemplates flexibility through mechanisms such as segregated portfolios.
- The absence of a single unitholder complaint throughout the episode is a relevant mitigating factor that should inform both the finding of violation and the quantum of penalty, especially as against the individual senior officers.

Arguments on behalf of the Regulator

- The regulatory framework governing close-ended schemes is consequence-neutral: a close-ended scheme must be fully redeemed and wound up at maturity, and the only lawful alternative is a roll-over strictly following prior disclosure to unitholders, filing with the regulator, and unitholders' express written consent — none of which occurred here.
- Once a contravention of a statutory obligation is established, penalty follows irrespective of intention; whether the breach was undertaken in good faith, or

fortuitously resulted in gain rather than loss to investors, is beyond the scope of scrutiny in an appeal confined to substantial questions of law.

- The plea that other market participants also invested in the same Issuer Group cannot dilute the AMC's own liability — there is no principle of "negative equality" in regulatory law, and a collective lapse does not cure an individual breach.
- The AMC's own internal records reveal that its Investment Committee approved the original investment without adequately examining the issuing entities' financial health, in a manner that fell short of the due diligence standard mandated by the applicable regulations.
- The Trustee, holding unitholders' funds in a fiduciary capacity, was independently obliged to verify that the AMC's course of action complied with the regulatory framework and served unitholders' interests — merely concurring with, or "following behind," the AMC's decision does not discharge that independent fiduciary duty.
- Neither the regulator nor unitholders were informed of the restructuring before it was implemented; the regulator learned of it only after the delayed payouts prompted inquiry, and this delay itself constitutes an independent disclosure violation.
- Senior officers of the Trustee, being domain experts well versed in securities law, cannot claim ignorance of the consequences of the regulatory infraction; the absence of investor complaint or loss does not, by itself, entitle them to a waiver of penalty.

Core Legal Issues

- Whether the unilateral extension of the maturity of underlying debt securities beyond the maturity of a close-ended scheme, without following the statutory roll-over procedure, constitutes a regulatory violation irrespective of whether it ultimately resulted in gain rather than loss to investors?
- Whether the absence of investor loss, absence of investor complaint, and the existence of similar conduct by other market participants can operate as a defence — or only as a mitigating factor — against a finding of regulatory contravention and the consequent penalty?

Now Decide

Now decide the above legal issues in light of the facts and submissions, and determine whether the penalties imposed on the AMC, the Trustee, and its senior officers ought to be sustained, modified, or set aside.

Disclaimer

This case study has been framed based on publicly available information and knowledge with necessary modifications and fictionalisation of names, entities, and identifying details, to enable professionals to apply their analytical skills. Any resemblance to actual persons, companies, or cases is purely coincidental.

Winner of Case Study – July 2026

CS Mahima Sancheti - ACS – A73087

BEST ANSWER - CASE STUDY - JULY, 2026

Overview of the Dispute

XYZ Private Limited proposed a fast-track merger under Section 233 of the Companies Act, 2013. For the purpose of the amalgamation, the Company filed a declaration in Form CAA-11 certifying that the scheme had been approved by the requisite majority of members.

Upon scrutiny, the Registrar of Companies (ROC) formed a view that the approval requirement prescribed under Section 233(1)(b), namely approval by members holding at least ninety per cent of the total number of shares, had not been satisfied. Consequently, the ROC alleged that the declaration filed in Form CAA-11 was false and initiated criminal proceedings against the Company Secretary under Sections 447 (Fraud) and 448 (False Statement) of the Companies Act, 2013.

The Company Secretary approached the High Court seeking quashing of the criminal proceedings.

Issue 1

Whether a statutory declaration filed under Section 233 based on a particular interpretation of the shareholder approval requirement can attract criminal liability under Sections 447 and 448 of the Companies Act, 2013?

A. Statutory Framework

Section 233(1)(b) – Fast Track Merger

Section 233(1)(b) requires that a scheme of merger or amalgamation be approved by members holding at least ninety per cent of the total number of shares.

Section 448 – Punishment for False Statement

Section 448 provides that if any person makes a statement in any return, report, certificate, financial statement, prospectus or other document required under the Act which:

- is false in any material particulars; and
- is made knowingly; or
- omits a material fact knowing it to be material,

such person shall be liable under Section 447.

Section 447 – Punishment for Fraud

Section 447 contemplates fraud involving:

- deceit,
- abuse of position,
- concealment of facts,
- intention to deceive,
- wrongful gain, or
- wrongful loss.

Therefore, mens rea (guilty intention) is an essential ingredient of fraud.

B. Whether Mere Incorrect Interpretation Constitutes a False Statement

The central allegation of the ROC is that the declaration in Form CAA-11 was incorrect because the statutory threshold of ninety per cent approval was not achieved.

However, every incorrect statement does not amount to a “false statement” within the meaning of Section 448 unless it is shown that it was knowingly false or omitted a material fact with knowledge of its materiality.

For invoking Section 448, the prosecution must establish:

1. The statement was materially false; and
2. The person making the statement knew it to be false at the time of making it.

The facts indicate that the petitioner adopted an interpretation that the 90% requirement was to be calculated based on members present and voting. The declaration was filed on the basis of that interpretation and the records available with the company. Where the dispute essentially concerns interpretation of a statutory provision, the element of deliberate falsity becomes difficult to establish.

C. Whether Section 447 (Fraud) is Attracted

Section 447 is attracted only where there is fraud involving deceit, dishonest intention, wrongful gain, wrongful loss, or abuse of position.

In the present case:

- No allegation has been made that the petitioner derived any wrongful gain.
- No material has been placed to show wrongful loss caused to any stakeholder.
- There is no allegation of fabrication of voting records.
- The complaint primarily proceeds on the basis that the legal interpretation adopted by the petitioner was incorrect.

Even assuming that the interpretation of Section 233 ultimately turns out to be erroneous, an erroneous interpretation by itself does not amount to fraud. Fraud requires a higher threshold of culpability than mere negligence or mistake.

Santosh Kumar Lahoti v. The Registrar of Companies,
2024 SCC
OnLine Cal 3220

The Calcutta High Court observed that the dispute regarding the computation of the 90% approval requirement under Section 233 was essentially one of statutory interpretation. Even if the Registrar disagreed with the interpretation adopted by the company, such disagreement by itself could not justify criminal prosecution under Sections 447 and 448.

The present dispute primarily concerns the interpretation of Section 233(1)(b) and therefore, in the absence of allegations demonstrating the essential ingredients of Sections 447 and 448, continuation of criminal proceedings would amount to abuse of the process of law.

D. Absence of the Principal Offender

A significant circumstance is that:

- the company which filed the statutory declaration has not been prosecuted; and
- the directors and persons controlling the affairs of the company have not been arraigned as accused.

The declaration was filed on behalf of the company. Proceeding solely against the Company Secretary while excluding the company and other responsible officers weakens the prosecution case, particularly when the alleged act arose out of a corporate decision and statutory filing.

Aneeta Hada v. Godfather Travels & Tours Pvt. Ltd.	<i>The High Court relied upon the principle in Aneeta Hada v. Godfather Travels & Tours Pvt. Ltd., holding that where the alleged offence is attributable to a company, prosecution of its officer alone is ordinarily not maintainable without impleading the company itself.</i>
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E. Whether the Matter Should Proceed to Trial

While the ROC argues that mens rea can be determined only during trial, courts exercising jurisdiction to quash proceedings are entitled to examine whether the complaint, even if accepted at face value, discloses the essential ingredients of the alleged offences.

If the complaint merely alleges an incorrect certification without averments demonstrating knowledge of falsity or fraudulent intent, continuation of criminal proceedings would amount to misuse of the criminal process.

Pepsi Foods Ltd. v. Special Judicial Magistrate, (1998) 5 SCC 749	<i>The Supreme Court held that summoning an accused is a serious matter and criminal law should not be set into motion as a matter of course. Where the complaint does not disclose the essential ingredients of the alleged offences, the High Court is justified in quashing the proceedings.</i>
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Conclusion on Issue No. 1:

NO – A statutory declaration filed under Section 233 based on a bona fide interpretation of the shareholder approval requirement does not automatically attract criminal liability under Sections 447 and 448 of the Companies Act, 2013.

Key Legal Principles

- A company officer cannot ordinarily be prosecuted alone** for an offence attributable to the company where the company itself is not arraigned as an accused (unless exceptional circumstances exist).

- Section 448 (false statements)** requires careful examination of whether there was a knowingly false statement; a mere interpretational dispute is not sufficient.
- Where there is disagreement regarding compliance with **Section 233**, the appropriate statutory remedy may be to proceed under the normal merger provisions rather than immediately invoking criminal prosecution.

To invoke Sections 447 and 448, the prosecution must establish that the petitioner knowingly made a false statement and acted with fraudulent intent. A genuine interpretational dispute regarding the computation of the 90% approval threshold, without evidence of deliberate falsity, deceit, wrongful gain or wrongful loss, is insufficient to constitute offences under Sections 447 and 448.

Issue 2

What is the extent of due diligence expected from a Company Secretary while authenticating statutory filings under the Companies Act, 2013?

A. Duties of a Company Secretary

A Company Secretary is recognised as a Key Managerial Personnel under Section 2(51) and Section 203 of the Companies Act, 2013.

While authenticating statutory filings, a Company Secretary is expected to:

- verify corporate records;
- examine resolutions and approvals;
- ensure procedural compliance;
- exercise professional care and diligence; and
- certify documents on the basis of information reasonably available.

The position carries a high degree of professional responsibility.

B. Standard of Care Expected

The standard expected is one of:

- reasonable professional diligence;
- good faith verification; and
- prudent examination of available records.

A Company Secretary is not expected to guarantee the correctness of every legal interpretation where multiple interpretations are reasonably possible.

Liability may arise where:

- records are knowingly ignored;
- material facts are deliberately concealed;
- false information is consciously certified; or
- certification is given without any verification whatsoever.

C. Application to the Present Facts

The petitioner:

- signed the declaration in his official capacity;
- relied upon corporate records and voting results;
- certified compliance based on his understanding of Section 233.

The complaint does not disclose:

- fabrication of records;
- suppression of voting data;
- personal benefit obtained by the petitioner; or
- any material indicating conscious knowledge of falsity.

Sunil Bharti Mittal v. CBI, (2015) 4 SCC 609

The Supreme Court held that criminal intent cannot be attributed merely because a person occupies a managerial position. There must be sufficient material showing active involvement or the existence of the necessary mens rea before criminal prosecution can be sustained.

Conclusion on Issue No. 2:

A Company Secretary is expected to exercise reasonable professional care, diligence and verification while authenticating statutory filings. However, the law does not impose criminal liability merely because a legal interpretation adopted by the Company Secretary is later found to be incorrect.

Criminal liability arises only where there is evidence of conscious falsity, deliberate suppression of material facts, recklessness amounting to fraud, or dishonest intention.

FINAL DECISION

Applying the principles laid down, the allegations contained in the complaint, even if accepted in their entirety, do not disclose the essential ingredients of the offences punishable under Sections 447 and 448 of the Companies Act, 2013. The complaint fails to establish that the petitioner knowingly made a false statement or acted with fraudulent intent. The dispute essentially arises from a bona fide interpretation of the statutory requirement under Section 233(1)(b), which cannot, in the absence of mens rea or deliberate falsity, be converted into a criminal offence. Accordingly, the prosecution is liable to be quashed.

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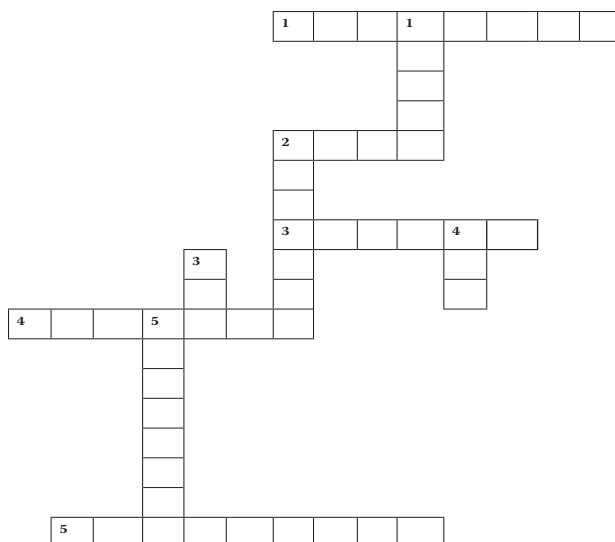
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CROSSWORD PUZZLE – COMPANY LAW - AUGUST 2026



ACROSS

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, After obtaining the approval of the committee with not less than _____ percent of total votes, the resolution professional shall hand over the possession of the plot, apartment, or building or any instruments agreed to be transferred under the real estate project and facilitate registration, where the allottee has requested for the same and has performed his part under the agreement.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, The liquidator shall not engage a professional under sub-regulation (1) who is his relative, is a related party of the corporate person or has served as an auditor to the corporate person at any time during the _____ years preceding the liquidation commencement date.
- Under the Companies Act, 2013, A company engaged in the setting up and dealing with of infrastructural projects may issue preference shares for a period exceeding twenty years but not exceeding _____ years, subject to the redemption of a minimum ten percent of such preference shares per year from the twenty first year onwards or earlier, on proportionate basis, at the option of the preference shareholders.
- Under Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, where no claim from creditors has been received till the last date for receipt of claims, the liquidator shall prepare the list of stakeholders within _____ days from the last date for receipt of claims.
- Under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, the company shall obtain the approval of its Board of Directors in respect of the proposal of the acquirer to delist the equity shares of the company, not later than _____ days from the date of the initial public announcement.

DOWNWARDS

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, Where the committee of creditors, in its first meeting, resolves under clause (a) of sub-section (3) of section 22 of the Code to appoint the interim resolution professional as the resolution professional, the interim resolution professional shall intimate such decision to the corporate debtor, the Board and the Adjudicating Authority, within _____ days of the date of such resolution.
- Under the Companies Act, 2013, The One Person Company shall inform the Registrar about every contract entered into by the company and recorded in the minutes of the meeting of its Board of Directors under sub-section (1) within a period of _____ days of the date of approval by the Board of Directors.
- Under Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, Every buy-back shall be completed within a period of _____ year from the date of passing of the special resolution at general meeting, or the resolution passed by the board of directors of the company, as the case may be.
- Under the Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) Regulations, 2021, Any change in the composition of committee of creditors shall be intimated to all the members of the committee within _____ days of such change.
- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, An issuer seeking to issue and list its specified securities shall file a draft offer document along with necessary documents with the Board. The minimum offer size shall be _____ rupees.

Winners - Crossword July 2026

1ST CS Venkataramani Latha, FCS - 4854

2ND CS Mohit Chande, FCS - 7144

3RD CS Anisha Kumari, ACS - 67823

Crossword Puzzle – July 2026 Answers

ACROSS

- COORDINATING VALUER
- SEVEN
- TEN CRORES
- ONE THOUSAND FIVE HUNDRED
- FIFTY

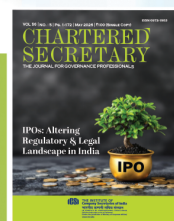
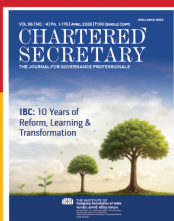
DOWNWARDS

- BANKRUPTCY PROCESS
- FOURTEEN
- MARKET VALUE
- THREE MONTHS
- CHIEF TECHNOLOGY

CHARTERED SECRETARY

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The Indian Securities Market is filled with dynamism. Where does a Company Secretary fit into all this?

INDIAN SECURITIES MARKET	
NIFTY 50	22,828.10 ▲ 1.25%
SENSEX	75,124.45 ▲ 1.35%
BANK NIFTY	48,625.80 ▼ 0.95%

CS is much more than a compliance officer. As a governance professional he bridges the company, regulators, investors, and the Board.

2

So the CS helps build investor confidence.

Exactly. Compliance promotes credibility, and credibility attracts investment.

COMPANY

REGULATORS

INVESTORS

BOARD

3

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FINANCIAL EXPERTISE

MANAGERIAL EXPERTISE

4

Securities markets are becoming increasingly digital. Will the CS's role change?

It will most definitely grow. Technology, AI, ESG reporting, cybersecurity, and enhanced regulatory expectations are reshaping corporate compliance.

TECHNOLOGY & AI

ESG REPORTING

CYBER SECURITY

ENHANCED REGULATORY EXPECTATIONS

5

So governance is becoming more proactive.

Absolutely. And with that the role of CS will expand too.

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- ✓ Risk Management
- ✓ Compliance
- ✓ Transparency
- ✓ Ethics

6

The securities market has evolved from informal trading to a highly regulated ecosystem.

And throughout this journey, CS has emerged as the key guardian of transparency, accountability, and investor confidence.

PAST INFORMAL TRADING

PRESENT REGULATED MARKET

Strong governance builds strong markets, and strong markets strengthen the nation's economy.

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