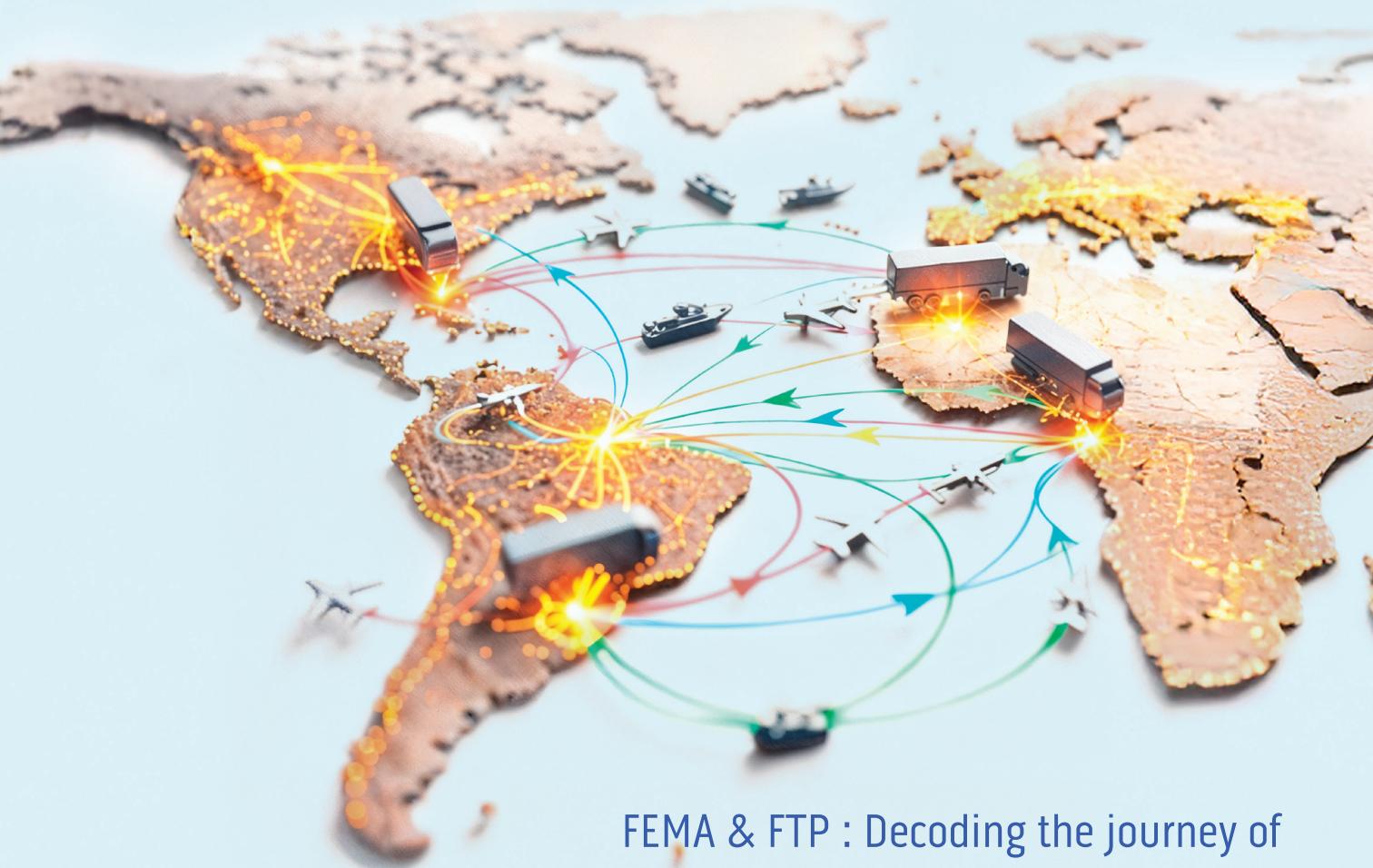


# CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS



FEMA & FTP : Decoding the journey of  
**Foreign Exchange  
& Trade Legislation**



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

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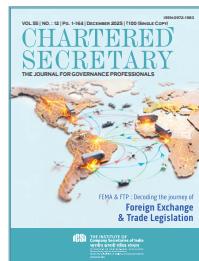


ISSN 0972-1983

# CHARTERED SECRETARY®

[Registered under Trade Marks Act, 1999]

Vol. : LV ■ No.12 ■ Pg 1-164 ■ December - 2025



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## Printed & Published by

**Printed & Published by:** Asish Mohan on behalf of: The Institute of Company Secretaries of India, 'ICSI House', 22, Institutional Area Lodi Road, New Delhi - 110 003, **Printed at:** SAP Print Solutions Pvt Ltd at Plot No. 3 and 30, Sector II, The Vasai Taluka Industrial Co-Op. Estate Ltd, Gauraipada, Vasai (E), District Palghar-401208, sapprints.com and **Published** from Lodhi Road.

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Weblink : <http://support.icsi.edu>

Website : <http://www.icsi.edu>

## Annual Subscription

'Chartered Secretary' is generally published in the first week of every month. ■ Non-receipt of any issue should be notified within that month. ■ Articles on subjects of interest to Company Secretaries are welcome. ■ Views expressed by contributors are their own and the Institute does not accept any responsibility. ■ The Institute is not in any way responsible for the result of any action taken on the basis of the advertisements published in the journal. ■ All rights reserved. ■ No part of the journal may be reproduced or copied in any form by any means without the written permission of the Institute. ■ The write ups of this issue are also available on the website of the Institute.

### Printed at

## SAP PRINT SOLUTIONS PVT. LTD.

Plot No. 3 & 30, Sector II, The Vasai Taluka Industrial Co-op. Estate Ltd., Gauraipada Vasai (E), Dist. Palghar - 401 208  
[www.sapprints.com](http://www.sapprints.com)



Mode of Citation: CSJ (2025)(12--- (Page No.)

QR Code/Weblink of Chartered  
Secretary Journal

<https://www.icsi.edu/home/cs/>



## EDITORIAL

Every year on December 25<sup>th</sup>, the nation observes Good Governance Day in honour of former Prime Minister Shri Atal Bihari Vajpayee's birth anniversary. This occasion serves as a reminder that governance extends beyond mere administration; it involves enhancing the quality of life for every citizen. Reinforcing its commitment towards promoting transparent, effective, and accountable governance, this month, the ICSI is organising its prestigious Corporate Governance Awards and 3<sup>rd</sup> National Convention of IPs and RVOs.

Further to support the Government of India-led global mass movement on 'LIFE: Lifestyle for Environment', the Institute releases a weekly flyer disseminating information on topics such as energy consumption consciousness, preventing food loss and food waste etc., that aims to encourage responsible behaviour in Indian citizens for sustainable lifestyle.

In the above context, this month's theme of the Journal on '**FEMA & FTP : Decoding the Journey of Foreign Exchange & Trade Legislation**' assumes particular significance. As India advances towards a model of sustainable and responsible economic growth, new avenues continue to emerge for attracting Foreign Direct Investment in India. The foreign trade policy regime in India is closely aligned with the principles of Good Governance, positioning the country as an attractive destination for global capital.

The theme-based articles on '**FEMA and FDI rules for E-Commerce Marketplaces: 100% Automatic Route Review**', '**Remodeling FEMA Governance: Integrating Financial Strategy and RegTech for FDI in India's Technology Sector**', '**The Trust Architecture: FEMA, FTP and the Governance behind India's Borders**', '**Foreign Exchange Legislation in India: Role of Professionals**', '**The Dual Pillars of Global Trade: Navigating India's FEMA, FT (D&R) Act, and the Enforcement Landscape**', and '**Hybrid Instruments & FOCCs: Decoding OCDs and OCPS Under FEMA**', reflect on the changing dynamic landscape of FEMA legislation, FDI, and FTP environment in India.

Further the Journal includes thought provoking articles on other topics such as '**Independent Director: Perspectives on Appointment, Re-appointment and Cooling off Period**', and '**BRSR Reporting and the Evolving ESG Landscape in India**'.

The research paper on, '**The Significance of AI for Governance Professionals and its Importance for CS: A Perspective**' presents a conceptual analysis based on review of existing literature on AI and its applications, explicating the emerging role of Company Secretaries in AI Governance.

The article in Global Connect section titled, '**Current Account Transactions: What is Acceptable? What is Not?**' explores regulatory framework surrounding Current Account Transactions, while incorporating perspectives from the OECD, the UK, and Singapore. It demonstrates the ways in which India's regime balances ease of doing business with regulatory oversights.

Happy Reading!

CS Asish Mohan  
(Editor - Chartered Secretary)



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Dr. Pramod Sawant, Hon'ble Chief Minister, Goa to discuss the role of ICSI and CS in realising the Vision of Viksit Bharat.



ICSI hosted Dr. Justice D.Y. Chandrachud, Hon'ble Former Chief Justice of India, at ICSI House, Lodi Road, and apprised him about the ongoing initiatives dedicated towards nation-building.



CS Dhananjay Shukla, President, The ICSI met with Shri Sanjay Seth, Hon'ble Minister of State for Defence and apprised him about the role of Company Secretaries and the ICSI in Nation Building.



CS Dhananjay Shukla, President, The ICSI met with Shri Devesh Chandra Thakur, Hon'ble Member, Lok Sabha and discussed about various initiatives of the ICSI.



CS Dhananjay Shukla, President, The ICSI met with Shri Giridhari Yadav, Hon'ble Member, Lok Sabha, to apprise him about the CS Profession and the various initiatives taken by The ICSI aimed towards building a strong and resilient India.



CS Dhananjay Shukla, President, The ICSI met with Shri Manoj Tiwari, Hon'ble Member, Lok Sabha, to apprise him about the CS Profession and the various initiatives taken by The ICSI aimed towards building a strong and resilient India.



CS Dhananjay Shukla, President, The ICSI met with Shri Ravi Shankar Prasad, Hon'ble Member, Lok Sabha & Former Union Minister, to apprise him about the vital role of Company Secretaries in India.



CS Dhananjay Shukla, President, The ICSI met with Shri Sanjay Jaiswal, Hon'ble Member, Lok Sabha, to apprise him about the role of The ICSI in Nation Building.



CS Dhananjay Shukla, President, The ICSI met with Shri Deepak Prakash, Hon'ble Member, Rajya Sabha, Co-In-charge, BJP Bihar and Ex-State President, BJP Jharkhand and apprised him about ICSI's initiatives towards advancing good Corporate Governance.



ICGN delegation led by CEO Ms. Jen Sisson, visited ICSI to discuss and devise a collaborative plan for enhancing global Corporate Governance & Sustainability policies and framework.



ICSI organised the inaugural celebration of commemoration of 150 Years of the National Song "Vande Mataram".



ICSI participated in Open House Session chaired by Secretary, MCA.



National Seminar of Kolkata Bidhannagar Society for Academic Advancement (KBSAA) in collaboration with EIRC of the ICSI and CCGRT held at ICSI-EIRC, CCGRT Kolkata Campus on November 15, 2025.



ICSI organised a Mega Placement Drive for Members and Students.



CS Pawan G Chandak, Vice-President, The ICSI interacted with Students at Pune Chapter of WIRC of The ICSI on December 3, 2025.



The ICSI joined as an Institutional Partner in the Seminar on 'Corporate Restructuring: Efficient Corporate Structures with Evolving Legal & Governance Framework' organized by PHD Chamber of Commerce & Industry at PHD House, New Delhi on November 28, 2025. Ms. Padma Jaiswal, IAS, Secretary, Government to the State & UT Secretary, Government of Puducherry was the Special Guest. CS NPS Chawla, Council Member, The ICSI represented ICSI at the Inaugural session.



Members at Chandigarh Chapter of NIRC of The ICSI had an interaction meeting with Shri Vinod Sharma, Regional Director (Northern Region-II), Ministry of Corporate Affairs and Shri Anupam Vashishit, Official Liquidator, Punjab & Haryana, who is also holding Additional Charge as Registrar of Companies, Punjab & Chandigarh.



SIRC of The ICSI held a meeting with Shri Vinod Kumar, Assistant Commissioner for SGST, Dept. of Commercial Taxes, Tamil Nadu on November 14, 2025



SIRC of The ICSI held a meeting with Shri Vamshi Krishna, Deputy ROC, Tamil Nadu and Andaman & Nicobar Islands on November 21, 2025.



Bhubaneswar Chapter of EIRC of The ICSI celebrated its 44<sup>th</sup> Foundation Day on November 23, 2025.



25<sup>th</sup> All India Company Law Quiz – National Final Round held at ICSI-EIRC, CCGRT Kolkata Campus on November 8, 2025.



Chandigarh Chapter of NIRC of The ICSI convened a meeting on November 26, 2025 with the senior officials of UIDAI, Chandigarh — Col. Harmeet Singh Kapoor, Director and Sh. Tejinder Pal Singh, Deputy Director.

## GLIMPSES FROM ICSI CCGRTs



8<sup>th</sup> Non-Residential CLDP was organized by ICSI-CCGRT, Mumbai from October 28 to November 12, 2025.



ICSI-CCGRT, Mumbai organized a comprehensive two days Residential/Non-Residential Workshop on 'FEMA' on November 15-16, 2025.



The ICSI International ADR Centre, in collaboration with ICSI-CCGRT Kolkata and ADAMAS University, organized a two-day Orientation Programme on Arbitration on November 15-16, 2025. CS Sandip Kumar Kejriwal, Central Council Member, The ICSI, Convenor of CCGRT Kolkata, and Programme Director graced the occasion.



A Training Workshop on Statutory Compliances, Disclosure, and the Regulatory Framework was organized by the Department of Public Enterprises & Industrial Reconstruction, Government of West Bengal, in collaboration with ICSI-CCGRT, Kolkata on November 17, 2025, at Kolkata. The session was graced by Shri Babul Supriyo, Hon'ble Minister-in-Charge, Department of Public Enterprises & Industrial Reconstruction, Government of West Bengal, Smt. Smita Pandey, IAS, Secretary, Department of Public Enterprises & Industrial Reconstruction, Government of West Bengal and CS Sandip Kumar Kejriwal, Central Council Member, The ICSI and Convenor of CCGRT Kolkata.

# This Month That Year



**2016** – ICSI President's Meeting with Hon'ble Union Minister of State for Finance and Corporate Affairs – CS Mamta Binani seen presenting a bouquet to Arjun Ram Meghwal (Hon'ble Union Minister of State for Finance and Corporate Affairs).

**2019** – 47<sup>th</sup> National Convention of Company Secretaries (November 14-16, 2019) held at Jaipur, Rajasthan.



**2021** – CS Nagendra D. Rao, President, ICSI welcoming Swami Suparnananda, Secretary, The Ramakrishna Mission Institute of Culture and Dr. Navrang Saini, Chairperson (Designate) & Whole-time Member, IBBI in 22<sup>nd</sup> National Conference of Practicing Company Secretaries held on 3-4 December 2021 at Kolkata.



**2023** – CS Manish Gupta, President, ICSI signed MOU on behalf of ICSI with the Institute of Management Accountants USA. Also present at the ceremony: CS B. Narasimhan, Vice President, The ICSI; Mr. Jayawardhan Semwal, CMA, Chair, IMA India Regional Advisory Committee Member & IMA Global Board Member, Mr. Guruprasad V, ACA, ACMA, ACS, IMA Regional Advisory Committee Member & Former President IMA Bangalore Chapter and CS Nagendra D Rao, Former President, The ICSI.



*“Christmas is a season not only of rejoicing, but of reflection.”*

- Winston Churchill



**Dear Professional Colleagues,**

**E**ven though December is the last month of the year, yet it is this very month that is seen as the harbinger of hope, joy, optimism, shared happiness and even more importantly as a mark of memorable endings and beautiful beginnings. As the fervour of Christmas engulfs us all, accompanying the full-fledged onset of winters, there is still left aplenty to accomplish before the year ends.

If the students have their Examinations to conquer, we as members and as an Institute have our responsibilities and roles well chalked out. But first things first, allow me to share the wondrous and momentous occasions that made our month gone by worthwhile...

#### **ICSI CONVOCATIONS : SHARING TIME AND SPACE WITH NEW ENTRANTS – ONE REGION AT A TIME**

One of the perks that come with the Office of the President is that you are a part of the journey of each and every new entrant into the profession throughout the year. It is through the Convocation ceremonies that we all so deeply revere that a chance is accorded to share the glorious moment of new members with them and their families.

The one thing that the two sets of Bi-annual Convocations, across years, have in common is the palpable zeal, the exhilaration, the joy of beginning a new phase of life but more than all of this is the satisfaction of finally being able to serve the nation.

The first in the series of the second bi-annual convocation at New Delhi's historic Siri Fort Auditorium was no different. This time as I stood on the podium to address the members stepping into the profession, the smiles of more than 800 members and their families practically lit up the entire auditorium space.

Not only I, but the entire hall was delighted in the presence of Shri Mithilesh Kumar Tiwari, Hon'ble Member, Legislative Assembly, Bihar, and Shri Anurag Bakshi, IRS (Retd), Former Chairman, Haryana Export Promotion Council, Government of Haryana, who graced the ICSI Convocation 2025 of the Northern Region. Their wisdom, pearls of knowledge, experiences shared from their own life, the anecdotes and couplets; each word came straight from the heart and touched the minds and hearts of all present.

As I congratulate the 'new entrants' from the Northern Region and fix in my calendar the dates for other regions, I am absolutely sure that each Convocation Ceremony will bring each one of us and each one of the participating members, moments of sheer delight and immense memorabilia.

The month ahead is surely filled with tremendous joy and delight...!

#### **JURY MEETING : SIEVING THE BEST – CREATING LEGACY**

**अस्माकं कार्याणि अस्मान्सावधीकरिष्यन्ति**

*(That is Only actions can define us.)*

As much as the ICSI National Awards for Excellence in Corporate Governance Awards are themselves,

the Jury meeting preceding the same is nothing short of a celebration in itself. With the tycoons of the Industry, the doyens of academia coming together within the bounds of a single room, and under the stable steering of Former Chief Justice of India, the meeting of the Jury for these Awards becomes a historic moment for all present. The deliberations define the expectations from the corporates of the future and redefine the responsibilities of the Governance Professionals. The companies who have made their way to this table lay the ground work for stipulating the best practices. And most importantly as much as these Awards test the corporates participating, they are a greater test of our own Company Secretaries shaping the governance frameworks of these entities.

We, at the ICSI, feel deeply humbled to have the privilege of Dr. Justice D. Y. Chandrachud, Hon'ble Former Chief Justice of India, chairing the Jury Meeting of 25<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance. Call it his years of experience with decision making, or his commitment to the very cause of governance, but it was quite honouring for us to witness him find time, days prior to the Jury meeting, and join us at the ICSI Headquarters to understand the very processes of the Awards, so as to have a well-informed stance and a steadfast decision.

With the decisions made and the awardees selected, as much as it is difficult for me to stay tight-lipped out of sheer excitement, I with my Team, am putting in our enthusiasm and our energies into making the Award Ceremony a memorable one.

To celebrations that lie ahead !!!

### **DECEMBER FOR STUDENTS : TESTING, TRYING AND LIFE ALTERING**

If there are bi-annual convocations, how can we forget that the Examination Sessions are bi-annual too. And it is these Examinations that have brought each one of the members where we stand today. So, when we see the younger generation walking from one end of the room to the other in a hope to cram the entire study material, the memories turn in refreshed – and a smile passes by. With the weather wanting us to snuggle in our blankets, the profession and the nation expects otherwise.

To each of you appearing, my best wishes...

And to each one of you standing with those appearing, my hopes that you will be extending

every help and guidance possible, soothe wrecking nerves and offer words of advice whenever needed.

Remember, the exams are not yours alone... Let us all sail through these with flying colours...!

### **ICSI STUDENT AMNESTY SCHEME : BRINGING THEM BACK**

Another initiative that must be shared through this message is the launch of a unique yet impactful initiative – the ICSI Student Amnesty Scheme.

Many of you, might have friends or come across people who would casually acknowledge as to how they got admitted to the CS Course but could not see it through. So, what we have for them, is a brilliant opportunity to join the ICSI family – to Rejoin; Restart; Rebuild their CS Journey...

Further details of the scheme can be readily and easily accessed at the ICSI website. The leaflet is also placed elsewhere in this edition for you to share it forward and spread the word...!

### **NEW INITIATIVES : TRANSFORMING THE 'NEW ENTRANTS' OF CS COURSE**

"Small changes eventually add up to huge results."

For us at ICSI, it has always been immensely significant as to what are we feeding to the brains of the young minds joining the Course of Company Secretaryship. And, it is equally imperative that their personas are built in such a manner that they come across as the right fit for the KMP roles that they are to take on in the future. For students aspiring to be future Board members, it requires the polishing of communication skills and honing a personality worthy for a global market.

Taking a two-pronged approach, where on one hand, the format of the online objective CSEET (the CS Executive Entrance Test) has been modified into a more subjective mode, and a One-day Student Induction Programme introduced; on the other hand, a new format of CLDP has been introduced which is completely Residential and aims to focus entirely on the aspects of overall Personality Development of our students.

The intent, by and large, of all these initiatives is to bridge any gap that may exist in the skill set of the future Governance Professionals and the needs and expectations of the corporates they are being made ready to serve. Another understanding is that our

professionals are a representative of the nation's governance culture on a global platform and as the nation aspires to be one of the Superpowers, the impression on the governance front should also be laced with perfection...

Let us all serve the nation better !!!

### **YUVOTSAV 2026 : THE FUN BELLS RING**

Once our students are done with the cackling sound of your fingers from filling in the answer sheets, it is time to let your hair down and keep the books aside for a while.

The celebration of the Birth Anniversary of Swami Vivekananda is a perfect opportunity for us as Team ICSI to connect with the youngest members of the family, have a peep into their hidden talents and connect with at a deeper level – going beyond the bounds of books, examination, training, so on and so forth...

I am extremely delighted to share that while up until last year, the Yuvotsav celebrations were limited to one city of the country – this year the plans have altered slightly.

Given your overwhelming response and participation, the ICSI has planned to host the Yuvotsav across all Regions and Chapters of ICSI with the Mega event at Chennai – all during the 11<sup>th</sup> and 12<sup>th</sup> of January, 2026.

For those celebrating it in their city, I hope you have picked up your poems, songs, dance and acts; and for those who have registered for the Mega Event, we hope that you have your tickets ready and bags packed to join us in the city that owns the largest beach of the country, Chennai.

It goes without saying that this event is going to be the perfect moment for you to meet the long-lost ones and make new friends, share your talents, and have boundless fun with all of us.

Your talents and their exploration await you !!!

### **MEETINGS AND GREETINGS : THE JOY THAT CANNOT BE PUT INTO WORDS**

A while ago as I sat to enlist the happenings of the month, the list of meetings conducted with various dignitaries, the handshakes and the discussions, all made my heart both feel humbled and swell with

pride at the same time. The pictures that are shared may not even be able to do complete justice to these emotions. I feel immense gratitude towards Dr. Pramod Sawant, Hon'ble Chief Minister, Goa; Shri Sanjay Seth, Hon'ble Minister of State for Defence; Shri Manoj Tiwari, Hon'ble Member, Lok Sabha; Shri Giridhari Yadav, Hon'ble Member, Lok Sabha, Shri Ravi Shankar Prasad, Hon'ble Member, Lok Sabha and Former Minister for Law and Justice; Shri Sanjay Jaiswal, Hon'ble Member, Lok Sabha; Shri Devesh Chandra Thakur, Hon'ble Member, Lok Sabha; Shri Deepak Prakash, Hon'ble Member, Rajya Sabha, Co-In-charge, BJP Bihar & Ex-State President, BJP Jharkhand for taking time out of their busy routines and sharing moments with us and during those moments, their offering their opinions, views, guidance and assurance of assistance.

With this I am equally delighted and honoured to share the visit extended to us by Ms. Jen Sisson, CEO, ICGN and her Team at the ICSI Headquarters, New Delhi to deliberate upon the global governance scenarios.

The next time I sit to pen this message, the year would have turned a new leaf, there would be moments which I would be eagerly waiting to share, some new initiatives launched, a few steps taken forward...

To name a few, the ICSI Capital Markets Week, the ICSI Board Mentorship Programme, will be keeping our calendars packed and our hearts full.

Needless to say, whatever we do, we will be moving forward. And I would expect each one of you to have taken a few steps ahead as well...

Just as the season is one of hope and joy, I wish that your days are filled with copious amounts of optimism and dedicated action...

Until then,

Merry Christmas !!!

Yours Sincerely

**CS Dhananjay Shukla**  
President, ICSI

# A ctivity Highlights of November, 2025

## MEETINGS WITH DIGNITARIES

• Dr. Pramod Sawant, Hon'ble Chief Minister, Goa	• Ms. Jen Sisson, CEO, ICGN
• Dr. Justice D.Y. Chandrachud, Hon'ble Former Chief Justice of India	
• Shri Mithlesh Kumar Tiwari, Hon'ble Member, Legislative Assembly, Bihar	
• Shri Anurag Bakshi, IRS (Retd), Former Chairman, Haryana Export Promotion Council	

## ICSI MEMBERS

### ICSI SECOND BI-ANNUAL CONVOCATION OF FY 2025-2026

The Institute organized the second bi-annual Convocation of FY 2025-2026 of the Northern Region for awarding the certificate of membership to its Associate and Fellow members admitted during the period from 1<sup>st</sup> April, 2025 to 30<sup>th</sup> September, 2025 and also to award prizes/medals to meritorious students (National) and certificates to PMQ awardees.

Date	Region	Guests	Venue
27.11.2025	Northern	Chief Guest: Shri Mithlesh Kumar Tiwari, Hon'ble Member of Legislative Assembly, Bihar  Guest of Honour: Shri Anurag Bakshi, IRS (Retd.), Former Chairman, Haryana Export Promotion Council	Siri Fort Auditorium New Delhi

## ICSI NATIONAL CONCLAVE FOR NCLT PRACTITIONERS - 2025

Date	Host	Speakers	Number
11.10.2025	Ahmedabad Chapter	<b>Guest of Honour:</b> CS Keyoor Bakshi, Former President – ICSI <b>Programme Director:</b> CS Rajesh C. Tarpara, Central Council Member  <b>Speakers:</b> CS (IP) Vinit Nagar, CS Manoj Hurkat, Adv. Ravi Pahwa, Sr. Adv. (CS) Navin Pahwa, Sr. Adv. Rakesh Sanjanwala, Sr. Adv. Mihir Thakore  CS Umesh Ved - Facilitator	138 (M) + 61 (S)
08.11.2025	Jaipur Chapter	<b>Chief Guest:</b> Hon'ble Justice Shri Sandeep Taneja, Judge, Rajasthan High Court <b>Guest of Honour:</b> Hon'ble Ms. Reeta Kohli, Judicial Member, NCLT Jaipur Bench <b>Programme Director:</b> CS Manoj Kumar Purbey, Central Council Member  <b>Speakers:</b> CS Nesar Ahmad, Former President, ICSI; CS Sushil Daga, Former Chairman NIRC-ICSI, CS Brij Kishore Sharma, Member ICSI Task Force NCLT & NCLAT, Adv. Manisha Chaudhary, Managing Partner-UKCA and Partners LLP CS (Adv) Rajiv Kumar Virmani, TVAMEV Legal; FCS Sucheta Gupta, PCS	120
29.11.2025	Bhubaneswar Chapter	<b>Chief Guest:</b> Shri Deep Chandra Joshi, Hon'ble Member (Judicial), NCLT, Cuttack Bench,  <b>Guest of Honour:</b> Sh. Banwari Lal Meena, Hon'ble Member (Technical), NCLT, Cuttack Bench  <b>Special Guest:</b> Shri Sudhir Kapoor, ROC-Cum-OL, MCA, Cuttack, Odisha <b>Programme Director:</b> CS Sandip Kumar Kejriwal, Central Council Member  <b>Speakers:</b> Sh. Ashutosh Mishra, Advocate; CS Saroj Kumar Sahoo; CS CMA L. D. Sahoo, Advocate; CS Gopinath Nayak, PCS, Sh. Rajat Panda (OJS) & Advocate	85

22.11.2025	Indore Chapter	<p><b>Chief Guest:</b> CS Ashish Garg, Member, Appellate Authority &amp; Former President, The ICSI</p> <p><b>Special Guests:</b> CS Manish Sitlani, HOD, School of Law, DAVV, Indore</p> <p>CS Pawan G Chandak, Vice President, The ICSI</p> <p><b>Program Director:</b> CS Ashish Karodia, Central Council Member</p> <p><b>Speakers:</b> CS Nesar Ahmad, Former President, ICSI; CS V N Dubey, Advocate, Indore; CS Dr. D K Jain, PCS; CS Pratik Tripathi, PCS; CS Manju Mundra, PCS</p> <p><b>Moot Court:</b> CS Anmol Jha &amp; CS Rohit Dubey</p>	90
29.11.2025	Hyderabad Chapter	<p><b>Chief Guest:</b> Shri A Veera Brahma Rao, Former NCLT Member (T) Hyderabad</p> <p><b>Speakers:</b> CS Dr. Pundla Bhaskara Mohan, Former NCLT Member (J); CS Mahadev Tirunagari, Vice Chairman, ICSI SIRC; CS Dr. Ahalada Rao V, Former VP, ICSI; CS Suhasini Ashok B., Founder Partner, Niyam Advisors LLP; CS Y Srinivas Arun, Partner, Dentons Link Legal, Hyderabad</p>	81

## CAPACITY BUILDING SERIES ON NPO MANAGEMENT/COMPLIANCES

Non-profit Organisations (NPOs) are created and operated for charitable or socially beneficial purposes. They operate in various sectors like education, healthcare, and rural development, etc. NPOs in India can be registered as Trusts, Societies, or Section 8 Companies. This series will guide members about the concepts and legal provisions, opportunities for Company Secretaries to handle assignments under the NPOs.

Date	Session	Topic	Faculty
07.11.2025	Session-2	Legal and Regulatory Framework of NPOs	CS Karthik Krishnan, CFO & Company Secretary, Tata Institute of Genetics and Society
16.11.2025	Session-3	Finance and Fundraising	CS (Dr.) Gopal Chandra Mondal, CFO & CS, Infrastructure Development Corporation (Karnataka) Limited, Bangalore
21.11.2025	Session-4	NPO Governance	CS S. C. Sharada, Founder, S C Sharada & Associates, Company Secretaries, Bengaluru
28.11.2025	Session-5	Project Management	CS Nivedita Krishna, Founder, Pacta, Bengaluru

## EEE 5.0: MASTER KNOWLEDGE SERIES

Date	Topic	Faculty	Link
12.11.2025	ReITS and InvITS	CS Richa Gupta Rohtagi, CS & Compliance Officer, Cube Highways	<a href="https://youtube.com/live/PEe_9IYztDY?si=TexHkB6OGKnTvmOO">youtube.com/live/PEe_9IYztDY?si=TexHkB6OGKnTvmOO</a>
19.11.2025	Integration of AI into Secretarial Operations	CS Puneet Bansal, Group Head-Governance, Adani Group	<a href="https://youtube.com/live/ITyND6f4j6g?si=pBa5_-YDGaCapigc">youtube.com/live/ITyND6f4j6g?si=pBa5_-YDGaCapigc</a>
26.11.2025	MCA User Awareness Session on Form AOC-4: Offline Utility	LTI Technical Team	<a href="https://youtube.com/live/ETC6G9l-1-Y?si=y-WoIgpiv8d3k9l6h">youtube.com/live/ETC6G9l-1-Y?si=y-WoIgpiv8d3k9l6h</a>

## JOINT PROGRAMME

The ICSI joined as an Institutional Partner in the Seminar on 'Corporate Restructuring: Efficient Corporate Structures with Evolving Legal & Governance Framework' organized by PHD Chamber of Commerce & Industry at PHD House, New Delhi on November 28, 2025. Ms. Padma Jaiswal, IAS, Secretary, Government to the State & UT Secretary, Government of Puducherry was the Special Guest. CS NPS Chawla, Central Council Member, The ICSI represented ICSI at the Inaugural session.

## WEBINAR ON LABOUR CODES (OVERVIEW AND WAY FORWARD)

Date	Topic	Faculty	Link
29.11.2025	Labour Codes (Overview and Way Forward)	Mr. Puneet Gupta, Partner, EY India	<a href="https://youtube.com/watch?v=ZcavUVaWUtI">youtube.com/watch?v=ZcavUVaWUtI</a>

## REPRESENTATIONS SUBMITTED

Date	Purpose	Authority
12.11.2025	Request to authorise Company Secretary in Practice to appear under Section 16(4) and Section 32 of the Foreign Exchange Management Act, 1999	Shri Sanjay Malhotra, IAS, Governor, RBI

## VIEWS AND SUGGESTIONS SUBMITTED

Date	Purpose	Authority
10.11.2025	Reserve Bank of India (Small Finance Banks – Governance) Directions, 2025 Reserve Bank of India (Payments Banks – Governance) Directions, 2025 Reserve Bank of India (Local Area Banks – Governance) Directions, 2025 Reserve Bank of India (Regional Rural Banks – Governance) Directions Reserve Bank of India (Urban Co-operative Banks – Governance) Directions Reserve Bank of India (Rural Co-operative Banks – Governance) Directions Reserve Bank of India (All India Financial Institutions – Governance) Directions Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions; Reserve Bank of India (Setting Up of Wholly-Owned Subsidiaries by Foreign Banks) Guidelines, 2025	RBI

## 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 Circle formed in November, 2025 for the FY 2025-26 were as under:

Region	Name of the Study Circle	Formation/Renewal
WIRC	Santacruz Study Circle of ICSI	Formation

## PEER REVIEW CERTIFICATES ISSUED

During the month November 2025, Peer Review of around 85 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](http://www.icsi.edu/media/webmodules>List_Peer_Reviewed_Practice_Units.pdf)

## ONLINE SESSIONS

Online Sessions of following Courses were organized during the month:

Certificate Course	PMQ Course	Crash Course
<ul style="list-style-type: none"> <li>Valuation of Securities/Financial Assets - Batch 4</li> <li>IBC - Batch 6</li> <li>ESG - Batch 2</li> <li>Corporate Restructuring - Batch 6</li> <li>Independent director - Batch 9</li> <li>Forensic Audit - Batch 9</li> <li>CSR – Batch 12</li> <li>IFSCA - Batch 2</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Internal Audit</li> <li>Arbitration</li> <li>Direct Tax</li> </ul>	<ul style="list-style-type: none"> <li>Interpretation of Statutes - Batch 2</li> </ul>

## CERTIFICATES ISSUED

In the current month, Certificates were issued to participants of the Crash Course on Related Party Transactions (Batch 4) following their successful completion of the online MCQ-based assessment.

## E-ACADEMIC CELL

- All online training programs and pre-examination tests were conducted regularly for students.
- Registration for Crash Course on Interpretation of Statutes with Reference to Company Law (Batch 2) closed.
- Registration for Certificate Course on Professional Reboot (Batch 3) opened.
- Certificates for Crash Course on AI and IT Tools (Batch 2) were generated following successful online assessments for this course and Professional Reboot (Batch 2).
- PMQ Course examination fee for the upcoming attempt collected.
- Project reports for eight certificate courses scheduled, and the batch and user for the 43<sup>rd</sup> online batch of the 50-hour RVO training program were created.

## PLACEMENT OPPORTUNITIES FOR COMPANY SECRETARIES

The ICSI stands committed to help all the associated companies and availing the services extended by the cell to conduct their recruitment drives for the position of Company Secretary/ CS Trainee in a time bound, hassle-free and mutually beneficial manner, and to help the members and students in getting the right placement offer. 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.

(November 2025)

No. of entities that Posted Jobs on the ICSI Placement Portal	99
No. of Openings available on the ICSI Placement Portal	126

For more details, kindly visit ICSI Placement Portal - [placement.icsi.edu](http://placement.icsi.edu)

## STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on November 30, 2025)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
21,891	33,328	8,021	38,367

## MEGA PLACEMENT DRIVE – II, 2025

The ICSI conducted the Mega Placement Drive – II, 2025 at its 4 Regional Offices and ICSI CCGRTs during the month of November, 2025. The MPD – II, 2025 was organised at:

Date	Venue
04.11.2025	SIRO (Southern India Regional Office)
07.11.2025	ICSI - CCGRT, Mumbai
08.11.2025	NIRO (Northern India Regional Office)
12.11.2025	ICSI - CCGRT, Hyderabad
22.11.2025	WIRO (Western India Regional Office)
29.11.2025	EIRO (Eastern India Regional Office)   ICSI - CCGRT, Kolkata

The drive witnessed the active participation of various recruiters (including Organisations and PCS firms) and job seeking Members of the ICSI. Around 74 Recruiters registered for the Mega Placement Drive – II, 2025. More than 133 members participated in the Mega Placement Drive – II, 2025 on pan India basis.

## ICSI SECTION 8 COMPANIES

### ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

- WORKSHOPS

Date	Subject	Speaker(s)	YouTube link
06.11.2025	IBC's Impact on Asset Reconstruction Companies and Corporate Debt Restructuring	IP Divya Soman CS and IP Amit Gupta	<a href="https://www.youtube.com/watch?v=t_fKUGyMbM">https://www.youtube.com/watch?v=t_fKUGyMbM</a>
<b>Perspectives on IBC - An Array (Series - XVIII)</b>			
10.11.2025	Detailed Process of Issuing Bank Guarantees in Banks and How to Handle Bank Guarantees during CIRP	CS and IP Siva Rama Prasad Puvvala	<a href="https://www.youtube.com/watch?v=7UA8k_nqKdI">youtube.com/watch?v=7UA8k_nqKdI</a>
11.11.2025	Detailed Process of Debtors/Account Receivables in Companies and How to Handle Debtors/Account Receivables during CIRP	CS and IP Siva Rama Prasad Puvvala	<a href="https://www.youtube.com/watch?v=Ilp52wEKGg">youtube.com/watch?v=Ilp52wEKGg</a>
12.11.2025	Cross Border Insolvency and Group Insolvency	CS and IP Suhasini Ashok B.	<a href="https://www.youtube.com/watch?v=TuhnW415Ujc">youtube.com/watch?v=TuhnW415Ujc</a>
13.11.2025	Practical Challenges in Handling Real Estate Cases under IBC	IP Chandra Prakash	<a href="https://www.youtube.com/watch?v=NSccmkzG1yc">youtube.com/watch?v=NSccmkzG1yc</a>
15.11.2025	Practical Challenges in Handling Voluntary Liquidation Assignments	CS and IP Amit Gupta	<a href="https://www.youtube.com/watch?v=W9_D3B_E0aA">youtube.com/watch?v=W9_D3B_E0aA</a>
22.11.2025	Committee of Creditors	CS and IP Rajinder Kumar CS and IP Partha Kamal Sen	<a href="https://www.youtube.com/watch?v=cMY68_MjqHk">youtube.com/watch?v=cMY68_MjqHk</a>
27.11.2025	Persistent Issues and Avoidance of Transactions under IBC	IP Prasad K Dharap CS and IP Sucheta Gupta	<a href="https://www.youtube.com/watch?v=mO1J4iQ-9G8">youtube.com/watch?v=mO1J4iQ-9G8</a> <a href="https://www.youtube.com/watch?v=xwBzxaGjbS8">youtube.com/watch?v=xwBzxaGjbS8</a>

- WEBINAR SERIES

Date	Subject	Speaker(s)	YouTube link
04.11.2025	Uncovering PUFE Transactions under IBC	CS and IP Prakul Thadi	<a href="https://www.youtube.com/watch?v=9KtsZ9ZHGMU">youtube.com/watch?v=9KtsZ9ZHGMU</a>
20.11.2025	Practical Challenges faced in Valuation, Transaction and Forensic Audit during CIRP	CS and IP Suhasini Ashok B.	<a href="https://www.youtube.com/watch?v=0gbpdDvGyLQ">youtube.com/watch?v=0gbpdDvGyLQ</a>
28.11.2025	Legal Prompt Engineering under IBC	IP Atul Grover	<a href="https://www.youtube.com/watch?v=CVfKHaymdpU">youtube.com/watch?v=CVfKHaymdpU</a>

- ROUNDTABLE

Date	Subject	Speaker(s)	YouTube link
01.11.2025	Insolvency and Bankruptcy Code (Amendment) Bill, 2025	IP Ravi Prakash Ganti	<a href="https://www.youtube.com/watch?v=zxVA7OGjB98">youtube.com/watch?v=zxVA7OGjB98</a>
14.11.2025	IBBI Discussion Paper dated 6 <sup>th</sup> November, 2025	CS and IP S. Rajendran	<a href="https://www.youtube.com/watch?v=EXHPRP0iIOS">youtube.com/watch?v=EXHPRP0iIOS</a>
24.11.2025	IBBI Discussion Paper dated 14 <sup>th</sup> &17 <sup>th</sup> November, 2025	CS and IP Suhasini Ashok B.	<a href="https://www.youtube.com/watch?v=L6hMPydh9Vw">youtube.com/watch?v=L6hMPydh9Vw</a>

- Joint Programs

- ICSI IIP jointly with ICSI conducted Certificate Course on IBC on

04.11.2025	11.11.2025	18.11.2025
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- ICSI IIP jointly with IBBI, IIIP ICAI and IPA ICAI conducted Training for insolvency professionals on 21-11-2025 to 23-11-2025.

## ICSI REGISTERED VALUERS ORGANISATION

- CPE (Continuing Professional Education) Programmes

Date	Topic	Faculty
27.11.2025	Appropriate Cost of Capital – A Critical Imperative for Business Valuations & Project	CS Pramod Jain

- 50 Hours Online Educational Course

November 12-18, 2025	Valuation of Securities or Financial Assets
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## 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

- 5<sup>th</sup> ICSI Board Mentorship Programme

The IGPI conducts the ICSI Board Mentorship Programme for Directors, including 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 domains 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 5<sup>th</sup> ICSI Board Mentorship Programme, to be held in Jaisalmer, Rajasthan, during January 08-11, 2025. For registrations visit [icsi.edu/media/webmodules/ICSI\\_Flyer\\_for\\_Jaisalmer\\_5th\\_Board\\_Mentorship.pdf](https://icsi.edu/media/webmodules/ICSI_Flyer_for_Jaisalmer_5th_Board_Mentorship.pdf)

## ICSI CCGRTs

### ICSI-CCGRT MUMBAI

- Member's Programmes

Dates	Name of Event/Activity	Guest/Speaker	Participants
15.11.2025	Two days Residential/Non-Residential Workshop on 'FEMA'	CS Sudha Bhushan, CS A Sekar, CS Ranganayaki Rangachari, CS Pramod Jain	45
16.11.2025			
27.11.2025	4 <sup>th</sup> ICC Conclave on the 'National Pension System' (Association Partner with Indian Chamber of Commerce)		

- Student's Programmes

Dates	Name of Event/Activity	Guest	Participants
28.10.2025- 12.11.2025	8 <sup>th</sup> batch of Non-Residential CLDP	<b>Inaugural session:</b> CS Susheela Kulkarni, Ex. CGM & CS, Hindustan Organic Chemicals Limited  <b>Valedictory session:</b> CS Ashish Karodia, Central Council Member & Convenor CCGRT, Mumbai	50

## ICSI-CCGRT HYDERABAD

Dates	Name of Event/Activity	Guest	Participants
13.11.2025	25 <sup>th</sup> CLDP Valedictory Session	CS Santoshi Reddy Velagala Vice President Finance, T-Hub Foundation	44
25.11.2025	26 <sup>th</sup> CLDP Inaugural Session	Mrs. Varalakshmi Yallanti Whole-Time Director & COO Officer, M/s. MOURI Tech Limited, Hyderabad	39

## ICSI-CCGRT KOLKATA

- Member's Programmes*

Dates	Name of Event/Activity	Guest	Participants
15.11.2025- 16.11.2025	2-day Orientation Programme on Arbitration by IIADRC, ICSI-CCGRT, Kolkata and ADAMAS University	Hon'ble Justice Toufique Uddin (Retd.), Calcutta High Court CS Pawan G Chandak, Vice President, ICSI, CS Sandip Kumar Kejriwal, Central Council Member of ICSI, Convenor, CCGRT Kolkata, & Prog. Director Dr. Souvik Roy, Dean, School of Law & Justice at Adamas University	25
17.11.2025	Training Workshop on Statutory Compliances, Disclosure, and the Regulatory Framework jointly by DPE & Industrial Reconstruction, West Bengal, and ICSI-CCGRT, Kolkata	Shri Babul Supriyo, Hon'ble Minister-in-Charge, DPEIR, Government of West Bengal; CS Sandip Kumar Kejriwal, Central Council Member of ICSI and Convenor of CCGRT Kolkata; Smt. Smita Pandey, IAS, Secretary, Department of Public Enterprises & Industrial Reconstruction, Government of West Bengal	150

- Student's Programmes*

Dates	Name of Event/Activity	Guest	Participants
01.11.2025- 15.11.2025	14 <sup>th</sup> batch of Residential CLDP	Shri Surya Narayan Panigrahi, AGM, SBI CS Sandip Kumar Kejriwal, Council Member, ICSI and Convenor, CCGRT Kolkata	16

## ICSI REGIONAL OFFICES

### ICSI-EIRO

- Student's Programmes*

Date	Event/Activity
08.11.2025	25 <sup>th</sup> All India Company Law Quiz – National Final Round
18.11.2025 to 04.12.2025	34 <sup>th</sup> 15-days Classroom EDP
11.11.2025 to 13.11.2025	17 <sup>th</sup> Three Days Orientation Programme
22.11.2025	23 <sup>rd</sup> All India Moot Court Competition – National Final Round
22.11.2025	Trainee Drive
26.11.2025 to 28.11.2025	18 <sup>th</sup> Three Days Orientation Programme
28.11.2025	5 <sup>th</sup> Debating Society Programme for students

- *Other Programmes*

15.11.2025	National Seminar of Kolkata Bidhannagar Society for Academic Advancement (KBSAA) in collaboration with EIRC of The ICSI and CCGRT
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### ICSI-SIRO

- *Member's Programme*

Date	Event/Activity
26.11.2025	National Constitution Day Oath Taking

- *Student's Programmes*

Date	Event/Activity
12.11.2025	ICSI Debating Society for Members and Students
12-14.11.2025	11 <sup>th</sup> TDOP organized
15-29.11.2025	8 <sup>th</sup> Webinar CLDP
17.11.2025	23 <sup>rd</sup> EDP commenced
12.11.2025	ICSI Debating Society for Members and Students
24.11.2025	Study Circle Meeting on "Charges" Speaker: CS Joshik Behara, Chennai
28.11.2025	ICSI Debating Society for Members and Students
29.11.2025	Trainee Drive for students of ICSI

- *Meetings with dignitaries*

Date	Dignitaries
14.11.2025	Shri Vinod Kumar, Asst. Comm. for SGST, Dept of Commercial Taxes, Tamil Nadu
21.11.2025	Shri Vamshi Krishna, Dy ROC, Tamil Nadu & Andaman

### ICSI-WIRO

- *Member's Programmes*

Date	Name of Event/Activity	Guest/Speaker	Number of Participants
09.11.2025	Critical Issues in the Companies Act, 2013	CS Sachin Mishra, General Counsel & CS, TATA Consulting Engineering Limited	58

- *Student's Programmes*

Date	Name of Event/Activity
25.10.2025-10.11.2025	35 <sup>th</sup> Batch of 15 days Classroom Mode Non-Residential CLDP
13.11.2025	Debate (Elocution) Competition 2025 – National Round
14.11.2025-29.11.2025	13 <sup>th</sup> Batch of 15 days CLDP (Webinar Mode))

- *Study Circle Meetings*

Date	Study Circle	Topic	Speaker
06.11.2025	Sangli Study Circle	"Farmer Producer Company – Compliance and Role of CS" & POSH Act, 2013 – Applicability and Compliance	CS Pradip Rasankar – PCS Sangli CS Vritika Parmar – PCS Sangli
09.11.2025	Kandivali Study Circle	Role of Company Secretary in ADR Management	Ms. Ayesha Damania, Advocate Mr. Gautam T Mehta, Advocate

17.11.2025	Adani (Corporate) Study Circle	Related Party Transactions: Recent Amendments	Group discussions
21.11.2025	L&T (Corporate) Study Circle	SEBI LODR – Regulation 30: Navigating Disclosure Requirements and Emerging Compliance Challenges	Ms. Saba Curtay – Chief Manager - Listing Compliance, NSEIL Mr. Dhaval Shah – Sr. Mgr. Listing Compliance, NSEIL
22.11.2025	Sangli Study Circle Meeting	Critical Points on Annual Filing, Drafting of Board Report & Technical Difficulties	CS Vinaykumar Khatavkar – PCS Sangli

## ICSI-NIRO

- Member's Programmes*

Date	Name of Event/Activity	Guest/Speaker	Number of Participants
29.11.2025	Seminar on “Company Secretary in the New Digital Era: Navigating the Convergence, Compliance and Dispute Resolution”	<b>Chief Guest :</b> Shri Ram Chandra Jangra, Hon'ble Member of Parliament (Rajya Sabha) <b>Guest Speakers :</b> CS Sussil Daga, Former Chairman, NIRC-ICSI, Managing Partner, Amicus Legal, Jaipur CS Savithri Parekh, CS & Compliance Officer, Reliance Industries Ltd., Mumbai CS Makarand Joshi, PCS, Mumbai CS Chetan Khurana, Domain Head & GM (Legal & Compliance), Hyundai Motor India Ltd., Gurugram	150 members

- Student's Programmes*

Date	Name of Event/Activity
13.11.2025	NIRC's Students' Team participated in National Final Round of All India Debate Competition held at Goa. NIRC's team adjudged 2 <sup>nd</sup> .
22.11.2025	NIRC's Students' Team participated in National Final Round of All India Moot Court Competition held at Kolkata. NIRC's team adjudged Winner.

- Other Activities*

Date	Name of Event/Activity
15.11.2025	NIRC's Premier Cricket League (Season 2) at SOP Arena, Sector-135, Noida
16.11.2025	

## ICSI EMPLOYEES

- Wellness Webinar on “Diabetes & the Workplace”*

A webinar was organized on November 11, 2025 on the topic “Diabetes & the Workplace” by Dr. Reddy's Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Dwarakanath CS, Endocrinologist & Diabetologist, Apollo Hospitals, BG Road, Bengaluru.

- Wellness Webinar on “Management of Hair fall”*

A webinar was organized on November 13, 2025 on the topic “Management of Hair fall” by Dr. Reddy's Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Akshay Goyal, Dermatologist.

## ICSI STUDENTS

### CAPACITY BUILDING

- **Capacity Building Certificate Course**

Approved by the Council in its 318<sup>th</sup> Meeting, this residential course is designed exclusively for Executive Programme Pass students. The 10-day Programme focuses on enhancing employability skills, providing practical insights, and equipping students with the necessary confidence to excel in the corporate world. It will be conducted once a year at eligible Regional Offices, Diamond Grade Chapters, and CCGRTs. A communication has also been sent to the concerned RC chapter offices.

- **All India Company Law Quiz 2025**

The **All India Company Law Quiz** is conducted each year with the objective 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 Final Round was conducted on November 08, 2025 in physical mode at EIRC. Winners of the ALCLQ 2025 :

- Ms. Harkiran Kaur (Executive Programme)
- Mr. Abhishek Choudhary (Professional Programme)

### FACILITATION AND RELAXATION

- **CS Mitr Scheme**

ICSI has introduced CS Mitr incentive Scheme wherein any person who is above 18 years of age is eligible to become CS Mitr under the scheme. Incentive @ ₹500 will be paid per student to the CS Mitr for each student registered in Executive Programme. To register visit: [smash.icsi.edu/Scripts/Registration/Mitr\\_Registration.aspx?rmode=1#](http://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.

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

Under the Scheme, Students who have passed the Executive Programme but did not register for Professional Programme - have an expired registration term and

not eligible for de-novo; can continue their study from Professional Programme, eliminating the need to repeat the Executive level. As a result, 732 students registered in Professional Programme since May 2014. The detailed information is available at: [icsi.edu/docs/Webmodules/REREGISTRATION.pdf](http://icsi.edu/docs/Webmodules/REREGISTRATION.pdf)

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

For students who started their CS Course but due to some personal reasons, discontinued after passing the Executive, the Institute is regularly communicating to encourage them to register for Professional to complete their CS Course. As a result, 16128 students registered in Professional Programme since August 2023.

- **Granting Associate Membership immediately after completion of CLDP 30 days/15 days in Online Mode (Alternative Method)**

The Institute has launched a scheme for allotment of Associate Membership Number to the CS students on the last day of CLDP 30 days/15 days in Online Mode (Alternative Method- through LMS on anytime/anywhere basis) subject to fulfilment of all the other conditions necessary for obtaining the Membership Number.

- **ICSI Samadhan Diwas**

61<sup>st</sup> Samadhan Diwas was organised on November 12, 2025 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.

- **Residential CLDP by ICSI-HQ**

ICSI-HQ organised Residential Corporate Leadership Development Program (CLDP) from 15.10.2025 to 01.11.2025.

- **Revision in the manner and mode of undergoing 30 days CLDP**

The Institute has revised the manner and mode of undergoing 30 days CLDP w.e.f. 1<sup>st</sup> October, 2025. The CS students would now be required to undergo CLDP Phase I - 15 days CLDP Classroom Mode (Non-Residential) and CLDP Phase II - 15 days CLDP Classroom Mode (Residential).

- **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, 13 Transcripts were issued. Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, 02 Education Verification requests of CS students were processed.

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

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. This will help the students to join classes at their nearest Regional/chapter Office.

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

The Institute has decided that the students enrolling into the Company Secretary Course under New Syllabus, 2022 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 for information to all concerned: [icsi.edu/media/webmodules/ATTENTION\\_STUDENTS\\_RECIPROCAL\\_EXEMPTION\\_NEW\\_SYLLABUS\\_2022\\_Updated.pdf](https://icsi.edu/media/webmodules/ATTENTION_STUDENTS_RECIPROCAL_EXEMPTION_NEW_SYLLABUS_2022_Updated.pdf)

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

The Institute decided to issue Professional Programme Pass Certificate online via DIGILOCKER. The students who passed on or after June 2021 Session of Examination can download Professional Pass Certificate from DIGI Locker.

- **Real Time Guidance for Students**

The Institute has prepared Frequently Asked Questions (FAQs) on the queries received from Stakeholders / Students to give more clarity on the issues and real time guidance. The FAQs are hosted on website at:

- *Executive Switchover : [icsi.edu/media/webmodules/ExecutiveFAQ\\_SW\\_24082023.pdf](https://icsi.edu/media/webmodules/ExecutiveFAQ_SW_24082023.pdf)*
- *Professional Switchover to New Syllabus: [icsi.edu/media/webmodules/Executive\\_FAQ\\_SW\\_23022023.pdf](https://icsi.edu/media/webmodules/Executive_FAQ_SW_23022023.pdf)*

- **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.).

- **Activation of Switchover Option along with Pre-Examination Fee for Professional Programme Old Syllabus (2017) Students**

The Institute has notified that candidates who have registered under the CS Professional old syllabus (2017) can switch over to CS Professional new syllabus (2022) comprising 7 papers. Accordingly, the portal for switchover from old syllabus (2017) to New Syllabus (2022) along with Pre-Examination Fee has been activated for Professional Programme students w.e.f., November 20, 2023.

- **Compulsory Bulk Switchover from Old Syllabus – 2017 to New Syllabus – 2022**

The last examination under Professional Programme (Old Syllabus) has been conducted during June, 2025 Session. From December, 2025 Session onwards, all students under Professional Programme (Old Syllabus) shall be compulsorily required to switchover to Professional Programme (New Syllabus). No further extensions will be granted for the Professional Programme under the 2017 (Old) Syllabus. Starting from December 2025 for Professional Programme students, a compulsory switch to the New Syllabus will be applicable.

## DECEMBER 2025 EXAMINATIONS

- **Online Master Classes**

ICSI conducted online Master Classes for the students on critical topics of the CS Executive and Professional Programme (New Syllabus, 2022) appearing in December Examinations. These classes are specially designed to help the students in:

- Strengthening conceptual clarity on critical topics.
- Understanding the exam pattern and expectations.
- Revising the entire syllabus before the examination.

- **Online Doubt clearing classes**

ICSI is conducting online doubt clearing classes for the students appearing in December 2025 examination. These Classes are being conducted for Executive and Professional Programme for all subjects. The classes are being taken by renowned and distinguished faculties with enriched teaching experience. The students are submitting their queries through Google link which is being given to them after registration. They can also interact live with the faculties through the chat box during the classes.

## 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	138
No. of Training/Semi-qualified Opportunities available on the ICSI Placement Portal	222

For more details, kindly visit ICSI Placement Portal - [placement.icsi.edu/PlacementApp/](https://placement.icsi.edu/PlacementApp/)

## COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

- **Last CSEET exam under old CSEET Structure (January 2026 Session)**

The last exam session under old Company Secretary Executive Entrance Test (CSEET) structure will be conducted on January 10, 2026 through Remote Proctored mode.

- **Centralized online Classes of CSEET**

Online Centralized classes are being conducted for students registered for the upcoming Session of CSEET. Faculties with vast experience take these classes.

- **Restructuring of COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET) (Effective from June 2026 Session)**

The Institute is striving to continuously enhance the quality of education, professional standards, and overall learning experience for aspiring Company Secretaries. In line with this objective, a comprehensive review of the Company Secretary Executive Entrance Test (CSEET) structure has been undertaken by the Institute. The

first session of restructured CSEET will be held in June 2026. The registrations for 1<sup>st</sup> restructured CSEET will commence from February 16, 2026 to May 31, 2026.

*Fee Structure:*

Fee at the time of CSEET Registration (Inclusive of Student Induction Programme (SIP) and Online Classes)	₹7500
Examination Fee (to be paid separately - Per Session)	₹1500

- Registration for CSEET Classes at the time of CSEET Registration***

CSEET students can register directly for CSEET classes conducted by Regional/Chapter Offices at the time of CSEET registration. This will help the students to join classes hassle-free at their nearest location. Link to register [smash.icsi.edu/Scripts/CSEET/Instructions\\_CSEET.aspx](http://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx)

- Exemption to Graduates and Post-Graduates from appearing in CSEET and enabling them to take direct admission in CS Executive Programme***

Graduates or Post-Graduates (without any criteria of minimum % of marks) in any discipline of any recognized University or any other Institution in India or abroad recognized as equivalent thereto by the Council are exempt from appearing in CSEET enabling them to take direct admission in CS Executive Programme on payment of applicable exemption fees along with requisite registration fees. For more details, click [www.icsi.edu/media/webmodules/granting\\_exemption\\_230621.pdf](http://www.icsi.edu/media/webmodules/granting_exemption_230621.pdf)

- CSEET Guide – I and CSEET Guide – II to be provided mandatorily to all students***

The Institute has decided that the ***CSEET Guide – I*** and ***CSEET Guide – II*** will be sent to all the students registering for CSEET by post, for which ₹500 will be taken at the time of registration from the students registering for CSEET in addition to ₹1500 (CSEET Registration fee).

- CSEET Reference Reading Material (I and II) for all students at the time of CSEET registration on optional basis***

CSEET Reference Reading Material (I and II) will be provided optionally to all the students at the time of CSEET registration. Students are required to remit ₹1000 in addition to ₹2000. The same is available at: [www.icsi.edu/reference-reading-material/](http://www.icsi.edu/reference-reading-material/)

## KNOWLEDGE UPGRADATION

- Online Master Classes Starting***

ICSI has started conducting Online Master Classes from September 15, 2025 for CS Executive and Professional students (New Syllabus, 2022) on critical topics, particularly targeting December 2025 examinees. These interactive, exam-focused sessions are being conducted by expert faculty and include case studies, practice questionnaires, and motivational guidance. Recordings will also be available on the ICSI LMS platform to support revision and effective preparation. Through this initiative, ICSI aims to strengthen conceptual clarity, improve exam readiness, and build professional competence among its students.

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

The journals for the month of **November, 2025** are available at: [www.icsi.edu/e-journals/](http://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](http://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/](http://www.icsi.edu/infocapsule/)

## CAREER AWARENESS

- Career Awareness Programmes conducted across the country***

S. No.	Region	Name of Institution	Date	Venue
1.	WIRC	Dr. Shashikala Potnis College of Art & Commerce	06.11.2025	Palghar
2.	WIRC	Tolani College of Commerce (Junior College)	08.11.2025	Mumbai
3.	WIRC	Hind Seva Parishad's Public High School & Junior College of Sc. & Com.	14.11.2025	Mumbai
4.	WIRC	Kanya Vidya Mandir Junior College of Commerce	14.11.2025	Mumbai
5.	WIRC	Vivek College of Commerce	18.11.2025	Mumbai
6.	WIRC	Kannada Bhavan Education Society's High School	18.11.2025	Mumbai
7.	SIRC	Maharishi Vidya Mandir	05.11.2025	Chennai
8.	SIRC	The PSBB Millennium School	05.11.2025	Chennai
9.	SIRC	Velammal Bodhi Campus	20.11.2025	Chennai
10.	SIRC	A.M. Jain School	21.11.2025	Chennai
11.	SIRC	Jaigopal Garodia Vivekananda Vidyalaya	22.11.2025	Chennai
12.	EIRC	Methodist School	06.11.2025	Dankuni

13.	EIRC	DAV Public School	10.11.2025	Asansol
14.	EIRC	India International School	10.11.2025	Asansol
15.	EIRC	Eastern Railway H. S. School	10.11.2025	Asansol
16.	EIRC	Techno India Group Public School	12.11.2025	Garia
17.	EIRC	School of Law & Justice, Adamas University	16.11.2025	Barasat
18.	EIRC	JNV	19.11.2025	Pachim Midnapore
19.	EIRC	DAV	19.11.2025	Pachim Midnapore
20.	EIRC	Ramkrishna Mission Shilpamandira	22.11.2025	Belur
21.	EIRC	Jangipur Muniriah High Madrasha (H.S)	24.11.2025	Jangipur
22.	EIRC	Jangipur Girls' High School (H.S.)	24.11.2025	Jangipur
23.	EIRC	Raghunathganj Girls' High School	24.11.2025	Jangipur
24.	EIRC	Jangipur High School (H.S.)	24.11.2025	Jangipur
25.	EIRC	Raghunathganj High School	24.11.2025	Jangipur
26.	EIRC	Raghunathganj Rani Bhabani Vidyaniketan	24.11.2025	Jangipur
27.	EIRC	Jangipur College	25.11.2025	Jangipur

## Others Programmes

NIRC	Dr. Sarvepalli Radhakrishnan Auditorium, KVS No. 2, Delhi Cant. (Mega Career Awareness Programme attended by 800+ students from various KVSs)	13.11.2025	Delhi
EIRC	National Seminar of Kolkata Bidhannagar Society for Academic Advancement (KBSAA) in collaboration with EIRC of The ICSI and CCGRT	15.11.2025	Kolkata

- **Career Guidance Sessions conducted**

Career guidance programmes are conducted to help students, their families, teachers, and peer groups make informed decisions regarding their career paths. Invites were received from the following for conducting Career Guidance Sessions:

- Navodaya Vidyalaya Samiti for conducting Career guidance sessions across their schools
- NESTS, Ministry of Tribal Affairs for conducting Career guidance sessions across EMRS schools in the country
- Central Board of Secondary Education for conducting Career guidance sessions across all their schools in the country based on the circular, ICSI is conducting Career Guidance sessions across their schools.

- **Initiative on displaying Career Guidance Flyer at the website or other platforms of local/state**

As part of its ongoing efforts to promote Career Awareness and Guidance, ICSI recently collaborated with the National Institute of Open Schooling (NIOS) to display the ICSI Career Guidance flyer on their official website. This initiative is aimed at enhancing visibility and outreach for our profession among students at the school level.

- **Coordination with District Magistrates for Propagation of Company Secretaryship Course through Gram Panchayats**

To strengthen the penetration of its Career Awareness initiatives, the Institute has resolved to seek active support of the District Magistrates (DMs) across the country. DMs being the administrative heads of districts, can play a catalytic role in facilitating the conduct of ICSIs CAPs in schools, colleges, universities,

and most importantly, through Gram Panchayats. To this effect, the letters addressed to the District Magistrates are being sent through concerned Regional/ Chapter offices appealing them to extend support by issuing directives to educational institutions and Gram Panchayats under their jurisdiction, enabling ICSI to propagate the CS Course in a structured and impactful manner.

- **All India Online Current Affairs and GK Quiz**

The Institute conducts All India Online GK Quiz for students of Class 11<sup>th</sup> and 12<sup>th</sup>. Students passed 12<sup>th</sup>, pursuing Graduation/Post-graduation in any stream are also eligible to appear in the quiz. There are three rounds in the competition. Top three winners are given cash award of ₹50,000, ₹25,000, and ₹10,000 respectively. Special appreciation award and consolation prizes are also given. Final Round of All India Current Affairs & GK Quiz-2025 was conducted on November 28, 2025 through online mode.

- **Constitution Day Online Quiz**

Akin to previous years, on 26<sup>th</sup> November, the ICSI organized an online quiz to mark Constitution Day, aiming to enhance constitutional awareness among students at various academic levels. The quiz was accessible online and open to broad participation, with certificates and prizes awarded to top performers.

## DIGITAL ICSI

- Implementation of an automated system in STIMULATE Portal to send birthday wishes to Members through WhatsApp Messaging service.
- Implementation of enhancements in the SMASH Portal to collect contact details of the parents (both father's and mother's) during Executive Registration of the students joining after Graduation.

# Jury Meeting of 25<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance, 2025

Date & Venue : November 28, 2025 at New Delhi

Chairman : Dr. Justice D.Y. Chandrachud, Hon'ble Former Chief Justice of India





# ICSI Convocation 2025 organized by NIRC of The ICSI on November 27, 2025 at New Delhi

**Chief Guest :** Shri Mithlesh Kumar Tiwari, Hon'ble Member, Legislative Assembly, Bihar

**Guest of Honour :** Shri Anurag Bakshi, IRS (Retd), Former Chairman, Haryana Export Promotion Council, Government of Haryana



# ICSI National Conclave for NCLT Practitioners – 2025

**Theme : NCLT/NCLAT: Complete Corporate Jurisdiction for Dispute Resolution**

**Date & Venue : October 11, 2025, Ahmedabad**

**Guest of Honour : CS Keyoor Bakshi, Former President, The ICSI**



**Date & Venue : November 8, 2025, Jaipur**

**Chief Guest : Shri Sandeep Taneja, Hon'ble Justice – Rajasthan High Court**

**Guest of Honour : Ms. Reeta Kohli, Hon'ble Judicial Member – NCLT, Jaipur Bench**



**Date & Venue : November 22, 2025, Indore**

**Chief Guest : CS Ashish Garg, Member, Appellate Authority & Former President, The ICSI**  
**Special Guests : CS Manish Sitlani, HOD, School of Law, DAVV, Indore**  
**CS Pawan G Chandak, Vice President, The ICSI**



**Date & Venue :** November 29, 2025, Hyderabad

**Chief Guest :** Shri A Veera Brahma Rao, Former NCLT Member (T), Hyderabad



**Date & Venue :** November 29, 2025, Bhubaneswar

**Chief Guest : Shri Deep Chandra Joshi**, Hon'ble Member (Judicial), NCLT, Cuttack Bench  
**Guest of Honour : Shri Banwari Lal Meena**, Hon'ble Member (Technical), NCLT, Cuttack Bench  
**Special Guest : Shri Sudhir Kapoor**, Registrar of Companies-Cum-OL, MCA, Cuttack, Odisha



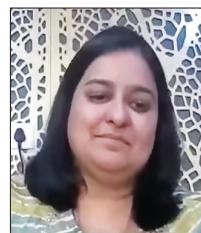
## EEE 5.0: Master Knowledge Series

### WEBINAR ON

REITs and InvITs held on November 12, 2025



**Faculty:**  
**CS Richa Gupta Rohatgi**  
 Company Secretary &  
 Compliance Officer, Cube Highways



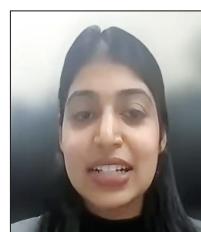
**Moderator:**  
**CS Surbhi Jain**  
 The ICSI

### WEBINAR ON

Integration of AI into Secretarial Operations held on November 19, 2025



**Faculty:**  
**CS Puneet Bansal**  
 Group Head-Governance,  
 Adani Group



**Moderator:**  
**Ms. Nisha Chaudhary**  
 The ICSI

### WEBINAR ON

MCA User Awareness Session on Form AOC-4: Offline utility  
 held on November 26, 2025



**Faculty:**  
**Technical Team from LTI**



**Moderator:**  
**CS Rajesh Tarpala**  
 Central Council Member,  
 The ICSI

### WEBINAR ON

Labour Codes (Overview and Way Forward)  
 held on November 29, 2025



**Speaker:**  
**Mr. Puneet Gupta**  
 Partner, EY India



**Moderator:**  
**CS Suruchi Verma**  
 The ICSI

## Capacity Building Series on NPO Management/Compliances

### WEBINAR ON

Session-2: Legal and Regulatory Framework of NPOs  
held on November 7, 2025



**Faculty:**  
**CS Karthik Krishnan**  
CFO & Company Secretary, Tata  
Institute of Genetics and Society



**Moderator:**  
**CS Suruchi Verma**  
The ICSI

### WEBINAR ON

Session-3: Finance and Fundraising held on November 16, 2025



**Faculty:**  
**CS (Dr.) Gopal Chandra Mondal**  
CFO & Company Secretary, Infrastructure  
Development Corporation (Karnataka)  
Limited, Bangalore



**Moderator:**  
**CS Kanika**  
The ICSI

### WEBINAR ON

Session-4: NPO Governance held on November 21, 2025



**Faculty:**  
**CS S. C. Sharada**  
Founder, S. C. Sharada & Associates,  
Company Secretaries, Bengaluru



**Moderator:**  
**CS Suruchi Verma**  
The ICSI

### WEBINAR ON

Session-5: Project Management held on November 28, 2025



**Faculty:**  
**CS Nivedita Krishna**  
Founder, Pacta, Bengaluru



**Moderator:**  
**CS Surbhi**  
The ICSI

**Vision**

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

**Motto**

सत्यं वद। धर्मं चर। वृत्तं त्रुट्यं बोगं द्वयं लघ्व।

**Mission**

"To develop high calibre professionals  
 facilitating good corporate governance"

# 5<sup>th</sup> ICSI Board Mentorship Programme

**REGISTRATION  
 OPEN**

8<sup>th</sup> to 11<sup>th</sup> January, 2026 @ Desert Valley Resort, Jaisalmer, Rajasthan

## Registration Fee (Residential)

Delegate Category	For Single Occupancy	For Double Occupancy
Director/ Independent Director/ Executive Director/ Non-Executive Director/ Aspiring Directors/ Sr. Management/ Professionals/ Members of ICSI	₹60000	₹55000
(Excluding GST@18%)		

Spouse and Children (18 Years and above) can accompany the delegate for nominal additional cost of ₹35000 plus GST per person.

- ⇒ The above fee includes Accommodation, Breakfast, Lunch, Dinner, Morning Tea, Evening Tea, Programme Kit and Sight Seeing.
- ⇒ Free pick and drop facility for the group of delegates at the decided time scheduled between Jaisalmer Airport to Desert Valley Resort, Jaisalmer.
- ⇒ Accompanying children must be above 18 years of age.
- ⇒ Registration for the Programme should be through online mode only. Please note that payment will not be accepted through DD, Cash, Cheques etc.
- ⇒ The Institute reserves all rights to make any change in the programme, in case of any unforeseen situation/ restriction imposed by Government.
- ⇒ The fee is payable in advance and is non-refundable.

**Registration Link:** <https://stimulate.icci.edu/RO/Home/delegateportal/344>

For any query/clarification, please contact:

Tel: 011 - 4534 1034 | Email: [mrinal.madhur@icci.edu](mailto:mrinal.madhur@icci.edu)



**CS Dhananjay Shukla**

President, The ICSI & Director, IGPI

**CS Pawan G. Chandak**

Vice President, The ICSI & Director, IGPI

**CS Manish Gupta**

Former President, The ICSI & Director, IGPI

**CS Asish Mohan**

Secretary, The ICSI & Director, IGPI

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[www.icci.edu](http://www.icci.edu) | | Online helpdesk : <http://support.icci.edu>

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## GLOBAL CONNECT



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- Current Account Transactions: What is Acceptable and What is Not?  
*A Governance Perspective for Indian Company Secretaries*

# Current Account Transactions: What is Acceptable and What is Not?

## A Governance Perspective for Indian Company Secretaries

Current Account Transactions (CATs) form the backbone of India's cross-border economic activity, covering trade in goods and services, remittances, dividends, interest, travel, and education payments. While they are generally permissible, they operate within a structured regulatory framework under the Foreign Exchange Management Act, 1999 (FEMA), ensuring that foreign exchange outflows remain transparent, legitimate, and aligned with national economic priorities. Company Secretaries play a crucial role in interpreting these rules, liaising with Authorised Dealer (AD) banks, and ensuring that each outward payment meets documentation, compliance, and reporting standards. The article explores permissible CATs, requiring prior approval, and prohibited activities; supported by practical governance insights. It also brings global perspectives from OECD, UK & Singapore frameworks, demonstrating how India's regime balances ease of doing business with regulatory oversight. Strong internal controls, board-level awareness, and proactive compliance help organisations to navigate CAT rules confidently and avoid adverse regulatory consequences.



### CS Shreya Ghosh, ACS

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## INTRODUCTION

Current Account Transactions (CATs) appear deceptively simple at first glance; routine payments for trade, services, remittances, travel, or educational expenses that do not alter the assets or liabilities of a person resident in India. Yet anyone who has worked in corporate FEMA compliance knows that complexities often arise precisely within this seemingly straightforward space. As organisations expand their global footprint, cross-border payments have become deeply intertwined with business strategy, contractual arrangements, tax assessments, and operational decisions. In parallel, Company Secretaries have evolved from mere compliance officers to strategic custodians of governance, risk, and regulatory alignment.

In this context, understanding what constitutes a CAT, what is freely permissible, and what falls into the sphere of regulatory scrutiny is no longer an academic exercise. It is a practical and indispensable governance requirement. This article adopts a practitioner's lens to demystify

CATs within India's FEMA framework while placing the discussion in an international context. The aim is to help governance professionals operate with clarity, confidence, and compliance consciousness.

## WHY CURRENT ACCOUNT TRANSACTIONS MATTER FOR GOVERNANCE PROFESSIONALS?

In today's regulatory environment, even a single mis-categorised outward remittance can trigger a chain of undesirable consequences. Governance professionals frequently encounter situations where a payment that appears routine at the business level reveals deeper regulatory implications upon closer scrutiny. Missteps may result in FEMA non-compliance, penalties under the compounding framework, reputational concerns, delays in funding flows, and extended questioning from auditors or Authorised Dealer (AD) banks. They may also create obstacles during due diligence events such as fundraising, M&A processes, or IPO readiness assessments.

CATs sit at the intersection of multiple governance domains. They involve foreign exchange management, board-level financial decision-making, internal controls, tax considerations, and reporting obligations. A Company Secretary's role is not limited to checking regulatory boxes. It extends to ensuring that the organisation's cross-border dealings align with statutory expectations, internal policies, and ethical business conduct. In this sense, mastery over current account transaction governance is a strategic competency—not merely a compliance function.

## THE LEGAL FOUNDATION: FEMA AND THE PRINCIPLE OF FREEDOM

The Foreign Exchange Management Act, 1999 (FEMA) represents a paradigm shift from the control-centric regime of FERA to a more liberalised and facilitative framework. Section 5 of FEMA establishes a core legal principle: CATs

are generally permitted unless expressly restricted by the Central Government or by the Reserve Bank of India (RBI). This is often described as the 'freedom principle', where permissibility is the default rule.

In contrast, Section 6, which governs CATs, adopts the opposite presumption: CATs are prohibited unless specifically permitted. This fundamental dichotomy shapes the interpretation of every cross-border payment. For Company Secretaries, appreciating this distinction is the starting point for classifying transactions correctly and advising internal stakeholders appropriately.

The detailed regulatory architecture is laid down through the Current Account Transaction Rules, 2000 (CAT Rules), RBI Master Directions on export and import of goods and services, and various circulars. Collectively, they define the contours of permissible, partly restricted, and prohibited CATs.

## UNDERSTANDING WHAT CONSTITUTES A CURRENT ACCOUNT TRANSACTION

A CAT is essentially a payment or receipt that does not involve the creation or liquidation of an asset or liability outside India. These transactions relate to the day-to-day needs of individuals and businesses and support ongoing economic activity without altering the balance sheet.

In practice, CATs broadly include trade-related payments, operational business expenses, travel and educational payments, remittances for medical treatment, income such as dividends and interest, and short-term banking transactions. They facilitate commercial operations and personal spending without meaningfully changing long-term financial positions.

While simple in definition, the challenge lies in the fact that the boundary between current and capital account transactions can sometimes blur. Certain payments—particularly those involving intellectual property, intangible rights, inter-company arrangements, or multi-year obligations—require a more nuanced assessment. Governance professionals must therefore evaluate each transaction not just on its face value but on its substance and long-term implications.

## WHAT IS FREELY PERMITTED: THE LANDSCAPE OF ACCEPTABLE CURRENT ACCOUNT TRANSACTIONS

A substantial number of CATs are consciously kept outside the approval regime, allowing businesses to operate efficiently in a globalised environment. These freely permitted items rely on AD banks to act as the first line of regulatory interpretation and risk management.

- **Trade-Related Payments**

Import and export payments constitute the largest category of current account transactions. These include payments for goods, services, consultancy, software development, licensing, technical support, and professional services provided by overseas parties.

The general rule is that such payments are freely permitted subject to KYC, documentation, purpose coding, and anti-money laundering checks. As international trade structures become more complex, documentation plays a critical role in enabling banks to verify the commercial legitimacy of the transaction.

- **Payments for Professional and Consultancy Services**

Globalisation has expanded the need for consultancy and specialised services from foreign entities—whether in technology, legal advisory, engineering, design, product development, or industry-specific expertise. Payments for such services are largely permissible without requiring prior RBI approval, provided they fall outside the specific restricted or prohibited categories under CAT Rules. From a governance viewpoint, clarity in contracts, scope of work, and deliverables ensures smooth processing and mitigates regulatory questions.

- **Travel, Education, and Medical Remittances**

Corporate travel payments, training program expenses, and reimbursements for employees undergoing international skill development fall within the domain of permissible current account transactions. For individuals, the Liberalised Remittance Scheme (LRS) places annual limits, but corporate entities are not subject to LRS caps. Educational and medical payments continue to be treated liberally, supported by streamlined documentation norms.

- **Dividend and Interest Payments**

Payments relating to the distribution of profits or income to non-resident shareholders and lenders are permitted, subject to compliance with company law, tax regulations, transfer pricing norms where applicable, and adherence to sectoral FDI caps. These payments represent legitimate commercial obligations and constitute a significant share of current account outflows in many corporate structures.

- **Routine Business Operational Payments**

Modern business operations necessitate frequent payments for global SaaS subscriptions, cloud hosting, online advertising, digital tools, participation fees for international conferences, and memberships in global professional associations. These payments are freely permissible but require careful attention to purpose codes and supporting documentation to avoid misinterpretation.

## UNDERSTANDING WHAT IS NOT ACCEPTABLE: THE REGULATED AND PROHIBITED AREAS

Although FEMA adopts a liberalised posture, certain CATs remain prohibited due to policy priorities or regulatory risk. Others may be permitted only with prior approval. Governance professionals must remain particularly vigilant about these categories.

- **Prohibitions Under Rule 3 of CAT Rules**

Rule 3 sets out categories where outward remittances are expressly disallowed. These include remittances relating to lottery winnings, earnings from racing or riding, purchase of lottery tickets or proscribed items, payments for hedging in overseas commodity markets, and certain call-back services. These prohibitions are absolute and cannot be circumvented through alternate structures.

- **Transactions Requiring Prior Approval**

Rule 4 outlines transactions that require government or RBI approval when exceeding specified limits. Examples include certain cultural remittances, film-related payments, publicity or advertisement expenditures beyond thresholds, hiring of foreign ships or aircraft, and high-value consultancy payments in limited scenarios. While the need for approvals has reduced over time due to liberalisation, the framework remains relevant and must be monitored closely.

- **Risks Arising From Misclassification**

Among the most frequent sources of FEMA non-compliance is the misclassification of a capital account payment as a current account transaction. Payments relating to overseas investments, loans to non-residents, share transfers, guarantees, acquisition of intangible rights with long-term implications, or setting up of overseas offices fall within the capital account domain. Routing such payments incorrectly exposes organisations to regulatory scrutiny, compounding, and adverse audit observations.

- **Crypto-Related Remittances**

RBI maintains a conservative stance on cryptocurrencies and virtual digital assets. Banks routinely block outbound remittances linked to the purchase or trade of crypto assets or payments to overseas crypto exchanges. Governance professionals must therefore treat any crypto-adjacent remittance request with heightened caution.

A Company Secretary's role is not limited to checking regulatory boxes. It extends to ensuring that the organisation's cross-border dealings align with statutory expectations, internal policies, and ethical business conduct.

## AN INTERNATIONAL PERSPECTIVE: COMPARING INDIA'S REGIME WITH GLOBAL JURISDICTIONS

A comparative global analysis helps to understand the policy rationale behind India's framework. Countries differ considerably in their treatment of foreign exchange transactions depending on economic priorities, regulatory philosophies, and capital flow management strategies.

- **United States**

The US operates almost a fully liberal regime for both current and CATs. Foreign exchange controls are minimal, with restrictions arising primarily from

sanctions, anti-money laundering norms, and sector-specific controls in sensitive industries. The regulatory philosophy prioritises market freedom coupled with strong financial crime supervision.

- **European Union and United Kingdom**

The EU and UK adopt a liberalised convertibility framework but impose stringent compliance obligations. Regulations emphasise AML checks, beneficial ownership transparency, sanctions implementation, and import-export controls related to dual-use goods. While remittances themselves are unrestricted, compliance burdens are substantial and emphasise traceability.

- **Singapore**

Singapore maintains open current and capital account regimes alongside a highly sophisticated documentation and supervisory environment. The Monetary Authority of Singapore (MAS) focuses on transparency, financial discipline, and detailed reporting. The compliance culture is strong, and enforcement standards are high.

- **China**

China represents the other end of the spectrum. While CATs are generally permitted, they remain tightly controlled, often requiring quota allocations, approvals, and detailed disclosures. Even CATs in some sectors may encounter practical challenges due to strict foreign exchange quotas at the entity level.

- **India's Position**

India lies between the liberalised Western models and the more controlled Chinese framework. CATs are largely free, but capital account transactions remain regulated, documentation expectations are high, and banks are empowered to scrutinise transactions through an AML and prudential lens. As liberalisation progresses gradually, governance professionals must remain agile, informed, and attentive.

## GREY AREAS AND PRACTICAL CHALLENGES IN CLASSIFICATION

Real-world corporate transactions rarely fit neatly into textbook definitions. Certain transactions occupy grey zones where classification depends on substance rather than form. Governance professionals must evaluate these carefully.

Payments for online SaaS products are a typical example. While SaaS subscriptions are generally current account payments, contracts that embed intellectual property assignments, perpetual rights, or multi-year obligations may be interpreted differently. Similarly, reimbursements to group companies may be legitimate CATs if backed by



documentary evidence, transfer pricing compliance, and clear audit trails. However, lumpsum reimbursements without supporting documents may be viewed as disguised loans.

Inter-company charges such as management fees, royalties, or global cost-sharing arrangements require meticulous documentation, arm's length validation, and alignment with sectoral regulations. Even straightforward payments for international conferences or memberships may be flagged by banks if the purpose lacks clarity. These practical challenges underscore the need for robust governance systems.

## STRENGTHENING GOVERNANCE AROUND CURRENT ACCOUNT TRANSACTIONS

For Company Secretaries, strengthening governance in this area is not a mechanical compliance task but a strategic exercise in risk mitigation and organisational transparency. FEMA violations typically arise not from intent but from system failures, unclear classification, inadequate documentation, or insufficient internal awareness. Building a strong governance framework requires a combination of processes, controls, technology, and culture.

### • Building a Robust Categorisation Framework

An internal decision-making model is essential to classify every cross-border transaction as a permissible, restricted, prohibited, or capital account transaction. A decision tree that raises questions such as whether the payment creates a foreign asset or liability, whether it appears in the prohibited list, or whether it falls within capital account definitions can guide employees effectively. Organisations benefit

from maintaining standard operating procedures that define documentation, purpose codes, approval hierarchies, and relevant legal references. A live compendium consolidating RBI circulars and internal guidance helps to ensure uniformity across teams.

### • Strengthening Documentation and Audit Preparedness

Banks, auditors, and regulators increasingly require detailed documentation to verify the legitimacy of transactions. A documentation architecture that includes primary records such as invoices, contracts, statements of work, proof of service delivery, and shipping documents, supported by secondary documents such as Board approvals, transfer pricing reports, and legal opinions, ensures audit readiness. Purpose code validation notes help to justify classification decisions and prevent inconsistencies. Digital storage systems must be prioritised to ensure easy retrieval and long-term record retention.

### • Continuous Training for Cross-Functional Teams

FEMA compliance often falters when frontline teams lack awareness of regulatory nuances. Regular training sessions, quick reference guides, and case study-based learning modules help to bridge this knowledge gap. Training must encompass distinctions between current and capital account transactions, purpose code selection, red flags from an AML perspective, and operational procedures for coordinating with AD banks.

### • Proactive Engagement with AD Banks

AD banks serve as the first line of defence and interpretative authority for remittances. Engaging with

them proactively—especially for complex remittances such as royalties, management fees, or inter-company reimbursements—prevents misunderstandings and delays. Maintaining a log of clarifications received from banks provides a useful reference for future cases and supports audit readiness.

- **Regulatory Monitoring and Internal Dissemination**

Given the frequency of regulatory updates, companies must establish mechanisms to track circulars, amendments, and Master Direction changes. A regulatory change register and periodic cross-functional review meetings ensure internal alignment. Each update should trigger an internal impact note, which is then disseminated across relevant teams and incorporated into SOPs.

- **Establishing Internal Controls and Approval Hierarchies**

A threshold-based approval framework supported by dual checks, FEMA compliance checklists embedded in payment requests, and periodic internal audits enhances accountability. Controls should focus on purpose code accuracy, documentation completeness, and alignment between contract terms and remittance amounts.

- **Leveraging Technology for Governance**

ERP-based workflows, digital signature systems, compliance dashboards, and document management solutions significantly improve accuracy, traceability, and transparency. Dashboards that visualise outward remittances, category-wise breakups, pending approvals, and unusual trends help the Board and senior management exercise informed oversight.

- **Building a Governance-Driven Culture**

Ultimately, the most resilient compliance systems are those supported by organisational culture. Employees must be encouraged to prioritise transparency, seek clarification proactively, and avoid shortcuts. Cross-department collaboration involving legal, tax, finance, and CS teams must be institutionalised. Management tone plays a decisive role—when leadership emphasises compliance, adherence becomes a natural outcome.

## CONCLUSION: THE STRATEGIC GOVERNANCE LENS

CATs may appear routine, but incorrect classification or inadequate documentation can expose organisations to significant regulatory risk. For Indian Company Secretaries, understanding the contours of permissible and restricted CATs is a foundational governance competency. It enhances their ability to advise management, protect organisational interests, and ensure smooth conduct of cross-border operations.

A well-governed organisation is not merely compliant but exhibits consciousness, clarity, and ethical discipline in its financial dealings. Current account transaction governance represents a crucial link in achieving this standard. When managed effectively, it reduces risk, builds trust with AD banks, strengthens financial transparency, and aligns the organisation with both domestic regulations

and global best practices. In a world of increasing cross-border complexity, excellence in FEMA governance is not a limitation—it is a strategic enabler of sustainable global business.

## REFERENCES:

- i. *Foreign Exchange Management Act, 1999 (FEMA) – Sections 5 and 6.*
- ii. *Foreign Exchange Management (Current Account Transactions) Rules, 2000.*
- iii. *Foreign Exchange Management (Export of Goods and Services) Regulations.*
- iv. *Foreign Exchange Management (Import of Goods and Services) Regulations.*
- v. *Foreign Exchange Management (Remittance of Assets) Regulations.*
- vi. *Liberalized Remittance Scheme (LRS) Guidelines – RBI.*

## International Regulatory and Policy Sources (Comparative Perspective)

- i. *European Central Bank (ECB) – Capital Movements and Payment Regulations.*
- ii. *IMF Articles on Balance of Payments and Current Account Frameworks.*
- iii. *Monetary Authority of Singapore (MAS) – Notices on Cross-Border Transactions.*
- iv. *OECD Reports on Capital Account Liberalization.*
- v. *People's Bank of China (PBOC) – Regulations on Current and Capital Account Convertibility.*
- vi. *U.S. Department of Treasury – Exchange Controls & OFAC Guidelines.*

## Professional Insights

- i. *General governance best-practice frameworks (COSO, OECD corporate governance principles).*
- ii. *Industry analysis from Deloitte, EY, PwC, KPMG on cross-border remittances and controls.*
- iii. *ICSI Publications & Background Material on FEMA & governance.*
- iv. *Professional commentary from law firms (Khaitan & Co., Nishith Desai Associates, Trilegal, etc.) on FEMA trends.*
- v. *World Bank & IMF External Sector and Governance Reports.*

## RBI Master Directions & Circulars

- i. *RBI Master Direction – Miscellaneous Remittances from India (MD 12/2015-16).*
- ii. *RBI Master Direction – Export of Goods and Services (MD 16/2015-16).*
- iii. *RBI Master Direction – Import of Goods and Services (MD 17/2015-16).*
- iv. *RBI Master Direction – Reporting under FEMA (MD 18/2015-16).*
- v. *RBI FAQs on Liberalized Remittance Scheme (LRS).*
- vi. *RBI Annual Reports (overview of external sector flows).*



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## Articles Part - I

**50 The Dual Pillars of Global Trade: Navigating India's FEMA, FT (D&R) Act, and the Enforcement Landscape**

**CS Sachin Shiva Kotian**

Beginning with a basic understanding and the key differences in FERA and FEMA, the article evaluates the core provisions of FEMA, 1999 & FT (D&R) Act, 1992. The role of regulatory bodies such as RBI, DGFT etc. is highlighted. The RBI compounding mechanism is discussed in the article. The SCOMET list is India's domestic embodiment of multilateral export control regimes, notably the Nuclear Suppliers Group (NSG), Missile Technology Control Regime (MTCR), and the Wassenaar Arrangement. The HBP serves as the definitive operational manual for the Foreign Trade Policy, detailing the process for obtaining licenses and meeting post-export obligations. The punitive action and the adjudication process under FEMA are discussed.

**57 FEMA & FDI Rules for E-Commerce Marketplaces: 100% Automatic Route Review**

**Dr. Biranchi Narayan P Panda**

This article throws light on Regulatory Framework Governing FDI in Indian E-Commerce. The author provides distinction between Marketplace and Inventory models. The first schedule to the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 under FEMA, is responsible for implementing the sectoral FDI caps and conditions. Under the first schedule, 100% FDI is allowed under the automatic route only for marketplace-based e-commerce activities. Further the article analysis the implications of the implementation of DPIIT Press note 3 issued in 2020 that formalised amendments in the NDI rules.

**62 The Trust Architecture: FEMA, FTP and the Governance behind India's Borders**

**CS Madhavan M. K.**

In the article, the author emphasizes the importance of the role of Company Secretaries and their duties in enforcing FEMA and fostering a conducive environment for the implementation of FTP in India. As systems become increasingly digital—such as FIRMS, DGFT Online, ICEGATE, and AD Bank portals—the boundaries between these frameworks have significantly blurred. Cross-border transactions reflect a harmonious relationship between FEMA and FTP. A share subscription governed by FEMA could later be recognized as an export obligation under FTP. An export invoice originating from the logistics department may need to be settled according to FEMA timelines.

**66 Foreign Exchange Legislation in India: Role of Professionals**

**CS A. P. K. Chettiar**

This article throws light on the evolution and growth of Foreign Exchange Legislation in India. Over the past three decades India's foreign exchange regime has transformed from a tightly controlled regulatory framework designed to preserve scarce foreign exchange, to a more liberal, market-aligned system that facilitates global economic integration while safeguarding national interests. This transformation has occurred due to the dynamic nature of globalisation, coupled with advancements in digital technology, complex financial products, and evolving geopolitical risks. This has made foreign exchange management a highly specialised domain.

**71 Hybrid Instruments & FOCCs: Decoding OCDs and OCPS Under FEMA**

**CS Shujath Bin Ali, CS Dinesh Sharma**

As per the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 certain hybrid instruments such as OCDs and OCPS are treated as debt instruments and are therefore governed by the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2018 i.e., External Commercial Borrowings (ECB) guidelines. In order to ascertain whether investments made by a FOCC in OCDs and OCPS fall within the ambit of the ECB framework, it is imperative to examine the statutory definition of ECB, the permissible forms of ECB, and the eligibility criteria prescribed for recognized lenders under

the applicable regulatory regime. The authors explicate the key judicial findings of the Supreme Court's decision in *IDBI Trusteeship v. Hubtown Ltd.* reinforcing the principle that economic substance must align with regulatory intent, and that equity-linked instruments must not be disguised debt vehicles. The article concludes that FOCCs may invest in non-equity instruments without triggering FDI conditions, but conversion into equity reclassifies the investment as downstream, requiring compliance with pricing and sectoral norms. Company Secretaries are advised to monitor conversion terms and regulatory triggers closely to ensure compliance.

## 75 Remodeling FEMA Governance: Integrating Financial Strategy and RegTech for FDI in India's Technology Sector

**Saurabh Khakhkar**

The article outlines the intricacies involved in incorporating technology into regulations through the use of illustrative case studies. The initial hurdle in any tech Foreign Direct Investment (FDI) transaction is typically the valuation aspect. For a Company Secretary, submitting Form FC-GPR is a crucial responsibility as it serves as a certification that the transaction complied with FEMA pricing regulations. The difficulty arises due to the fact that the valuation of a tech startup can appear irrational. Therefore, the function of a Company Secretary as a strategic advisor with a comprehensive grasp of commercial and financial matters becomes particularly important. The author introduces a three-tier framework for the implementation of RegTech in FEMA compliance and governance.

## Articles Part - II

### 79 Independent Director: Perspectives as to Appointment, Re-appointment and Cooling off Period

**CS (Dr.) K. R. Chandratre**

The article elaborates on Section 2(47) of the Companies Act, 2013 that defines Independent Director and the related provisions. The author provides insights on the manner and procedure for selection of Independent Directors, the duties and responsibilities of the Board, whether there is a need for appointment of Independent Director as Additional Director, retirement by rotation, applicability of Section 160, tenure of an Independent Director, and the interpretation of the proviso of section 149(11) in relation to Cooling off period.

### 86 BRSR Reporting and the Evolving ESG Landscape in India

**CS, CA (Dr.) Vivek Mehta, CA Sagar Narendrakumar Surana**

The BRSR, which has been made compulsory for the top 1,000 listed companies by market capitalization from financial year 2022–23, replaces the earlier Business Responsibility Report (BRR). The BRSR is a robust, principle-based and performance-operative system that aims to deliver granular quantitative comparable data. This paper provides a timely assessment of the BRSR framework, its most recent regulatory add-ons (the BRSR Core and Value Chain Disclosures) and the implications these have for Indian companies preparing to respond to a converging global reporting landscape consisting both in the new EU Corporate Sustainability Reporting Directive (CSRD), as well as ISSB's IFRS S1 and S2 standards.

## Research Corner

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### 94 The Significance of AI for Governance Professionals and its Importance for Company Secretaries: A Perspective

**CS (Dr.) R. Ravichandran, Dr. Laxmana Rao**

This research article dwells on the review of related literature on the concept and significance of AI and its influence on Governance. It also explores the strategies that Governance professionals should adopt when integrating AI into their workflows to enhance compliance management. The authors propose a theoretical framework for the successful application of AI in Corporate Governance.

- **LMJ 12:12:2025** We find that the directions issued by the company court are in the interest of all the creditors and are well within its jurisdiction. [SC]
- **LW 88:12:2025** Since the shares of Telsonic were not in dematerialized form, the act of Appellant Company in rejecting the application of the Respondent is fully in consonance with Rule 9A(1)(a) of the Rules. [NCLAT]
- **LW 89:12:2025** The direction given by the Ld. Tribunal for winding up the companies doesn't suffer from any procedural or legal error when the Appellant himself has expressed his no objection. [NCLAT]
- **LW 90:12:2025** We find that the classification, which has resulted on account of introduction of Para 83 in the principal Scheme, satisfies the test of permissible classification, and therefore, it is our considered opinion that the same cannot be said to be violative of Article 14 of the Constitution of India. [DEL]
- **LW 91:12:2025** In the absence of any demand having been raised by the aggrieved persons with the Appropriate Government qua their alleged illegal termination, no reference either by way of amendment or otherwise could have been made by the Government on this count. [HP]
- **LW 92:12:2025** There is no absolute prohibition on representation of any party before the Labour Court and the restriction is confined to Conciliation proceedings only. [JHR]
- **LW 93:12:2025** The issuance of a demand notice and the consequent imposition of interest for default form part of a sequential and mandatory statutory process, which nowhere empower the CCI to impose interest retrospectively or from a date preceding the valid service of a demand notice. [DEL]
- **LW 94:12:2025** Evidently, all acts done by the aforesaid three parties were with the intent of getting the impugned tenders awarded to Ecoman Enviro Solutions Pvt. Ltd. thereby manipulating the entire bidding process and enabling illegal gains. [CCI]
- **LW 95:12:2025** For an offence under Section 138 of the NI Act to be attracted, the cheque must be for the discharge of a debt or liability, and the debt must be equal to or greater than the amount of the cheque presented. [DEL]

- The Companies (Meetings of Board and its Powers) Amendment Rules, 2025
- Request for Proposal (RFP) to undertake a Market Study on “Qualitative and Quantitative thresholds for Big Tech Companies and Core Digital Services (CDS)”
- Additional incentives to distributors for onboarding new individual investors from B-30 cities and women investors
- Specification of the terms and conditions for Debenture Trustees for carrying out activities outside the purview of SEBI
- Modifications to Chapter IV of the Master Circular for Debenture Trustees dated August 13, 2025
- Timeline for submission of information by the Issuer to the Debenture Trustee(s)
- Amendments to Directions - Compounding of Contraventions under FEMA, 1999
- Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025
- Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Delisting of 02 Entries
- Reserve Bank of India (Trade Relief Measures) Directions, 2025
- Master Direction – Reserve Bank of India (Repurchase Transactions (Repo)) Directions, 2025

# 2

## ARTICLES



### **Articles Part - I**

- The Dual Pillars of Global Trade: Navigating India's FEMA, FT (D&R) Act, and the Enforcement Landscape
- FEMA & FDI Rules for E-Commerce Marketplaces: 100% Automatic Route Review
- The Trust Architecture: FEMA, FTP and the Governance behind India's Borders
- Foreign Exchange Legislation in India: Role of Professionals
- Hybrid Instruments & FOCCs: Decoding OCDs and OCPS Under FEMA
- Remodeling FEMA Governance: Integrating Financial Strategy and RegTech for FDI in India's Technology Sector

### **Articles Part - II**

- Independent Director: Perspectives as to Appointment, Re-appointment and Cooling off Period
- BRSR Reporting and the Evolving ESG Landscape in India

# The Dual Pillars of Global Trade: Navigating India's FEMA, FT (D&R) Act, and the Enforcement Landscape

The article throws light on the shifts in the regulatory framework of foreign exchange legislation in India post liberalisation where FERA was replaced by FEMA that operates on the principle of trust, assuming all transactions are permissible unless expressly prohibited or regulated. This change in ethos was vital to unlocking the country's economic potential.



**CS Sachin Shiva Kotian, FCS**

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## INTRODUCTION

The regulatory trajectory of foreign exchange in India is deeply intertwined with its evolving economic philosophy, signifying a profound paradigm shift from stringent sovereign control to market-driven facilitation. The legislative transition from the restrictive Foreign Exchange Regulation Act, 1973 (FERA) to the liberalising Foreign Exchange Management Act, 1999 (FEMA), constitutes one of the most critical milestones following the initiation of India's comprehensive economic liberalisation.

## THE CONTEXT OF LIBERALISATION AND THE SHIFT IN NATIONAL MINDSET

To fully comprehend the necessity and scope of FEMA, one must address the critical 1991 Balance of Payments (BoP) crisis. This fiscal exigency necessitated the abandonment of the erstwhile centrally planned, import-substitution economic framework, serving as the decisive impetus for the Liberalisation, Privatisation, and Globalisation (LPG) reforms. This new orientation towards global commerce brought the prevailing foreign exchange statute, FERA, into immediate philosophical conflict with the new reform agenda. India's aspirations for economic integration unequivocally demanded a regulatory architecture that could actively facilitate, rather than penalising, cross-border financial transactions.

The shift was not just statutory; it was fundamentally psychological. FERA operated on a principle of suspicion, every foreign exchange transaction was assumed guilty unless proven otherwise, requiring explicit governmental permission (licensing) for nearly all cross-border activity. FEMA, by contrast, operates on the principle of trust, assuming all transactions are permissible unless expressly prohibited or regulated. This change in ethos was vital to unlocking the country's economic potential.

## FERA VS. FEMA: A PARADIGM SHIFT IN LEGAL APPROACH

The enactment of FEMA in 1999 represents more than a legislative amendment; it signifies a decisive regulatory divorce from the conservative, insular economic policies of the pre-1991 era. The most consequential operational difference lies in the treatment of non-compliance.

- FERA:** The Era of 'Regulation' FERA (1973) was codified during an era defined by acute foreign exchange scarcity. All transactions were subject to rigorous sovereign control.
- FEMA:** The Era of 'Management' FEMA, enacted in 1999, codified the post-1991 paradigm of economic confidence. The deliberate change in nomenclature from "Regulation" to "Management" emphatically denotes a shift from stringent sovereign control to strategic, market-oriented facilitation.

**Table 1: Key Comparisons**

Characteristics	FERA	FEMA
Nature	Criminal Law: Contraventions were characterised as criminal offences, attracting severe punitive sanctions, including custodial sentences. The term "offence" was used repeatedly.	Civil Law. Contraventions are classified as civil defaults and are subject to calculated monetary penalties. Jail time is removed as a penalty.

<b>Philosophy</b>	Presumption of Guilt: The onus was on the accused to prove innocence, making legal defence extremely challenging.	Presumption of Innocence. Transactions are deemed permissible unless expressly prohibited or regulated by the statute.
<b>Objective</b>	Conservation and Control: treating foreign currency as a scarce national resource that needed hoarding.	Facilitation and Promotion- The primary goal is “facilitating of external trade and payments.”

## THE CORE REGULATORY FRAMEWORK

India's cross-border transactions are administered by a dual regulatory system designed to manage both the financial flows and the physical movement of goods and services. The Foreign Exchange Management Act, 1999 (FEMA) governs the monetary aspect, whilst the Foreign Trade (Development And Regulation) Act, 1992 (hereinafter FT(D&R) Act, 1992) governs the trade policy aspect.

### A. The Foreign Exchange Management Act, 1999 (FEMA)

FEMA serves as the primary statute governing all external financial transactions. It is enforced through a series of rules, regulations, and directions issued by the Central Government and the Reserve Bank of India (RBI).

#### 1. Key Divisions: Current Account vs. Capital Account Transactions

FEMA fundamentally bifurcates transactions into two distinct categories, each subject to differing levels of regulatory scrutiny. This division is the cornerstone of the entire FEMA structure.

- Current Account Transactions (CAT):** These include all transactions that do not alter the assets or liabilities of a Person Resident in India (PRI) outside India (e.g., trade payments, royalties, consultancy fees, insurance premiums, maintenance remittances). They are governed by Section 5 of FEMA.

**Regulatory Approach:** Generally deemed fully permissible and virtually unrestricted (the “Positive List” approach). The Foreign Exchange Management (Current Account Transaction) Rules only specify a small Negative List of transactions that are prohibited (e.g., remittance out of lottery winnings) or require prior approval<sup>1</sup>

- Capital Account Transactions (CT):** These transactions do change the assets or liabilities of

a PRI or a Person Resident Outside India (PROI) in India (e.g., Foreign Direct Investment (FDI), Overseas Direct Investment (ODI), External Commercial Borrowings (ECBs), purchase of foreign equity). They are governed by Section 6 of FEMA.

**Regulatory Approach:** These are subject to rigorous control and require specific authorisation or notification by the Reserve Bank of India (RBI). The regulations specify *what* is permitted and *under what limits*, often using both the automatic route (no prior approval) and the government approval route.

### 2. Key Definitions: “Person Resident in India” (PRI) and the 182-Day Rule

A critical element of FEMA is the establishment of regulatory jurisdiction based on the residential status of the individual or entity. A PRI is defined under Section 2(v) of FEMA as a person residing in India for more than 182 days during the preceding financial year. This definition is key because a PRI is subjected to a far stricter set of regulations concerning their foreign holdings than a PROI. Misclassification of residency is a frequent trigger for major FEMA investigations.

### 3. Role of the Reserve Bank of India (RBI)

The RBI functions as the central executive and notification authority. It is responsible for framing the detailed regulations for all Capital Account Transactions (in consultation with the Government), granting authorisation to dealers, and ensuring the orderly development and maintenance of the foreign exchange market.

### B. The Foreign Trade (Development & Regulation) Act, 1992

In parallel with FEMA's control over financial movement, the FT(D&R) Act, 1992 provides the statutory foundation for India's policy concerning the physical exchange of goods and services.

**Objective:** Legal Framework for India's Foreign Trade Policy (FTP)

The primary objective of the FT(D&R) Act, 1992 is to provide the legal framework for the formulation and implementation of India's Foreign Trade Policy (FTP). It empowers the Central Government to regulate, restrict, or prohibit all imports and exports in line with national economic security, environmental concerns, and international obligations.

### 1. Regulatory Classification of Imports

The FT(D&R) Act, 1992 classifies imports into three core categories:

- Open General Licence (OGL):** Freely importable, subject to certain conditions. This is the default.

<sup>1</sup> Refer Master Direction on Foreign Exchange Management (Current Account Transaction) Regulations, 2000 (RBI Notification).

- **Restricted:** Requires a specific licence from the DGFT (e.g., certain electronic goods, old machinery).
- **Prohibited:** Items whose import is banned (e.g., specific waste materials, some endangered species). Enforcement of this classification is crucial for customs compliance.

2. **Role of the Directorate General of Foreign Trade (DGFT)**

The DGFT is the pivotal implementing authority under the FT(D&R) Act, 1992. Its responsibilities include translating the FTP into actionable regulations, issuing all necessary licences and authorisations for imports and exports, and publishing the authoritative Handbook of Procedures (HBP).

### 3. Interplay with FEMA: The Essential Nexus

The FT(D&R) Act, 1992 regulates the *transaction* of goods (the physical delivery), whilst simultaneously creating mandatory reporting obligations under FEMA concerning the resulting *financial payment*. For example, when an exporter ships goods (regulated by DGFT), FEMA mandates the timely realisation and repatriation of the sale proceeds into India within a specified time limit (usually 9 months for non-status holders). Failure to receive the funds on time is a *FEMA contravention*, but it originates from a *trade transaction* governed by the DGFT framework.<sup>2</sup>

## THE FIRST LINE OF DEFENSE: AUTHORISED DEALER (AD) BANKS

Before any regulatory scrutiny from the RBI or ED begins, the Authorized Dealer Category-I Banks (AD Banks) serve as the indispensable, frontline gatekeepers of India's foreign exchange ecosystem.

### A. The Mandate and Responsibility of AD Banks

The AD Banks are specifically authorised by the RBI under Section 10 of FEMA to deal in foreign exchange. They are not merely facilitators; they are regulatory extensions of the RBI itself. Their duties include:

1. **Due Diligence:** Ensuring the commercial legitimacy of every transaction (e.g., is the invoice real? Does the payment amount match the underlying service?).

SCOMET list items are regulated precisely because of their dual-use potential. These are technologies that possess legitimate civilian applications (e.g., specific software, advanced materials, high-precision machinery) but can be repurposed or adapted for military use, especially in the development of Weapons of Mass Destruction (WMD). Strict adherence to SCOMET regulations is therefore an integral component of India's commitment to international non-proliferation treaties and directly impacts its standing in the global trade community.

2. **Reporting:** Mandatory reporting of all specified foreign exchange transactions to the RBI through various platforms like the External Commercial Borrowing (ECB) Reporting Platform or the Foreign Investment Reporting and Management System (FIRMS).
3. **Certification:** They are required to issue numerous certificates confirming adherence to FEMA limits before capital account transactions can be executed.

### B. Common AD Bank Failures Leading to FEMA Contraventions

The majority of compounding cases filed by companies stem from the inability of the AD Bank to accurately or timely report the transaction to the RBI, or a failure in their initial due diligence check. Common errors include:

- C. Delay in reporting inward remittances (ARF filing).
- D. Failure to ensure the customer provides supporting documents, leading to technical breaches that the customer ultimately bears responsibility for.
- E. Misinterpretation of the "end-use" clause for specific fund transfers, which, while executed by the bank, is treated as a compliance failure by the customer.

## FEMA COMPLIANCE AND THE COMPOUNDING MECHANISM (THE PATH TO REGULARISATION)

Non-compliance, even if technical or inadvertent, constitutes a civil contravention. The mechanism of compounding, enshrined under Section 15 of FEMA, offers a crucial administrative recourse for entities seeking to regularise such violations without protracted and damaging litigation.

### A. Understanding Common FEMA Contraventions and Liability

Compliance failures generally arise from administrative lapses, delays, or misinterpretation of complex regulatory requirements. The liability under FEMA often falls on the person responsible for compliance, which typically includes the company's directors, CEO, or CFO.

- **Foreign Direct Investment (FDI) Violations:** Delay in reporting inward remittances (ARF filing), non-compliance in filing Form FC-GPR (Foreign Currency-Gross Provisional Return) after share allotment, or failure to comply with pricing guidelines (valuation).

<sup>2</sup> Refer RBI Master Circular on Export of Goods and Services (Compliance Mandate).

- **Overseas Direct Investment (ODI) Issues:** Non-submission of the mandatory Annual Performance Report (APR) for the foreign entity, exceeding the prescribed financial commitment limits, or non-realisation of sale proceeds upon divestment.
- **External Commercial Borrowing (ECB) Non-Compliance:** Delay in filing the requisite monthly ECB-2 Returns, or diverting the borrowed funds to unapproved end-uses.

**B. The RBI Compounding Proceedings: Acknowledging and Resolving Default**

The Compounding Mechanism is a voluntary process where the contravener formally acknowledges the contravention (an important legal step) and requests its regularisation in exchange for payment of a monetary penalty.

1. **Compounding Defined (Section 15):** The key benefit is the avoidance of any further penal action or criminal prosecution regarding the specified matter. Critically, once compounded, the offence is treated as closed; however, compounding only applies to the specific facts admitted in the application and does not cover ongoing or separate contraventions.
2. **Procedure and Timeline:** The application for compounding must be made within a stipulated timeframe, usually 30 days of receiving a show cause notice from the Enforcement Directorate (ED), although it is often filed proactively upon discovery of the default. The applicant must clearly state the facts and admit the contravention.
3. **Compounding Formula and Discretion:** The penalty amount is determined based on a structured formula comprising a fixed component and a variable component based on the value and duration of the contravention. Crucially, the final compounding amount also involves an element of discretion exercised by the Compounding Authority (CA), who considers factors like the gravity of the contravention, the intention of the contravener (*malafide* vs. technical), and the time elapsed since the default.<sup>3</sup>
4. **Recent Amendments and Trends (2025 Updates):** Regulatory adjustments reflect a shift toward reducing the punitive element for minor defaults:
  - **Cap on Non-Reporting Contraventions:** Introduction of a discretionary cap of INR 2,00,000 for specific, miscellaneous non-reporting violations to ease the burden on SMEs.
  - **'Fresh Start' Policy for Re-applicants:** Deletion of the previous 50% penalty enhancement for repeat applicants,

<sup>3</sup>. Refer RBI Master Direction on Compounding of Contraventions under FEMA, 1999 (RBI Master Circular).

promoting a genuine "fresh start" approach to compliance regularisation, provided the subsequent breach is significantly different or minor in nature.

## STRATEGIC TRADE CONTROLS AND DGFT COMPLIANCE

### A. SCOMET: Special Chemicals, Organisms, Materials, Equipment and Technologies

The SCOMET list is India's domestic embodiment of multilateral export control regimes, notably the Nuclear Suppliers Group (NSG), Missile Technology Control Regime (MTCR), and the Wassenaar Arrangement.

### B. Dual-Use Importance and Geopolitical Significance

SCOMET list items are regulated precisely because of their dual-use potential. These are technologies that possess legitimate civilian applications (e.g., specific software, advanced materials, high-precision machinery) but can be repurposed or adapted for military use, especially in the development of Weapons of Mass Destruction (WMD). Strict adherence to SCOMET regulations is therefore an integral component of India's commitment to international non-proliferation treaties and directly impacts its standing in the global trade community.

### C. Licensing Authority and Due Diligence

- **Primary Licensing Authority:** The DGFT is designated as the primary authority for processing and granting licences across most SCOMET categories.
- **Specialised Authority (Category 6):** The Department of Defence Production (DDP) within the Ministry of Defence has been specifically authorised to handle applications pertaining to Category 6 (Military Items)<sup>4</sup>

### D. The Catch-All Control: Burden on the Exporter

A critical component is the "Catch-All" Control, which mandates that an exporter must apply for an export licence even if the item is *not* explicitly listed, provided the exporter knows, or has reason to believe, that the product could be diverted to a prohibited end-use (e.g., WMD development or terrorist use). This places a significant burden of due diligence on the exporter to investigate the end-user and end-use, often involving checking global sanctions lists and maintaining an elevated level of vigilance.<sup>5</sup>

### E. Handbook of Procedures (HBP) and Documentary Safeguards

The HBP serves as the definitive operational manual for the Foreign Trade Policy, detailing the process for obtaining licenses and meeting post-export obligations.

<sup>4</sup>. Refer SCOMET Guidelines and List (DGFT Notification).

<sup>5</sup>. Refer DGFT Public Notice on denial of export authorization due to 'Catch-All' concerns (DGFT Trade Notice).

## F. End-Use and End-User Certificates (EUCs)

The primary documentary safeguard is the requirement for End-Use and End-User Certificates (EUCs). These are mandatory declarations furnished by the final recipient in the foreign jurisdiction, certifying that the item will be used strictly for the stated, non-prohibited purpose. The integrity and verification of these certificates are critical checkpoints for DGFT and customs officials.

## G. Policy Implications and Stakeholder Impact: Bridging Law and Economy

The journey from the restrictive oversight of FERA to the strategic management model of FEMA was not just a legal switch rather; it was a policy triumph that signalled India's commitment to global integration. However, the truth being: this sophisticated framework forces a crucial, high-stakes trade-off. It is a deliberate policy choice, creating a dynamic tension between fostering global integration and maintaining sovereign financial stability. The result is a regulatory environment brimming with immense opportunity and structural economic benefits, yet one that simultaneously presents unavoidable friction and significant compliance challenges. It is an imperfect, yet vital, blueprint for resilient growth.

Stakeholders	Strategic Advantage	Compliance Risk
Foreign Direct Investors	<b>Exit Assurance:</b> Transparent rules on capital repatriation (sale proceeds, profits) provide a clear, reliable <b>exit policy</b> . This certainty is the primary policy incentive for attracting stable, long-term Foreign Direct Investment.	<b>Structural Constraints:</b> The enforcement of <b>sectoral caps</b> and complex <b>RBI pricing guidelines</b> via FEMA necessitates intricate legal structuring, often adding friction and slowing down acquisition timelines.
Authorised Dealers (AD)	<b>Operational Efficiency:</b> Delegating due diligence to AD Banks decentralises compliance, allowing millions of transactions to process quickly and sustaining market velocity.	<b>Regulatory Burden:</b> High legal liability for customer defaults forces banks into <b>risk-averse operational policies</b> , demanding excessive documentation and creating transactional bottlenecks for legitimate commerce.
MSME and Start-ups	<b>Credibility Dividend:</b> India's commitment to a regulated environment (FEMA) lowers the <b>country risk profile</b> , eventually improving MSMEs long-term access to global debt (ECB) and equity markets.	<b>Administrative Overhead:</b> The mandatory, timely submission of reports (e.g., FC-GPR) constitutes a significant <b>cost of compliance</b> , diverting scarce capital and management focus away from core business expansion.
Corporate Treasury	<b>Strategic Latitude:</b> Liberalised <b>Overseas Direct Investment (ODI)</b> rules actively encourage Indian corporations to pursue global acquisitions and build multinational enterprises, advancing national economic strategy.	<b>Escalation Threat:</b> The potent <b>PMLA-FEMA nexus</b> transforms technical, civil non-compliance into criminal investigations, exposing executives to <b>personal liability</b> and posing an existential threat of asset attachment.
Macro-Economic Policy	<b>Stability Mandate:</b> Managed control over the <b>Capital Account</b> prevents disruptive, speculative capital flows and sudden flight, critically supporting the RBI's mandate for <b>macroeconomic stability</b> .	<b>Perceived Overreach:</b> The expansive and aggressive investigative powers of the ED can, at times, create an environment of regulatory apprehension, potentially <b>chilling legitimate risk-taking</b> and entrepreneurial activity.

## H. Recent HBP Amendments

- Temporary Export for Testing and Evaluation: New provisions facilitate the export of SCOMET items for specified 'Testing and Evaluation' purposes, subject to mandatory re-import within a stipulated timeframe (e.g., 120 days). This flexibility supports R&D and global integration for high-tech firms.
- Stock & Sale Authorisation: Revision of Para 10.10 simplifies re-export procedures for SCOMET items to pre-approved, reliably compliant countries, reducing the repetitive licensing burden for distributors.

## THE ENFORCEMENT APPARATUS: DIRECTORATE OF ENFORCEMENT (ED) AND PENALTIES

The enforcement mechanism for FEMA is primarily vested in the Directorate of Enforcement (ED). However, it is the strategic synergy between the civil provisions of FEMA and the criminal provisions of the Prevention of Money Laundering Act, 2002 (PMLA) that gives the ED its true teeth.

## A. Powers and Jurisdiction of the Directorate of Enforcement (ED)

The ED operates with a crucial dual statutory mandate, which explains its formidable investigative powers:

- 1. Foreign Exchange Management Act, 1999 (FEMA) (Civil Law):** The ED acts as the investigative wing for FEMA contraventions, which are civil defaults. Under Section 37 of FEMA, the ED officers are empowered to investigate, summon individuals, and demand the production of evidence.
- 2. Prevention of Money Laundering Act, 2002 (PMLA) (Criminal Law):** The ED is the primary authority for prosecuting money laundering offences. A crucial aspect of PMLA is that it only deals with funds derived from a "Scheduled Offence." Certain sections of FEMA are deemed Scheduled Offences when the contravention exceeds a specific monetary threshold, granting the ED the sweeping power of provisional attachment, search, seizure, and ultimate confiscation of property derived from criminal activity. This is the critical nexus: a serious FEMA breach can thus transition from a civil penalty matter to a criminal money laundering investigation.

## B. The Adjudication Process

For FEMA contraventions, the investigative findings of the ED are documented and presented to the formal Adjudicating Authority (AA), usually a high-ranking ED officer. The AA acts as a quasi-judicial body, empowered to pass an order confirming the contravention and imposing a financial penalty under Section 13. The process involves issuing a Show Cause Notice and allowing the alleged contravener an opportunity to be heard.

## C. Financial Penalties under FEMA Section 13

FEMA maintains a strong deterrent effect through substantial monetary penalties designed to discourage non-compliance.

- 1. Proportional Penalty:** A fine of up to thrice the sum involved in the contravention where the contravention amount is quantifiable. This ratio ensures that the penalty significantly outweighs the benefit derived from the illegal act.
- 2. Fixed Penalty:** Where the contravention amount is not readily quantifiable, the penalty can extend up to INR 2 Lakh (₹2,00,000).
- 3. Continuing Contravention:** An additional penalty of INR 5,000 per day for every day the contravention persists after the initial date of contravention.

## D. Case of High-Profile Enforcement and Regulatory Interpretation

The ED's actions against major corporate entities often establish key administrative and judicial precedents, defining the boundaries of compliance.

- 1. ECB Default and Mis-Declaration:** An Indian power company faced ED action for alleged non-repatriation of export earnings and default on External Commercial Borrowing (ECB) where funds were purportedly used for unapproved purposes outside the scope of the ECB agreement. This highlights the regulatory focus on the end-use and timely repayment/repatriation aspects of foreign loans, demanding high internal governance standards.
- 2. Appellate Review: Judicial Precedent on Quantum:** Decisions made by the Appellate Tribunal for Foreign Exchange (ATFE) and subsequent High Court rulings are crucial in establishing precedent regarding proportionality<sup>6</sup>. The ATFE frequently assesses whether the imposed financial quantum is commensurate with the nature and magnitude of the contravention (technical versus *malafide* intent) and serves as the primary route for challenging an Adjudicating Authority's order.

## CONCLUSION

The regulatory landscape has achieved a level of sophistication reflective of a major global economy. However, the simultaneous enforcement of multiple regimes presents complex challenges that necessitate robust and integrated corporate compliance frameworks.

### A. The Challenge of Navigating Two Regimes and the Escalation Risk

The greatest compliance burden arises from the mandatory interaction and subtle distinctions between the two principal regulatory statutes: FEMA (financial flow) and FT(D&R) Act, 1992 (physical transaction). The regulatory overlap is constant and unforgiving.

Furthermore, the PMLA-FEMA nexus remains the single largest threat for non-compliant entities. The moment a FEMA contravention is deemed to involve the proceeds of crime for example, misrepresenting the value of exports to illegally retain funds abroad it triggers PMLA, transforming a monetary penalty into a criminal investigation with the threat of asset attachment and loss of liberty for key managerial personnel.

### B. Policy Direction and Ease of Doing Business

The Indian government and the RBI continue to refine the regulatory ecosystem with a view toward reducing administrative friction and enhancing global competitiveness, focusing heavily on technology-driven solutions.

<sup>6</sup> e-Courts Judgment Search Portal (India)

1. **Centralised Digital Platforms:** Key initiatives include the simplification of compounding proceedings and the development of centralised digital platforms, such as the PRAVAAH portal. PRAVAAH (Platform for Regulatory Application, Validation, and Authorisation) aims to provide a single-point access for various regulatory approvals and processes under FEMA, significantly improving transparency and reducing processing time<sup>7</sup>.
2. **The Future Trajectory:** AI and Big Data in Enforcement: The future of compliance is inextricably linked to the adoption of advanced technology. Enforcement agencies are increasingly leveraging Artificial Intelligence (AI) and big data analytics in surveillance mechanisms. This technological shift enables the detection of sophisticated financial crimes such as complex multi-jurisdictional round-tripping structures or deliberate misuse of the Liberalised Remittance Scheme (LRS) by analysing transaction patterns and flagging anomalies far faster than traditional paper-based audits.
3. **Final Thought:** The continuous refinement of FEMA and the FT(D&R) Act, 1992 is a strategic masterstroke, underscoring India's commitment to facilitating seamless global integration while safeguarding sovereign financial stability. This robust system deliberately creates a necessary tension – it brilliantly lowers financial risk for external capital, while ensuring market discipline through rigorous compliance standards for domestic businesses. In essence, this architecture is functioning exactly as intended; to build a jurisdiction that is not just attractive, but uncompromisingly safe. Compliance, far from being a burden, is now the foundational investment that guarantees successful, sustainable operation within India's globally integrated financial market, paving the way for the next era of economic leadership.

## REFERENCES:

### Essential References for Foreign Exchange and Trade Law

When analysing the deep-seated impact of FEMA and the FT(D&R) Act, we rely on core statutes and crucial regulatory circulars. This bibliography lists the foundational legal texts and specific regulatory directions that underpin the analysis of capital flows, trade compliance, and the enforcement nexus.

#### A. Foundational Acts of Parliament

These are the primary legal texts that define the scope of control and management:

- i. **Foreign Exchange Management Act (FEMA), 1999:** The governing statute that shifted India from control to management of foreign exchange.

*Link-[https://www.indiacode.nic.in/bitstream/123456789/1988/1/A1999\\_42.pdf](https://www.indiacode.nic.in/bitstream/123456789/1988/1/A1999_42.pdf)*

<sup>7</sup> <https://pravaah.rbi.org.in/pravaah/#/>

- ii. **Foreign Trade (Development & Regulation) Act (FT(D&R) Act), 1992:** The legal framework detailing the policy and execution of India's import/export trade.

*Link- <https://content.dgft.gov.in/Website/om199.htm>*

- iii. **Prevention of Money Laundering Act (PMLA), 2002:** Critical for understanding the criminal escalation and the Enforcement Directorate's jurisdiction over FEMA contraventions.

*Link-[https://www.indiacode.nic.in/handle/123456789/2036?view\\_type=search](https://www.indiacode.nic.in/handle/123456789/2036?view_type=search)*

#### B. Core Regulatory Mandates (RBI Master Directions)

These instructions from the Reserve Bank of India define the practical mechanics of compliance, reporting, and penalty resolution:

- i. **Foreign Exchange Management (Current Account Transactions) Rules, 2000:** Governs transactions that relate to short-term liabilities and trade payments.

*Link-<https://incometaxindia.gov.in/Documents/Provisions%20for%20NR/provision-for-non-resident-fema-current-account-transactions-rules-2000.htm>*

- ii. **Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000:** Details the specific conditions and limits governing foreign investments (FDI/ODI) and loans (ECB).

*Link-<https://www.rbi.org.in/upload/Notification/pdfs/13251.pdf>*

- iii. **RBI Master Direction on Compounding of Contraventions under FEMA, 1999:** Defines the administrative process for regularization and penalty calculation for civil defaults.

*Link-<https://www.rbi.org.in/commonman/english/scripts/Notification.aspx?Id=849>*

- iv. **RBI Master Direction – Export of Goods and Services:** Outlines the mandatory Realisation and Repatriation requirements (Section 8 of FEMA) that exporters and banks must follow.

*Link-<https://www.taxtmi.com/article/detailed?id=13445>*

#### C. Trade Policy and Enforcement

- i. **DGFT Handbook of Procedures – SCOMET Guidelines:** The authoritative text on India's strategic trade controls, detailing the licensing and due diligence required for dual-use technology and the crucial "Catch-All" clause.

*https://content.dgft.gov.in/Website/HBP2023\_Chapter10.pdf*

- ii. **Enforcement Directorate (ED) Press Releases/ Adjudication Orders:** The official source material for high-profile enforcement actions, used to validate and exemplify the legal interpretation of FEMA violations related to remittances, pricing, and capital structuring.

*Link-<https://www.indiatoday.in/india/kerala/story/ed-fema-notice-kerala-cm-pinarayi-vijayan-thomas-issac-kiifb-masala-bond-case-2828603-2025-12-01>*

# FEMA & FDI Rules for E-Commerce Marketplaces: 100% Automatic Route Review

FEMA legislations monitor foreign exchange transactions. In e-commerce, 100% FDI is allowed only under the automatic route for the marketplace model and is, however, fully prohibited for inventory based models. This paper seeks to evaluate 100% automatic route's unconditional nature (2020-2025), identify core FEMA compliance challenges, analyse control and ownership issues, assess enforcement and judicial trends, examine policy achievements and gaps and propose regulatory reforms. The research concentrates on B2C marketplaces that receive foreign investment on an automatic basis.



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## INTRODUCTION

- **Background: Emergence of India's Digital and E-Commerce Economy**

The digital and e-commerce market in India is one of the fastest-growing markets in the world. As of November 2025, the Indian e-commerce market is USD 150 billion and is expected to be around USD 350 to 400 billion by 2030, growing at a CAGR of 19-21%. Some key reasons for this growth include penetration of the internet to over 950 million users, the lowest cost data in the world, rapid adoption of Unified Payments Interface and over 15 billion transactions a month, and government policies like Digital India, ONDC, as well as National Logistics Policy 2023. The pandemic permanently shifted the consumer purchasing power towards online commerce, while the quick-commerce, social-commerce, and live-commerce, Direct to Consumer (D2C) brands, and growing commerce in rural areas added more variation to the line of commerce.

- **Importance of FEMA in Regulating Foreign Capital**

The Foreign Exchange Management Act, 1999 (FEMA) and related legislations such as the Non-Debt Instruments Rules and the Consolidated FDI Policy Statute provide the legal structure for foreign capital inflow. In e-commerce, 100% FDI is allowed only under the automatic route for the marketplace model and is, however, fully prohibited for inventory based

models. Press Note 2 of 2018 and its incorporation into the 2020 FDI Policy introduced a series of restrictive provisions; marketplaces must not own or control inventory, must not influence the price, must ensure the participation in trade in a fair manner, and must not allow any single supplier or its group company to account for more than 25% of total sales. FEMA compliance is crucial to avoiding circumvention and protecting domestic traders from predatory practices and to conducting domestic enforcement through the RBI reporting (FC-GPR, FLA returns, SMF), beneficial ownership disclosure and potential Enforcement Directorate scrutiny.

- **Objectives of the Paper**

This paper seeks:

- to evaluate 100% automatic route's unconditional nature (2020-2025);
- to identify core FEMA compliance challenges;
- to analyse control and ownership issues;
- to assess enforcement and judicial trends;
- to examine policy achievements and gaps and;
- to propose regulatory reforms.

- **Scope of the Study**

The research concentrates on B2C marketplaces that receive foreign investment on an automatic basis. Excluded are inventory-led business models, B2B e-commerce, domestic funded e-commerce platforms, manufacturing-related e-commerce, as well as single brand retail trading. The periods covered include any regulatory change, compliances, and actions taken from January 2020 to November 2025.

## REGULATORY FRAMEWORK GOVERNING FDI IN INDIAN E-COMMERCE

- **FEMA 1999: Statutory Requirements**

The Foreign Exchange Management Act, 1999 (FEMA) is a cornerstone legislation of all cross border trading including Foreign Direct Investment (FDI) into the

country. Replacing the stringent Foreign Exchange Regulation Act, 1973 (FERA), FEMA is a more liberal in approach in regulations to facilitate trade, payments and balanced growth of the foreign exchange market. The section 6 of the central government is empowered to make rules regarding to capital controls including FDI, after consultation with the Reserve Bank of India (RBI). In the case of the e-commerce sector, the FEMA permits investments in marketplace companies via the automatic route, albeit subject to specific sectoral limitations outlined in the Consolidated FDI Policy.

- **Distinguishing Marketplace and Inventory Models**

To avoid foreign multi-brand retail trading, which is otherwise forbidden, India's FDI policy makes a clear delineation between the marketplace model and the inventory-based model. The marketplace model is characterized as a digital network's IT system that functions as a connection between buyers and sellers. This e-commerce entity must not purchase or have any ownership of the items or services that are being transacted. This model is the only one for which 100% FDI is permitted under the automatic route. On the other hand, there is the inventory-based model, where the e-commerce entity, having ownership over the inventory, sells directly to the consumer and thus acts as a retailer. This model is also the one that carries a complete ban on FDI.

The ownership and control of the inventory is where the distinction lies. Control is presumed if a vendor directly purchases or resells more than 25% of their sales to the marketplace operator or any member of its group/wholesale entities. Other requirements include no control over the selling prices, no exclusive contracts with particular vendors, and no discrimination of platform services to any seller on the platform. This framework, established in 2016, and with the release of Press Note 2 of 2018, it aimed at circumventing the subsidization of illogical prices as well as the deep discounting of products.

- **NDI Rules and the 100% Automatic Route**

The first schedule to the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (NDI Rules) under FEMA, is responsible for implementing the sectoral FDI caps and conditions. Under the first schedule, 100% FDI is allowed under the automatic route only for marketplace-based e-commerce activities. As long as the required post-investment reporting, like the FC-GPR, is submitted on time, there is no need to seek prior approvals from the government or the RBI.

The automatic route is presumptive and allows foreign investors to invest in equity instruments in the company, which is subject only to adherence to relevant pricing guidelines and other conditions applicable to that sector. However, the route has become highly conditional due to the incorporation of Press Note 2 (2018) safeguards via the subsequent NDI amendments. Downstream investments also have to adhere to the rules on indirect foreign

investment. Any breach, especially recharacterisation as inventory-led, will reclassify the foreign investment as FDI that is prohibited, with all attendant consequences.

- **DPIIT Press Note 3 (2020)**

The fundamental e-commerce FDI regulation continues to emanate from Press Note 2 (2018 series), with effect from 1<sup>st</sup> February 2019 and merged with the 2020 FDI Policy. However, Press Note 3 (2020 Series) of 17<sup>th</sup> April 2020, formalised by NDI Rules amendments effective 22<sup>nd</sup> April 2020, added a crucial cross-sectoral restriction. It moved FDI from entities located in, or whose beneficial owners reside in, countries that share a land border with India (most notably, China) from the automatic to a government approval route.

This effectively removed the 'automatic' character of the 100 percent route from those jurisdictions in the e-commerce marketplace segment, even though the sectoral cap remained unchanged. No e-commerce specific Press Note 3 had been issued as of November 2025, and the 2020 Consolidated FDI Policy (with minor clarifications in subsequent years) remains in effect. Discussions regarding a limited relaxation of the inventory-model for pure export sales have, however, remained inconclusive.

- **FTP Overlaps**

The Foreign Trade Policy 2023 (FTP 2023), which came into effect on 1<sup>st</sup> April 2023, on a permanent basis, adds to the existing Foreign Direct Investment (FDI) rules by encouraging the export of e-commerce by way of duty remission, increased courier limits (10 lakh per shipment), establishment of e-commerce export hubs, and proposed IT streamlining. Expected overlaps include the permission of inventory models based on export of

Indian-origin goods, and this proposed change is under active review by the DGFT and DPIIT as of November 2025. This has always motivated the export of Indian goods and reinforcing the platforms' global partnerships while maintaining the restriction of domestic marketplace-only. FTP's waiver of export obligations and the liberalization of the trade in merchandise also support FDI-sponsored marketplaces in the cross-border marketplace.

## IDENTIFICATION OF CORE LEGAL AND COMPLIANCE ISSUES

- **Whether the 100% Automatic Route is Truly Unconditional**

In theory, the 100% automatic route exists, but in practice, it is illusory for most e-commerce market places. The new conditions implemented after 2018, including the 25 percent vendor cap, the prohibition of price controls, and mandatory compliance certificates every year have changed the conditions to a more conditional route that is heavily regulated and audited. The risk of being recharacterized contentiously to an inventory model is a risk that the DPIIT, RBI and ED control completely. The

route is far from automatic, and in fact, large amounts of FDI are now accompanied by legal opinions and proactive engagement with the DPIIT, making it, for all intents and purposes, a quasi-approval for all but the tiniest foreign players.

- **Determining Control and Beneficial Ownership**

From the perspective of the FDI Policy and the Press Note, which lacks a statutory definition of control, there is a deep-seated definitional ambiguity as to control (unlike the Companies Act/SEBI Takeover Code). Concerning Press Note 2's fiction of  $\geq 25$  percent sourcing control is both too broad and too weak/under-enforced. In this context, the tracing of beneficial ownership is equally troublesome. Chinese investors routed through Singapore or Cayman entities, in and of themselves, even for minority stakes, would attract Press Note 3 scrutiny. The situation creates a lack of certainty on compliance and has led to a freeze of several funding rounds.

- **Marketplace-Seller Relationship Issues**

Indian online marketplaces have excelled at structuring their business relations to gain the most favourable terms possible. Long-standing preferred sellers and now their latest replacements have always enjoyed outsized benefits, including discriminatory visibility and lower commissions, along with guaranteed buyback deals disguised as marketing development funds.

- **Dependence on Single Sellers**

It is now almost impossible to contain the 25 percent market share restriction as it applies to certain segments that accommodate high-frequency selling, like fashion and mobile phones, to segments targeting flash sales and exclusives. That rule has only led to increased costs for sellers from legal fees and from having to keep and maintain detailed accounting systems, and it has led to increased market concentration of the larger sellers, which alone can afford to maintain a compliant operation. Rather than protect small sellers, it has led to their market departure in higher numbers.

- **Reporting and Documentation**

The degree of oversight experienced at the reporting stage is clearly excessive. Annual e-commerce compliance certificates (every September 30) entail statutory auditors forming opinions on difficult issues of control and fair pricing, which the courts themselves can struggle with. FC-GPR or FLA filings that are delayed by days result in fees that compound by the crores.

- **Impact of Press Note 3 (2020)**

Press Note 3, although remaining a blunt instrument, has had a greater detrimental impact on Indian start-ups than on the Chinese investors. While supposed to be a safeguard for national security, within the e-commerce and fintech sectors, the phenomenon stagnated or blocked at least \$10B of already committed capital (2020- 2025). Domestic players lost their Chinese limited partners and had to force secondary sales at a significant loss. After five years, the process for approval continues to be slow and self-contradictory for the narrative of India being an easy country to do business with, as it provides very little actual security to the e-commerce sector.

## ANALYSIS OF FEMA COMPLIANCE ISSUES

- **Administrative Interpretation**

A distinctive characteristic of FEMA compliance in Indian e-commerce is the prominence of administrative fiat over the statutory text. Neither FEMA 1999 nor the NDI Rules mention "control over inventory" or "influence over sale price, yet the DPIIT, RBI, and Enforcement Directorate (ED) have attempted to fill these gaps through circulars, FAQs, and interpretations based on raiding that are quasi-legislative in effect. *For example*, in 2021-2023, DPIIT clarified that predictive pricing algorithms and deep-learning based promotions, even without mandatory discounting, would be viewed as controlling price for a sale.

- **Marketplace vs Inventory Models in Practice**

In practice, the binary distinction has collapsed into a spectrum of grey. However, the CCI Forensics (2020-2024) has shown that the new 'preferred sellers' continued receiving 100% buy-back guarantees, zero-commission listings, pre-negotiated margin and functionally replicated the inventory without legal title. The dominance of the logistics and captive payment gateways further skews the market, leaving third-party sellers constructively monopolized. The 25 percent cap is routinely bypassed through seller fragmentation, whereby a single economic beneficiary is operating 40-50 SPVs, each contributing less than that percent.

- **Analysis of Group Company and Beneficial Ownership Tests**

The "group company" test under Press Note 2 lacks considerable specification. Group classification can be triggered with as low as 1% common shareholding without a low bound for "common control." Traceable beneficial ownership is a "look through" as detailed in Section 90 of the Companies Act, 2013, but in practice, ED extends a look-through to Mauritius and Singapore shell companies. This has led to a Singapore-based fund with 0.8% Chinese LP exposure being subjected to Press Note 3 scrutiny for a 2023 Series C round, which is simply not appreciable. Other investors are being penalised, it seems, for financially venturing rather than gaining operational control. This is, however, also a reason as to why it incentivises so many to invest, but it also avoids transparency, as it allows investors to bypass beneficial ownership by using convertible notes rather than equity. As a result, this in turn distorts capital structures and increases the risk of default.

- **NDI Reporting**

All NDI reporting is such a big compliance issue. NDI reporting and the SMF part of it expects downstream investment reporting within 30 days. However, e-Commerce players have about 200-300 investee sellers. Any minor mistake in reporting, downstream investments, or flat returns, and the company get show-cause notices and penalties in crores. The Reserve Bank of India 2023-2025 order on compounding shows a clear pattern that technical delays get compounded on a claim maximum, while the other substantive violations that people are settling drastically after long negotiations. The

yearly e-Commerce compliance certificate has no control over inventory that statutory auditors have to sign, which exposes the auditors to professional risk outside the field of accountancy. This has driven up audit fees and caused a shortage of willing certifiers, acting essentially as a non-tariff barrier to new FDI.

- **Linkages with Competition & Consumer Laws**

In the Indian e-commerce industry, violations of the FEMA rarely are standalone violations, as they almost always intertwine with concerns of competition and consumer protection, resulting in a multiplier effect of regulatory risk. As a consequence of the Consumer Protection (E-Commerce) Rules, 2020, new obligations in the FDI, including transparency, fairness, and addressing grievance, are mirrored with the same responsibilities being imposed on marketplace players.

## POLICY EVALUATION (2020–2025)

- **Achievements**

India's e-commerce Foreign Direct Investment policy for the marketplace-only, 100% automatic route (with Press 2 Note conditions), achieved the first benchmark between 2020-2025. There was a dramatic increase in FDI inflow into the sector, from USD 4.4 billion in FY20 to over USD 9 billion FY25. There was also a significant increase in rural penetration with over 60% of GMV in non-metro transactions. Press Note 3, 2020 also aligned FDI with national security by safeguarding sensitive capital from border-sharing countries.

- **International Comparisons**

India's policy is much more restrictive than those of its peers. In China, there is 100 percent FDI in both marketplace and inventory models (with value-added telecom licence requirements). The US has no sectoral FDI restrictions in their e-commerce, and manages it only through antitrust policy. Indonesia (2020-2025) had local shareholding and data localization requirements, but was the first to loosen inventory restrictions compared to India. In Vietnam, the operational conditions are very lax and there is 100 percent foreign ownership. No other country has such a liberal combined with such microscopically detailed restrictive policy, and such high levels of enforcement as India. It has not produced the open Western market, or the Chinese decisive liberalization which was aimed to balance protectionism, but a barrage of litigation. The end results have been bad for consumers and small retailers, while leading to an inefficient market.

## RECOMMENDATIONS FOR REFORM

- **Simplifying Marketplace Restrictions**

It is important to allow some models to apply only to the exports of Indian-origin goods under a simple notification route (as has been assured repeatedly since 2021) with mandatory 100 percent export obligation and compulsory GST invoicing to prevent domestic leakages. The regulatory framework for quick commerce would be put off a different sub-category which would refer to dark stores and private labels and which would be subject to 100% automatic FDI subject to a cap of 49% of total GMV to ensure innovation and fair competition.

- **Transparency without Overregulation**

There should be a change from the post-raid phase to having transparency from the start, and from current regulations as the focus should be to have an online and real-time public repository of the top 50 sellers, by volume/revenue, with real-time public transparency on each marketplace homepage.<sup>31</sup> In addition, real-time public self-certification compliance dashboards must be submitted to the DPIIT (which need to be published online at the same time). Replace the current annual statutory auditor certificates, to the extent they remain farcically with real independent third-party audits from empaneled SEBI forensic audit firms to promote safeguard consistency.<sup>32</sup> For audit transparency, the statutory 2-year moratorium on ED (enforcement directorate) investigations should apply to compliant entities.

- **Role of Company Secretary and FDI Compliance Checklist**

The role of Company Secretary (CS) stands firm as the compliance officer for e-commerce marketplace under the India's Foreign Direct Investment (FDI) and Foreign Exchange Management Act, 1999 regulations. Further to its capacity, the primary role of CS is to safeguard the company against any regulatory violations and therefore all contractual arrangements with sellers must be reviewed in order to ensure over pricing or inventory management and monitors related-party transactions. Additionally, the CS as compliance officer, must ensure all timely statutory returns such as Form FC-GPR and Annual Return on Foreign Liabilities and Assets (FLA) with RBI under the FEMA and FDI-related matters. Starting from the record keepings, advising management to overseeing corporate governance standards, it has to deal and update the legal and financial risks with board and management directly on all matters related to foreign investment, regulatory compliance and governance in the e-commerce domain. The CS must act as a bridge between the board and foreign investors talking with confidence about the existing laws and facilitate smooth and steady growth of e-commerce business under the 100% automatic FDI route. Finally, a dedicated FDI compliance folder definitely should be maintained that includes; board resolutions, shareholders' approvals, FC-GPR fillings, Annual FLA return and annual reports for better governance and to respond any inspections and audit by RBI.

## CONCLUSION

The automatic route for FDI in e-commerce marketplaces in India has been liberalized since 2016, and subsequently adjusted through Press Note 2 (2018) and Press Note 3 (2020). It has brought in considerable and much-needed foreign investment targeting the market for the period 2020 - November 2025.

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# The Trust Architecture: FEMA, FTP and the Governance behind India's Borders

The Foreign Exchange Management Act, 1999 (FEMA) governs how money enters and leaves the country and the Foreign Trade Policy (FTP) governs how goods and services move but behind these frameworks lies something deeper. India's trust depends on how responsibly companies handle this movement.



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## INTRODUCTION

*How credibility shapes India's cross-border story.*

India's engagement with the world is growing rapidly, and with that growth comes a quiet expectation: every cross-border transaction must reflect discipline. Money moves faster today, exports reach new markets, and digital filings leave little room for assumptions. The Foreign Exchange Management Act, 1999 (FEMA) governs how money enters and leaves the country and the Foreign Trade Policy (FTP) governs how goods and services move but behind these frameworks lies something deeper. India's trust depends on how responsibly companies handle this movement.

As India moves toward its \$5-trillion economy vision, the focus has shifted from merely "following the rules" to demonstrating the consistency that ultimately builds trust in every cross-border transaction. Authorised Dealer Banks (AD Banks), regulators and overseas partners look for signals of reliability long before they ask for numbers.

Inside most organisations, the person who quietly ensures this reliability is the Company Secretary. The work may not always be visible, but they shape how confidently the company and, in many ways, India participates in global business.

## THE QUIET TRUST BEHIND INDIA'S CONFIDENCE

*Trust grows quietly, long before it is measured.*

India's approach to cross-border regulation has always mirrored the mood of the economy. When foreign

exchange was scarce, the Foreign Exchange Regulation Act (FERA) operated under strict controls and heavy paperwork requirements. As the economy opened and matured, the FEMA replaced it with a more balanced, management-oriented framework. India began moving from permissions to principles and from fear-based regulation to a more confident, trust-based engagement with the world.

Inside companies, this shift created a different kind of responsibility. Compliance stopped being just a statutory checkbox and slowly became part of the organisation's culture. Company Secretaries began playing a larger, quieter role, assessing whether each remittance, invoice, or authorisation met the discipline regulators expect. Much of this work does not show up on a dashboard. No one pays attention to it until a mistake suddenly appears.

The Company Secretary ensures consistency not on the frontlines of the deal, but in the background, where trust is built.

## TWO ENGINES, ONE DIRECTION

*Where capital and commerce pull in the same line.*

FEMA and FTP may sit in different corners of the rulebook, but inside a company, they rarely stay apart. FEMA deals with money coming in and going out, investments, remittances, pricing rules, and all the checks an AD Bank expects before touching a foreign currency. FTP, on the other hand, governs how goods and services leave India, what documents support them, and how those benefits or obligations get tied up later.

On paper, these documents seem like two different conversations. But anyone who handles cross-border work knows they eventually meet each other midway. A share subscription under FEMA might later show up as an export commitment under FTP. An export invoice that begins its journey in the logistics department may have to be realised under FEMA timelines.

With everything moving to digital systems—FIRMS, DGFT Online, ICEGATE, AD Banks portals—the walls between these frameworks have become even thinner. A mistake in one place often travels quickly to the other. That is why a Company Secretary cannot look at FEMA and FTP as two different checklists. The two engines may operate separately, but for the company to move smoothly, they must run in the same direction with clean data and disciplined documentation connecting them.

## THE CONVERGENCE OF CAPITAL AND COMMERCE

*Transactions rarely stay in a single regulatory lane.*

An inward remittance may look simple at first glance, but it passes through FEMA pricing rules, KYC at AD Banks, DGFT documentation if the remittance links to an export, and finally, the realisation timelines that sit under both frameworks. Likewise, a technology invoice raised to a foreign client might appear routine, but it cannot be closed until FEMA's invoicing rules align with the documents expected under FTP and AD Bank's validations.

This is where governance becomes the deciding factor. When contracts are unclear, shipping documents are incomplete, or finance and logistics work on different versions of the same data, both FEMA and FTP begin to wobble. A small mismatch in values or timelines can surface in the most unexpected places, sometimes weeks later and sometimes during an audit.

But when internal processes are steady and teams share information early, the entire chain becomes easier to manage. Capital and commerce stop pulling in different directions. Instead, they meet on common ground, clean data, proper documentation and a workflow that the Company Secretary quietly keeps stitched together.

### FEMA THROUGH THE CORPORATE LENS

*Compliance becomes clarity when details meet discipline.*

Anyone who has handled FEMA work inside a company knows that the forms are only the last step. The real effort lies in everything that happens before a single FC-GPR or FC-TRS is uploaded. FEMA looks like a rulebook from the outside: valuation norms, pricing guidelines, reporting windows, and sector caps. Still, inside the organisation, it is more about keeping every part of a transaction clean and defensible.

A foreign investment or share transfer might start as a negotiation between the company and an investor, but once you prepare the documents, the complexity becomes apparent. Agreements must match the pricing rules; valuations must follow the guidelines; board minutes must reflect exactly what has been decided; and AD Bank will not move ahead until its KYC and purpose codes line up with what the company is declaring. Even a minor inconsistency can slow down the process or raise questions later.

This is where the Company Secretary becomes the anchor. FEMA touches several departments: finance looks at the flow of funds, the treasury team handles remittances, HR steps in when ESOPs involve non-residents, and legal ensures the agreements follow the right structure. Someone has to check that these moving parts align, and

most of the time that responsibility naturally falls to the Company Secretary.

Inside a company, FEMA is not simply a compliance requirement. It is a discipline. When handled well, it creates confidence not just within the organisation, but also in the eyes of AD Banks, investors, and regulators.

### FTP IN EVERYDAY BUSINESS

*Exports succeed when documentation speaks the same language.*

Many people inside a company assume that the Foreign Trade Policy matters are concerned only with the export department. However while working closely with FTP, it is realised that it quietly influences far more than just the movement of goods. The moment a business obtains an IEC, it steps into a framework where every export, whether physical or digital, carries expectations around documentation, timelines and accuracy.

A typical export seems straightforward until it touches multiple systems. Shipping bills go through Customs; invoices and packing lists sit with logistics; e-BRCs come from AD Bank; and Certificates of Origin or scheme-based authorisations flow through DGFT systems. Each piece moves through a different portal, and all of them expect the numbers to match. A small difference in value or an overlooked document can delay a benefit, block an authorisation closure, or trigger a query months later.

FTP is not just a logistics story. It needs coordination across departments that don't always interact; finance checks realisation timelines, operations track obligations under EPCG or Advance

Authorisation, logistics ensures documents match, and the Company Secretary brings consistency and clarity, especially when an exporter connects back to FEMA requirements or when documents must be reviewed before filing.

When FTP processes run with discipline, clean files, consistent data, timely closures the entire export chain becomes predictable. When they do not, even a simple shipment can turn into a long list of queries. Good FTP practice is not loud, but it protects the organisation's credibility every single time, its goods or services cross a border.

### WHY FEMA-FTP ALIGNMENT MATTERS

*Separate laws, but never separate responsibilities.*

Inside most organisations, FEMA and the Foreign Trade Policy tend to sit with different teams. Finance looks after the flow of money, while logistics and operations handle exports and the paperwork around them. But in an actual cross-border transaction from start to finish, it is quickly

realised that these two frameworks lean on each other. One wrong entry in a shipping document can affect a FEMA realisation; a delay in reporting under FEMA can create issues with DGFT closures. They are separate laws, yes, but the company experiences them together.

Most problems arise because internal teams treat these workflows as isolated tasks. Finance may close a remittance based on its own data while logistics works with a different set of numbers. AD Bank sees one version, Customs another, and DGFT expects everything to line up. The slightest mismatch even a small difference in an invoice value can trigger a query weeks or months later.

This is where the Company Secretary often steps in. Someone has to bring these pieces together, check whether the paperwork matches the declarations, and ensure the timelines make sense when viewed across both frameworks. FEMA and FTP alignment is not an academic concept; it is a practical need for any company that wants clean records and fewer surprises.

When the two sides move in sync, complaints drop, queries reduce, and compliance becomes predictable. When they do not, even simple transactions can create unnecessary complexity.

## MISTAKES THAT COST COMPANIES THE MOST

*Small slips create the loudest regulatory echoes.*

When Company Secretaries work on FEMA and FTP for a long period, they start noticing that most problems do not come from complicated provisions. They come from simple things that slipped through the cracks. A value typed wrongly in a shipping bill, an e-BRC that shows a number slightly different from the invoice, or a purpose code selected in a hurry at AD Bank, these things look small at the time, but they tend to surface later. And usually when you least expect them.

Timelines are another area where companies get into trouble. FEMA reporting windows are firm, and DGFT's export-obligation closures do not wait for internal coordination. But inside many companies, tasks are divided between teams, and everyone assumes someone else is watching the deadlines. By the time the delay is noticed, the company is already answering queries or putting together extra paperwork to justify what should have been filed earlier.

Documents such as a Certificate of Origin that were never collected, a valuation report not matching the board resolution, an unsigned agreement sitting quietly in a file, all of these look harmless until an AD Bank, auditor or regulator asks for them. Then the scramble begins. This is where the Company Secretary quietly prevents a lot of damage. Most of these issues can be avoided if someone checks the documents early, ensures the numbers match across departments and sets a rhythm for internal reviews. Good governance does not draw attention to itself, but it definitely shows its value when things stay smooth.

## TECHNOLOGY, TRANSPARENCY AND TOMORROW

*Systems reveal what organisations once overlooked.*

Technology has changed the way cross-border work is handled. Earlier, filings went into files and were pulled out only when someone asked for them. Today, almost every transaction leaves a digital mark. These footprints are visible across multiple systems. FIRMS captures investment reporting, DGFT's portal reflects export documents, ICEGATE mirrors Customs data and AD Banks rely heavily on automated checks rather than manual judgment. This shift has brought much-needed transparency, but it has also raised the bar on accuracy.

Regulators too are simplifying and restructuring their frameworks. The Reserve Bank's move to consolidate thousands of circulars into a smaller set of Master Directions is a good example of reducing confusion but also leaves less room for interpretation. DGFT continues to automate Certificates of Origin, risk flags and e-BRC matching, meaning errors and mismatches now surface almost instantly. A small mistake that might have gone unnoticed years ago can now be highlighted by the system within minutes.

For companies, this means the margin for error has become narrower. A wrong drop-down selection, an attachment uploaded in a hurry or numbers that do not match across platforms can lead to queries long after the transaction is closed. Filing on time is no longer enough; what the company files across these connected systems must also match.

The Company Secretary becomes the steady hand, checking documents, aligning teams and spotting small mistakes before they turn into real compliance issues. Technology can make compliance smoother, but it needs strong governance to stay reliable.

## THE ROAD TO REPUTATION

*Reputation is built in quiet, repeated actions.*

Reputation in cross-border business rarely comes from a single big action. It builds slowly, in the background, through the way a company handles ordinary things a FEMA filing done on time, an export document appropriately completed, or numbers that match across all portals without anyone having to fix them later. Regulators, AD Banks, export councils and even overseas customers notice these patterns quietly. They may not comment on it, but they recognise when an organisation treats compliance with respect.

A clean FEMA track record says something about a company long before an investor meeting happens. The same is true with FTP work: when export obligations are closed on time and the supporting documents are

in order, it gives confidence that the business runs with discipline. On the other hand, one mismatched value in an e-BRC or a delayed FC-GPR can raise questions that go beyond that single transaction. In a digital environment, inconsistencies don't stay hidden for long.

Companies preparing for IPOs experience this more sharply than most. Long before the DRHP is drafted, investors and advisors look at the company's internal habits, whether documentation is clean, whether filings show patterns of delay, and whether cross-border records are easy to verify. These small details shape the organisation's image far more than a presentation ever can.

The Company Secretary builds a reputation in simple ways by reviewing documents, spotting mismatches early, reminding teams about what is due and keeping old records usable. These may look like routine actions, but they are exactly what strengthens a company's image over time. None of this is glamorous, but together, these habits slowly create the reputation that companies carry into the world.

## THE REPUTATION REVOLUTION

*Governance is the new currency of trust.*

A quiet shift is happening in India's cross-border landscape. A few years ago, companies were more focused on meeting the basic requirements of filing forms, closing obligations and keeping records in order. Today, the expectations have changed. Regulators, investors and overseas partners look far deeper. They are not just checking whether a company followed the rule; they are trying to understand how the company behaves. Consistency, discipline and transparency have become just as important as the law itself.

FEMA and FTP are part of this larger change. They no longer function only as compliance frameworks. They reflect how responsibly a business handles money, goods, services and data that cross India's borders. A company that shows clean FEMA filings, timely realisation, proper documentation and well-maintained export records automatically builds trust — even without saying a word. A company that treats compliance casually risks being seen as unpredictable, even if the business itself is strong.

This is where the Company Secretary's role has evolved the most. It is not just about filing a form or preparing a checklist. It is about shaping the company's behaviour, helping teams set up better processes, encouraging documentation discipline, and ensuring that numbers match wherever they appear. Much of this work is invisible inside the organisation, but the effect becomes evident outside.

The real change is this: reputation is no longer built by marketing. It is built by governance. And the Company

Secretary stands right at that intersection, holding together the small details that ultimately create confidence in the company.

## CONCLUSION

*Where consistency becomes confidence — and confidence becomes trust.*

Cross-border activity will only grow from here, and with it, the expectations placed on companies. Laws, portals and systems help, but they cannot replace the steady discipline that holds a transaction together. FEMA and FTP may look like two separate frameworks, yet within a company, they are linked through every remittance, export invoice, and compliance file. What keeps these moving parts aligned is not just knowledge of the law, but a way of working that values clarity over shortcuts.

This is where the Company Secretary quietly shapes the organisation's behaviour. By guiding teams early, reviewing documents before they become filings and keeping an eye on the small details that are easy to miss, many larger issues never surface. It is steady work, not glamorous, but it builds something every company needs today — trust.

As India deepens its engagement with the world, this kind of governance will matter even more. And in most companies, the person who keeps that trust architecture strong is the Company Secretary.

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# Foreign Exchange Legislation in India: Role of Professionals

The shift from the Foreign Exchange Regulation Act, 1973 (FERA) to the Foreign Exchange Management Act, 1999 (FEMA) marked a paradigm change—from a criminal law framework aimed at control to a civil, facilitative statute aimed at management. This transformation has occurred alongside India's emergence as a major economic player, attracting substantial foreign investment, expanding overseas operations of Indian enterprises, and experiencing a surge in cross-border financial flows. Within this landscape, professionals such as Company Secretaries' role has expanded far beyond documentation and statutory filings. They now serve as transaction architects, cross-border compliance strategists, governance advisors, valuation experts, and custodians of regulatory integrity. This article examines the evolution of India's foreign exchange legislation, outlines the core features of the current regulatory framework, analyses contemporary policy developments, and, most importantly, articulates the expanding and multi-dimensional role of professionals in ensuring compliance, facilitating investments, and strengthening India's position in the global financial ecosystem.



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## INTRODUCTION

Foreign exchange management is an indispensable component of a modern economy, particularly for a country like India that actively participates in global trade, capital flows, and financial markets.

As Indian enterprises increasingly explore international markets and foreign investors continue to view India as a promising investment destination, the regulatory framework governing foreign exchange has assumed critical importance.

In the post-liberalisation era, India's foreign exchange policy has been aligned with broader economic goals—economic growth, macroeconomic stability, capital account prudence, and financial integrity. The transition from a restrictive regime under FERA to a managerial and facilitative framework under FEMA reflects India's evolving economic narrative.

Professionals such as Company Secretaries have played a significant role at each stage of this journey. The complexity of cross-border transactions—share subscriptions, mergers, ECBs, joint ventures, overseas acquisitions, export-import financing, or non-resident remittances—requires deep understanding not only of the statutory framework but also of business considerations, risk implications, and international

practices. Boards and senior managements increasingly rely on the interpretative clarity and practical experience brought by professionals.

As global economic interactions become more intricate, professionals need to harmonise regulatory requirements with business objectives. The subject is no longer confined to routine filings; it now encompasses sophisticated structuring, risk assessment, valuation standards, governance advisory, and navigating regulatory expectations that evolve with each policy shift.

## EVOLUTION OF INDIA'S FOREIGN EXCHANGE LEGISLATION

### 1. Early Framework and the Era of Controls

At independence, India inherited a fragile external sector characterised by limited reserves and volatile global conditions. To address this, the Defence of India Rules (1939) and later the Foreign Exchange Regulation Act, 1947 granted the Government significant powers to regulate foreign exchange transactions. These controls, designed for crisis management, persisted for decades as India continued to grapple with foreign exchange shortages.

### 2. FERA 1973 – The Control Regime

FERA, enacted in 1973, was amongst the strictest foreign exchange laws globally. It criminalised most violations, prioritised conservation of foreign exchange, and imposed tight restrictions on foreign investment, remittances, and overseas transactions. The law reflected the economic philosophy of the time—protectionism, import substitution, and limited openness to foreign capital.

### 3. The Liberalisation Era and the Need for Reform

The economic crisis of 1991 led to sweeping reforms. As foreign investment accelerated and India integrated with global markets, the rigid, punitive provisions of FERA became incompatible with emerging realities. A modern, business-friendly, and facilitative statute was required.

#### 4. FEMA 1999 – A Paradigm Shift

The Foreign Exchange Management Act, 1999 came into effect in June 2000. FEMA's focus shifted fundamentally:

- From control to management.
- From criminal penalties to civil consequences.
- From prohibition to regulation.
- From scarcity mindset to growth and global integration.

FEMA also enabled significant delegation of regulatory functions to the Reserve Bank of India (RBI), which issues rules, regulations, and Master Directions to operationalise the law.

#### 5. Progressive Liberalisation

Over the past two decades, India has gradually liberalised its foreign exchange regime by:

- Expansion of FDI sectors.
- Liberalised Remittance Scheme (LRS).
- Overseas Direct Investment reforms.
- Introduction of ECB frameworks.
- Digitisation of reporting.
- Sector-specific policy consolidation.

This evolution mirrors India's economic aspirations and its growing role in global commerce.

### FEMA: LEGAL ARCHITECTURE AND CORE FEATURES

#### 1. Objectives and Scope

FEMA's stated objectives are to facilitate external trade and payments and promote the orderly development of the foreign exchange market in India. It governs:

- Capital Account Transactions.
- Current Account Transactions.
- Non-resident investments.
- Transaction reporting and documentation.
- Enforcement and adjudication.

#### 2. Key Regulatory Authorities

- Reserve Bank of India (RBI): Central authority for regulating foreign exchange, issuing directions, approving transactions, and administering reporting frameworks.
- Central Government: Frames rules for capital account transactions and notifies sectoral policies.
- Enforcement Directorate (ED): Investigates contraventions under FEMA and conducts adjudication proceedings.

#### 3. Capital and Current Account Transactions

FEMA differentiates between:

- Current Account Transactions: Generally permitted unless prohibited (e.g., certain remittances).
- Capital Account Transactions: Regulated or restricted based on sectoral considerations.

#### 4. Rules, Regulations, and Master Directions

The framework is implemented through:

- FEMA Rules (framed by the Government).
- FEMA Regulations (notified by RBI).
- Master Directions consolidating norms.
- FAQs and circulars for clarity.

Professionals must track frequent updates to ensure compliance.

#### 5. Enforcement and Compounding

Contraventions under FEMA attract civil penalties. The compounding mechanism enables voluntary settlement, reducing litigation and promoting compliance. It has become an important avenue for corporates seeking regularisation of technical breaches.

Civil proceedings dominate FEMA enforcement, with increased use of compounding for procedural lapses and higher penalties reserved for willful contraventions or egregious layering/misrepresentation cases.

### KEY SECTORS AND TRANSACTIONS GOVERNED BY FEMA

1. **Foreign Direct Investment (FDI):** India's FDI policy defines sectoral caps, entry routes (automatic vs approval), pricing guidelines, reporting obligations, and restrictions for sensitive sectors.

2. **Overseas Investment (ODI/OFS):** The 2022 and subsequent reforms created a unified, modern ODI regime covering:

- Equity investments abroad.
- Debt instruments.
- Round-tripping safeguards.
- Financial commitment limits.
- Financial services entity guidelines.

3. **External Commercial Borrowings (ECB):** Corporates access foreign debt through the ECB framework, subject to:

- Track categorisation.
- End-use restrictions.
- All-in-cost ceilings.
- Reporting obligations.

4. **Cross-Border M&A and Corporate Restructuring:** FEMA significantly impacts:

- Share swaps.
- Inbound/outbound mergers.

- Transfer of shares between residents and non-residents.
- Valuation requirements.

5. **Export and Import Transactions:** Documentation, timely realisation, advance remittance norms, and trade credit policies are central to compliance.

6. **Real Estate, Remittances, and LRS:** Non-resident purchases, rental income, gifted property, and individual remittances fall under regulatory supervision.

7. **Emerging Domains: Digital and Fintech:** RBI continues to strengthen oversight over cross-border digital payments, fintech platforms, wallet-based transactions, and potential foreign exchange exposure from crypto-assets.

## CONTEMPORARY DEVELOPMENTS (2023-2025)

1. **Unified FDI Framework and Sectoral Clarity:** Recent policy consolidation has enabled easier navigation of sectoral caps, beneficial ownership considerations, and national security reviews.
2. **ODI Framework Modernisation:** New reporting formats, clarity on step-down subsidiaries, financial services entity norms, and restrictions on round-tripping reflect contemporary global norms.
3. **Revised Compounding Procedures:** Enhanced transparency, reduced timelines, and digitised submissions have simplified the process.
4. **LRS Tightening and Digital Remittance Monitoring:** Increased focus on:
  - High-value outward remittances.
  - Risk-based KYC.
  - Fintech platforms handling cross-border payments.
5. **Start-Up Funding, Convertible Instruments, and Valuation:** Regulators are particularly attentive to pricing integrity, genuine commercial justification, and avoidance of disguised debt.
6. **FATF Alignment and National Security Considerations:** Cross-border fund flows are subject to higher scrutiny in light of global anti-money laundering expectations.

## THE EVOLVING ROLE OF COMPANY SECRETARIES: FROM FORM FILLING TO STRATEGIC STEWARDSHIP

In the FERA era, professional engagement was often defensive and episodic, centring on obtaining permissions, responding to notices and firefighting enforcement actions. Under FEMA's management-oriented regime, professionals have become embedded in the full lifecycle of cross-border activity—from transaction design and documentation to execution, reporting, assurance and litigation strategy.

Governance professionals such as Company Secretaries, in-house legal counsel and compliance officers now shoulder frontline responsibility for ensuring FEMA-compliant board processes, shareholder approvals and documentation, particularly for FDI, outbound investments, guarantees and group treasury structures. Their remit spans advising on regulatory routes, engaging with authorised dealers, aligning internal policies with RBI directions and training management teams on practical do's and don'ts in foreign exchange dealings.

### 1. Transaction advisory and structuring

For corporate lawyers, investment bankers and transaction advisors, FEMA considerations are integral to structuring cross-border mergers, acquisitions, joint ventures and financing arrangements. Choice of instrument—equity, compulsorily convertible securities, non-convertible preference shares or debt—often turns on FEMA norms relating to pricing, end-use, maturity, security and repatriation, requiring close coordination between legal, tax and treasury functions.

Advisors must also navigate sectoral caps, prohibited and conditional activities, downstream investment rules and beneficial ownership concerns while ensuring that transaction timelines accommodate regulatory filings, approvals where necessary and post-closing reporting obligations. This has elevated the expectation that professionals combine technical mastery of FEMA instruments with commercial sensitivity and cross-jurisdictional awareness.

### 2. Compliance Management, Monitoring and Remediation

Compliance professionals in banks and corporates have seen their role expand from transactional vetting to continuous risk monitoring and governance of foreign exchange exposure. In authorised dealer institutions, compliance teams oversee KYC and AML checks, documentation standards, transaction coding, suspicious transaction reporting and adherence to RBI circulars across branches and digital channels.

Within corporates, professionals design internal control frameworks for tracking foreign currency receivables and payables, ensuring timely repatriation of export proceeds, validating eligibility under relevant schedules and managing documentation for audits, inspections and compounding applications. Early identification of potential contraventions—such as delayed filings, incorrect reporting or inadvertent breaches of caps—and timely recourse to compounding or rectification have become central to responsible governance practice.

### 3. Interface with technology, data and analytics

The digitisation of foreign exchange operations has created new domains of expertise for professionals, who must now understand not only substantive law but also system design, data architecture and algorithmic controls. In banks, this includes configuring transaction-monitoring systems to flag FEMA-relevant anomalies, integrating customer-facing apps with back-end compliance engines and ensuring that automated processes remain aligned with evolving RBI prescriptions.

For in-house teams, increasingly granular reporting obligations and data-driven supervision by regulators demand robust compliance dashboards, reconciliations and exception-management tools that can withstand regulatory scrutiny and independent audit. Professionals who can bridge legal requirements with technological solutions—whether through RegTech deployments, workflow tools or analytics—are becoming indispensable to effective foreign exchange governance.

### 4. Capacity building, ethics and professional standards

The complexity and fluidity of FEMA-related norms make continuous learning non-negotiable for professionals operating in this space. Professional bodies and academic institutions are responding with specialised courses, certification programmes and practice-oriented publications that address emerging areas such as overseas investment restructuring, cross-border insolvency, derivative documentation and ESG-linked capital flows under the foreign exchange framework.

At the same time, heightened expectations on ethical conduct and fiduciary responsibility mean that professionals must exercise independent judgement—not merely execute client instructions where these appear to strain, circumvent or technically exploit regulatory provisions. The alignment of professional standards with broader public-interest objectives—financial stability, integrity of markets and deterrence of illicit flows—is central to sustaining the credibility of India's liberalised yet closely supervised foreign exchange regime.

### 5. Future directions: towards a more integrated and principle-based regime

Looking ahead, foreign exchange legislation in India is likely to move incrementally towards greater consolidation, principle-based drafting and harmonisation with allied regulatory domains. Current debates highlight the need to simplify overlapping regulations, modernise definitions to account for digital assets and platforms, and streamline approval and reporting processes without diluting safeguards against volatility and financial crime.

For professionals, this trajectory implies an even stronger emphasis on interdisciplinary expertise, anticipatory compliance and proactive engagement with policy-making and consultative processes. As India's aspiration to be a leading global economic power translates into deeper capital integration and more complex cross-border financial relationships, the role of informed, ethically grounded and technologically attuned professionals will be pivotal in ensuring that the foreign exchange legal framework remains both facilitative and resilient.

### 6. Technology, Complexity, and Professional Practice

Digitalisation and fintech innovations have transformed foreign exchange activity. Online remittances, algorithmic trading, cross-border digital services, and crypto-assets have each drawn legislative and regulatory responses to close gaps and protect integrity without stifling growth. Concurrently, India's globalization has driven the proliferation of sophisticated capital structures, layered holding entities, and hybrid instruments, demanding precise compliance with both the letter and spirit of FEMA.

This complexity makes domain expertise indispensable. Professionals—lawyers, Company Secretaries, compliance officers, and corporate bankers—now function far beyond mere processors of approvals. Their mandates include early compliance risk identification, cross-jurisdictional structuring, and multi-layered reporting. They must integrate FEMA advice with SEBI, Companies Act, 2013, income tax, insolvency, and data regulation frameworks to ensure holistic due diligence.

## ENFORCEMENT TRENDS AND JURISPRUDENCE

Civil proceedings dominate FEMA enforcement, with increased use of compounding for procedural lapses and higher penalties reserved for willful contraventions or egregious layering/misrepresentation cases. Adjudicatory authorities, appellate tribunals, and recent court decisions have helped define principles like proportionality, due process, and reasonableness of RBI discretion. This legal landscape clarifies expectations for compliance officers and advisors: diligent reporting, genuine economic justification for transactions, and strict adherence to both timelines and substance of FEMA regulations.

### 1. Looking Forward: Consolidation and Global Integration

India's foreign exchange regime is expected to gradually shift toward greater codification, simpler compliance interfaces, and principle-based drafting. There is ongoing discussion about streamlining overlapping rules, establishing digital asset definitions, and harmonising cross-border regulations. As India strengthens its global economic stature and financial

integration, professionals must anticipate regulatory expectations, build interdisciplinary fluency, and uphold ethical stewardship.

## CONCLUSION

India's foreign exchange regime has evolved from a restrictive control-based system to a modern, facilitative, and globally aligned framework. As the economy becomes more integrated with global markets, the complexity of cross-border transactions continues to rise. Professionals such as Company Secretaries play a pivotal role in interpreting regulations, structuring compliant transactions, advising boards, and upholding the integrity of India's financial ecosystem. Their expertise enhances investor confidence, strengthens governance, and facilitates smooth cross-border operations.

The future will demand deeper knowledge, multidisciplinary skills, and continuous learning, especially in areas such as digital finance, valuation, fintech-led remittances, and global compliance standards. As India progresses toward becoming a major global economic hub, the contribution of professionals in managing foreign exchange and guiding businesses through regulatory expectations will remain indispensable.

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# Hybrid Instruments & FOCCs: Decoding OCDs and OCPS Under FEMA

The article explores the regulatory complexities surrounding investments by Foreign Owned or Controlled Companies (FOCCs) in hybrid instruments like Optionally Convertible Debentures (OCDs) and Optionally Convertible Preference Shares (OCPS) under FEMA. It clarifies that while these instruments blend debt and equity features, they are treated as debt under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time, and governed by External Commercial Borrowings (ECB) regulations. The Supreme Court's ruling in IDBI Trusteeship v. Hubtown Ltd. emphasized that assured returns violate FEMA norms and downstream investments by FOCCs must be in equity instruments. The article concludes that FOCCs may invest in non-equity instruments without triggering FDI conditions, but conversion into equity reclassifies the investment as downstream, requiring compliance with pricing and sectoral norms. Company Secretaries are advised to monitor conversion terms and regulatory triggers closely to ensure compliance.



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## INTRODUCTION

The regulatory treatment of investments made by Indian entities classified as FOCCs into hybrid instruments such as Optionally Convertible Preference Shares (OCPS) and Optionally Convertible Debentures (OCDs) of another Indian entity has long been mired in uncertainty.

Despite the existence of a broader framework under the Foreign Exchange Management Act, 1999 (FEMA) and the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the specific nuances surrounding FOCCs investing in such instruments within India are addressed in this article. This article seeks to critically analyse the regulatory areas, focusing exclusively on the issuance and investment in hybrid instruments by FOCCs. To provide a structured and comprehensive understanding, the discussion is divided into six distinct parts, each exploring a key facet of the issue and culminating in a reasoned conclusion.

## TERMINOLOGIES AND THEIR LEGAL DEFINITIONS

1. **Debentures:** As per Section 2(30) of the Companies Act, 2013, "debenture" includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not.

Provided that:

- a. the instruments referred to in Chapter III-D of the Reserve Bank of India Act, 1934; and
- b. such other instrument, as may be prescribed by the Central Government in consultation with Reserve Bank of India, issued by a company, shall not be treated as debenture.

2. **Preference Shares:** As per Section 43 of the Companies Act, 2013 –

Clause (ii) "preference share capital", with reference to any company limited by shares, means that part of the issued share capital of the company which carries or would carry a preferential right with respect to—

- a. payment of dividend, either as a fixed amount or an amount calculated at a fixed rate, which may either be free of or subject to income-tax; and

b. repayment, in the case of a winding up or repayment of capital, of the amount of the share capital paid-up or deemed to have been paid-up, whether or not, there is a preferential right to the payment of any fixed premium or premium on any fixed scale, specified in the memorandum or articles of the company.

Clause (iii) capital shall be deemed to be preference capital, notwithstanding that it is entitled to either or both of the following rights, namely:

- that in respect of dividend, in addition to the preferential rights to the amounts specified in sub-clause (a) of clause (ii), it has a right to participate, whether fully or to a limited extent, with capital not entitled to the preferential right aforesaid.
- that in respect of capital, in addition to the preferential right to the repayment, on a winding up, of the amounts specified in sub-clause (b) of clause (ii), it has a right to participate, whether fully or to a limited extent, with capital not entitled to that preferential right in any surplus which may remain after the entire capital has been repaid.

### 3. Foreign Owned or Controlled Company (FOCC)

A Foreign Owned or Controlled Company (FOCC) in any business that is owned or managed by an individual who does not reside in India.

- **Ownership:** A company where more than 50% of its paid-up capital (on a fully diluted basis) is owned by a Person resident outside India. A person who resides outside of India owns more than half of the capital and the majority of the profit share in an LLP.
- **Control:** In business, control refers to the power to make crucial decisions or influence the company's direction. This can happen through:
  - ◆ Appointing a majority of the directors.
  - ◆ Managing or influencing company policies and decisions.
  - ◆ Holding a significant number of shares or voting rights.
  - ◆ Having rights through shareholder or voting agreements.

In case of LLP, control refers to the authority to appoint the majority of designated partners, where these designated partners; to the exclusion of others, exercise control over all the policies of the LLP.

## HYBRID INSTRUMENT

Hybrid instruments are financial securities that combine features of both debt and equity. They offer fixed returns like debt but also provide the potential for ownership and capital appreciation like equity. In the evolving landscape of corporate finance, hybrid instruments have gained prominence for their ability to blend the characteristics of debt and equity. Among these, OCPS and OCDs stand out as versatile tools for raising capital while offering flexibility to both issuers and investors.

Optionally Convertible Debentures (OCDs) are hybrid debt instruments that provide the holder with two distinct options: they can either convert the debentures into equity shares of the issuing company at a later date based on predetermined terms or redeem them for cash. Until the holder exercises one of these options, OCDs carry a fixed rate of interest, offering predictable returns.

Similarly, Optionally Convertible Preference Shares (OCPS) grant the holder the flexibility to either convert the preference shares into equity shares or redeem them, depending on their investment strategy. These instruments typically offer fixed dividends until conversion or redemption, making them attractive to investors seeking both income stability and potential equity participation.

Hybrid instruments offer fixed returns like debt but also provide the potential for ownership and capital appreciation like equity.

Both OCDs and OCPSs exemplify hybrid financial instruments, blending the characteristics of debt and equity to provide flexibility in corporate financing and investment planning.

## COVERAGE UNDER FDI

The Foreign Exchange Management Act, 1999 (FEMA), in conjunction with the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, provides a comprehensive framework for foreign investments in India. These rules define the scope of equity instruments and clearly delineate which instruments fall within the ambit of non-debt instruments and which do not.

Let us examine how the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, framed under FEMA, address the regulatory treatment of OCPS and OCDs.

- 'Equity Instruments' are equity shares, convertible debentures, preference shares and share warrants issued by an Indian company.
- Non-convertible/ optionally convertible/ partially convertible debentures, funds for which have been received after June 07, 2007, shall be treated as debt and shall conform to External Commercial Borrowing (ECB) guidelines framed under Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2018, as amended from time to time.

- Non-convertible/ optionally convertible/ partially convertible preference shares funds for which have been received after April 30, 2007 shall be treated as debt and shall conform to guidelines framed under Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2018, as amended from time to time.

It has been observed that OCDs and OCPS reflecting their hybrid nature and conditional treatment are explicitly treated as debt and excluded from the scope of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. Instead, these instruments fall under the purview of the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2018, and therefore, are not treated as downstream investments under FEMA.

## EXTERNAL COMMERCIAL BORROWINGS AND HYBRID INSTRUMENTS

As per the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 certain hybrid instruments such as OCDs and OCPS are treated as debt instruments and are therefore governed by the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2018 i.e., External Commercial Borrowings (ECB) guidelines. In order to ascertain whether investments made by a FOCC in OCDs and OCPS fall within the ambit of the ECB framework, it is imperative to examine the statutory definition of ECB, the permissible forms of ECB, and the eligibility criteria prescribed for recognized lenders under the applicable regulatory regime.

- Meaning:** External Commercial Borrowings are commercial loans raised by eligible resident entities from recognised non-resident entities and should conform to parameters such as minimum maturity, permitted and non-permitted end-uses, maximum all-in-cost ceiling, etc.
- Forms of ECB:** The Forms of ECBs through which eligible resident entities can borrow funds from recognised non-resident entities are as follows:
- Foreign Currency (FCY) Denominated ECBs:** These are borrowings raised in currencies other than Indian Rupees and include the following instruments:
  - Loans, including bank loans from foreign lenders.
  - Floating or fixed rate notes, bonds, or debentures (excluding fully and compulsorily convertible instruments).
  - Trade credits with a maturity period exceeding 3 years.
  - Foreign Currency Convertible.
    - Bonds (FCCBs).
    - Foreign Currency Exchangeable Bonds (FCEBs).

- Indian Rupee (INR) Denominated ECBs:** These borrowings are raised in Indian Rupees and include:
  - Loans, including bank loans from foreign lenders.
  - Floating or fixed rate notes, bonds, debentures, or preference shares (excluding fully and compulsorily convertible instruments).
  - Trade credits with a maturity period exceeding 3 years.
  - Financial leases.
  - Plain vanilla Rupee-denominated bonds issued overseas, which may be privately placed or listed on foreign exchanges as per host country regulations.

- Definition of Recognized lenders:** The lender should be resident of FATF or IOSCO compliant country, including on transfer of ECB. However:
  - multilateral and regional financial institutions where India is a member country will also be considered as recognised lenders;
  - individuals as lenders can only be permitted if they are foreign equity holders or for subscription to bonds/debentures listed abroad; and
  - foreign branches/subsidiaries of Indian banks are permitted as recognised lenders only for FCY ECB (except FCCBs and FCEBs). Foreign branches/ subsidiaries of Indian banks, subject to applicable prudential norms, can participate as arrangers/ underwriters/market-makers/traders for Rupee denominated Bonds issued overseas. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks will not be allowed.

Upon examining the prescribed forms of External Commercial Borrowings (ECB), it is evident that instruments such as Non-Convertible Debentures, Non-Convertible Preference Shares, and Optionally Convertible Debentures and Optionally Convertible Preference Shares are governed under the ECB framework. However, the applicability of ECB regulations is contingent upon the source of funds.

Specifically, ECBs must be raised from non-resident entities recognized as eligible lenders under the relevant RBI guidelines. Accordingly, while direct lending of funds by foreign residents in the form of OCDs and OCPS in the Indian entities may fall within the scope of ECB regulations, investments made by a FOCC, being an Indian resident entity, do not qualify as ECBs. Such investments, therefore, lie outside the purview of the ECB framework.

## SUPREME COURT CASE LAW ON HYBRID INSTRUMENTS

In the landmark case of *IDBI Trusteeship Services Ltd. v. Hubtown Ltd.*, the Supreme Court of India addressed critical questions surrounding the legality of hybrid instruments—specifically Compulsorily Convertible Debentures (CCDs) and Optionally Convertible Debentures (OCDs)—in the context of Foreign Direct Investment (FDI) and downstream investment under the Foreign Exchange Management Act, 1999 (FEMA).

### a) Background

The case involved a foreign investor, FMO, investing in CCDs issued by an Indian company, Vinca Developers Pvt. Ltd., which was classified as a Foreign Owned or Controlled Company (FOCC). Vinca, in turn, made downstream investments into two Indian companies—Amazia Developers and Rubix Trading—through OCDs. The structure raised concerns about compliance with FEMA and FDI norms, particularly regarding the assurance of fixed returns.

### b) Key Judicial Findings

- **Assured Returns Violate FEMA:** The Court emphasized that FDI must not carry an assured return. Any structure that guarantees a fixed rate of return—such as OCDs with back-ended coupons or fixed interest payouts—violates FEMA regulations. Such instruments are treated as debt, not equity, and are therefore impermissible under the automatic route for FDI in sectors where only equity investment is allowed.
- **Downstream Investment Must Be in Equity Instruments:** The judgment clarified that downstream investment by a FOCC must be in equity instruments, including CCDs, which are treated as equity under FDI norms. However, OCDs, unless mandatorily convertible and devoid of fixed returns, do not qualify as equity instruments and may attract regulatory scrutiny.
- **Implications for Corporate Structuring:** This ruling serves as a cautionary tale for companies structuring FDI-linked transactions. It underscores the importance of:
  - ◆ ensuring compliance with FEMA and FDI norms;
  - ◆ avoiding assured returns in hybrid instruments; and
  - ◆ using mandatorily convertible instruments for downstream investments by FOCCs.

## CONCLUSION AND PRACTICAL SUGGESTIONS FOR COMPANY SECRETARIES

It has been observed that neither the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 nor the External Commercial Borrowings (ECB) Regulations explicitly govern investments made by a Foreign Owned or Controlled Company (FOCC) into hybrid instruments—such as redeemable preference shares or debentures of another Indian entity.

The Reserve Bank of India (RBI) has clarified that ECB conditions would be triggered only if such investments are made using borrowed funds. Furthermore, the RBI has stated that if the terms of these redeemable instruments are subsequently modified to allow conversion into equity shares, such modification would be treated as a contravention of downstream investment norms, effective from the original date of investment.

Hence, it can be argued that FOCC is permitted to invest also in non-equity instruments of an Indian company without complying with FDI conditions. Also, such investments are generally permissible under the Companies Act, 2013 being a primary legislation for issuance of securities. However, upon conversion of such securities into equity instruments, it becomes downstream investment and FDI conditions need to be complied with. Going by this approach, pricing guidelines should apply only on conversion and not at the time of original investment in non-capital instruments.

Another issue rises regarding the pricing norms, and it has been concluded that if investment in OCPS and OCDs is not a downstream investment, pricing guidelines would not be applicable at the time of subscription rather it will be applicable at the time of conversion. However, once these instruments are converted into equity, the transaction is deemed to be a downstream investment, thereby triggering the requirement to comply with FDI conditions, including sectoral caps, entry routes, and pricing norms.

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# Remodeling FEMA Governance: Integrating Financial Strategy and RegTech for FDI in India's Technology Sector

The article examines the evolution of FEMA governance in India's digital era, emphasizing how Company Secretaries must transition from Compliance Officers to Strategic Advisors. It highlights the valuation challenges in technology-driven FDI and the need for financial fluency to justify intangible assets. The framework proposes integrating financial strategy with RegTech adoption to modernize compliance. Automation, AI, and data dashboards are positioned as tools to shift governance from reactive to proactive. Ultimately, it calls for techno-governance experts who blend law, finance, and technology to drive compliant growth in India's technology ecosystem.



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## INTRODUCTION

The change from Foreign Exchange Regulation Act (FERA), 1973, to Foreign Exchange Management Act (FEMA), 1999, was not merely a legislative change; it was a change in philosophy that matched India's own approach to economic liberalization. The country transitioned from a regime of strict control, where foreign exchange was to be treated as a scarce resource to conserve, to a regime of management, under which cross-border capital flows were accepted as a basic ingredient of growth. FEMA was intended to facilitate—not inhibit foreign exchange management.

Yet, two decades later, the spirit of this liberalization faces a new and formidable test in the form of India's burgeoning digital economy. The principles of FEMA, which were drafted in an era of brick-and-mortar industries, are now being applied to a world made of code, data, and algorithms. The sheer speed, volume, and intangible nature of FDI flowing into the technology sector represent governance challenges that the original framework, for all its prescience, could not have envisioned in their entirety. This article develops a strategic framework for Company Secretaries and governance professionals. It contends that in order for them to effectively guide their organizations through this new landscape, they must evolve from

being compliance gatekeepers to becoming strategic business partners, armed with both financial acumen and technological tools.

## THE TECHNOLOGY SECTOR ANOMALY: WHEN INTANGIBLES MEET REGULATION

To understand the magnitude of the modern compliance challenge—reflect on a conventional foreign direct investment case from 2000s: a German auto-parts manufacturer investing to establish a factory in Pune. This was an actual transaction that was based on some tangible aspects of an enterprise, for example, physical assets, machinery, and predictable cash flows. The involvement of the Company Secretary, although complicated, was grounded in verifiable, tangible data.

Contrast this now with the typical transaction of today: A Singapore-based venture capital fund investing millions into a Bangalore-based SaaS startup that has negligible revenue and no significant physical assets. Its value does not lie in its balance sheet; it's in its IP, network effects of its users, scalability of its code and perceived size of its Total Addressable Market.

This is the anomaly of the technology sector. It creates a fundamental tension for the governance professional, caught between two worlds; on one side the fast-moving commercial/product teams pushing for growth, at almost any cost; on the other, a deliberate regulatory framework administered by AD Banks and the RBI, which, quite rightly, requires justifiable reasons for the flow of capital. The responsibility of the CS is to bring the abstract narrative of future potential into form; specifically, into regulatory form like that of the FC-GPR. This is not a simple filing anymore; this is a complicated exercise in communicating strategy, managing risk and understanding commercial dynamics.

But to traverse the complexities of technology FDI, governance professionals need to expand their toolset beyond pure legal compliance: to be fluent in the language of finance and strategy, not to take over the role of the CFO or valuer themselves, but to provide an effective bridge between business and the regulators. This requires a fundamental shift in how the secretarial function is perceived, and more importantly, how it operates.

## THE VALUATION LABYRINTH: JUSTIFYING THE INTANGIBLE

The valuation aspect is usually the initial challenge in any technology FDI (Foreign Direct Investment) transaction. For a Company Secretary, filing Form FC-GPR is a significant obligation since it is a certificate confirming that the transaction met FEMA pricing terms arbitrarily. The challenge is that the valuation of a technology startup will often seem illogical. For example, how could a company with little to no revenue possibly be valued in the hundreds of crores?

The key is realizing that valuation is not a snapshot of the present, but a forecast of the future. The role of a governance professional is to ensure that the valuation report is more than just a number; it is a defensible story backed by relevant metrics. When reviewing a valuation report for a technology company, a CS should look for justifications based on:

- **Customer Lifetime Value (CLTV) and Customer Acquisition Cost (CAC):** CLTV in simple terms, is the total profit the company expects from a single customer. In contrast, CAC is the cost to the company for acquiring that customer. If the business has a good ratio of CLTV to CAC (3:1 or greater), it is a strong indicator of a sustainable business model and justification for a high valuation. Essentially, having a good ratio verifies that the company's investment of capital is yielding profitable growth.
- **Monthly Active Users (MAUs) and Engagement Metrics:** Active user numbers and user engagement can be thought of as direct proxies for future revenue potential. A fast-growing user base indicates the market has confidence and there is a "network" effect, which has its own value.
- **Total Addressable Market (TAM):** This metric estimates total revenue opportunity of a product or service. A valuation is more justifiable if it can show that the company is targeting a large, growing market where capturing even a small share would result in significant returns.

None of these calculations is expected to be performed by the CS. However, the knowledge of the concepts would enable them to play the role of a "critical friend" for the management and the valuers. The right questions can be asked before the report is finalized: "Are our user growth projections benchmarked against the industry?" "Is the assumed market size realistic?" This proactive scrutiny is essential to build a robust compliance file that would withstand any future regulatory query.

## THE CS AS A STRATEGIC ADVISOR

For many decades, a number of secretarial departments have functioned in a "Reactive Compliance Silo." The business teams negotiate the agreement, finalize the terms, and only then does the CS return with the directive, "Here are the documents, would you people make sure it is in compliance?"

This is no longer a tenable approach. It is inefficient and, quite frankly, dangerous. When compliance is an afterthought, the CS is forced into a frantic, often deadline-racing position of discovering structural issues when it is too late to fix them without significant effort or renegotiation. This positions the secretarial function as a roadblock rather than a partner.

The solution is to embed the governance function into the deal-making process from the very beginning. The modern CS must be a Strategic Governance Partner. They need a seat at the table when the term sheet is being drafted, asking proactive questions that blend commercial goals with regulatory foresight:

The ideas of proactive, technology-enabled governance highlighted in this article will not be optional best practices, they will be requirements of existence. Company Secretaries who seize this dual role of technology governance and governance expert will lead and defend their organizations for growth in the global economy of tomorrow.

- *"The investors are proposing Convertible Notes. Have we considered the pricing guidelines that will apply at the time of conversion and ensured the structure is FEMA-compliant?"*
- *"The deal includes a multi-tranche investment. Let's map out the reporting requirements for each tranche from day one to avoid any filing delays."*
- *"I see a significant portion of the investment is for marketing. Let's ensure the outward remittance documentation for overseas marketing spend is in order."*

By being involved early, the CS transforms compliance from a historical check-box exercise into a proactive tool that de-risks the transaction and facilitates smoother, faster execution.

## CASE STUDY: A HYPOTHETICAL FDI SCENARIO

Consider the case of company 'ABC': an Indian health-technology startup, securing a \$15 million Series B investment from a US-based fund.

- **The Reactive Approach:** The deal is agreed to and the CS is notified. They learn that the valuation report is based on excessively optimistic, non-benchmarked projections. With the 30-day FC-GPR deadline approaching, they are lucky to finish a revised report that has a greater defensible basis, resulting in delays and tensions with the new investors.
- **The Strategic Governance Approach:** The CS is part of the deal team from the start. During initial

discussions, they review the draft valuation and advise the CFO to include comparative data from similar deals in the sector. They also point out that since the investment pushes foreign ownership past a certain threshold, downstream investments made by 'ABC' will now have new reporting requirements. All necessary documentation is prepared in parallel with the deal negotiations. When the funds arrive, the FC-GPR filing is completed within a week, demonstrating efficiency and professionalism to the foreign investors.

This proactive stance is the essence of modern governance. It is not about knowing the rules; it is about applying them strategically to achieve business objectives securely.

## THE REGTECH IMPERATIVE: FROM MANUAL EFFORT TO AUTOMATED OVERSIGHT

The first pillar of governance modernization is integrating financial strategy. Yet, strategy alone cannot deal with the volume and speed of compliance tasks in the digital world. Spreadsheets, hand-marked calendars, and email reminders—the traditional tool chest of the secretarial professional—simply are no longer fit for purpose. Which brings us to the second pillar: intelligently adopting Regulatory Technology (RegTech).

Relying on hundreds of manual processes for FEMA compliance today is like driving down the super highway in a horse and cart - slow, tiring and perilously prone to mistake. A missed filing deadline once, or the mis-entering of a piece of data, can lead to massive penalties and damage to reputation.

The rationale for employing RegTech is not to supplant the governance professional but rather to enhance their capability. RegTech handles the monotony and low-scale tasks through automation, enabling the governance professional to focus on the matter at hand: to provide strategic advice; assess the risk to the organization; or engage their important judgment. The compliance function is evolving - from passive and paper-based to proactive and data-driven.

## A PRACTICAL ROADMAP FOR REGTECH ADOPTION

For many professionals, "RegTech" can sound intimidating or prohibitively expensive. In reality, it can be adopted in practical, incremental stages. Here is a simple roadmap for how a governance team can begin this journey:

- Tier 1 (Foundational): Centralized Compliance Dashboards**

The first and most important step is getting rid of fragmented Excel sheets. New compliance management platforms serve as a single source of truth for all regulatory obligations. For FEMA, a dashboard would automatically track all entity deadlines for the group's obligations - from the 30-day window for FC-GPR to the annual FLA return. It provides

automated reminders, designates clear responsibility for all tasks, and most importantly, establishes a clear, unchangeable audit trail. In the case of an RBI inspection, there would be a quick, professional, and formal record of the company's compliance standing.

- Tier 2 (Process Automation): Robotic Process Automation (RPA) for Reporting**

Many of these tasks are rules-based, repeatable tasks that are ideal candidates for automation. Take, for example, the annual FLA return, which requires collating specific financial data and inputting it into a pre-specified format. An RPA "bot" can be configured to perform this task automatically. The bot could access the accounting system of the company, extract the data required to populate the return, and flag anomalies for human review. This not only saves dozens of hours of work but also cuts down considerably on the risk of data entry errors.

- Tier 3 (Advanced): AI-Powered Transaction Monitoring**

Monitoring for compliance is a Herculean task for larger companies with thousands of cross-border transactions. This is a situation where Artificial Intelligence (AI) can be a game-changer. An AI system can be trained on the specifics of the Current and Capital Account Transaction rules of FEMA, and then can monitor on a real-time basis all inward and outward remittances, automatically flagging transactions that it assesses may be non-compliant. For example, it could flag several smaller payments to a single overseas entity, which, together, may reflect a breach of a limit. This is moving solvency team from being reactive and finding problems months after they occurred, to being truly proactive and preventing non-compliance before it happens.

The introduction of these tools illustrates the necessary evolution in the Company Secretary's role. The professional of the future is no longer only a governance and legal expert, but a technology savvy user and manager. One does not have to code, but they do have to learn the language of technology in asking the right questions of a vendor and in building the business case for investment in these tools. The "Techno-Governance Expert" know their worth is no longer a form filler, but the designer and overseer of a strong, compliant system at scale and on demand through technology.

The history of foreign exchange law in India has always reflected the economic aspirations of the country starting from the rigid control of FERA to the more liberal management of FEMA. Today, India is establishing itself as a global hub for technology and innovation, requiring our governance approaches to keep up. Knowledge of the FEMA regulations alone is insufficient for the governance of the future. Effective governance will be based on the strategic integration of financial insight and technical expertise.

## ACTIONABLE RECOMMENDATIONS FOR PROFESSIONALS

This evolution from a traditional compliance officer to a modern strategic advisor is a journey. For professionals looking to take the next step, here are four actionable recommendations:

- **Get a Seat at the Commercial Table:** Proactively engage with business and finance teams. Insist on being part of the conversation from the term-sheet stage. Your role is to de-risk the future, and that can only be done by being involved early.
- **Develop Financial Fluency:** You do not need to be a valuation expert, but you must become fluent in its language. Invest time in understanding the key metrics that drive technology valuations. This knowledge will empower you to ask insightful questions and ensure the company's filings are robust and defensible.
- **Champion a RegTech Pilot:** Start small. Identify a key pain point in your current compliance process—perhaps tracking deadlines or preparing the FLA return—and research a Tier 1 or Tier 2 RegTech solution. Championing a successful pilot project is the most effective way to demonstrate the value of technology to management.
- **Invest in Continuous Learning:** The intersection of finance, technology, and law is dynamic. Dedicate time to staying updated not just on regulatory changes, but on trends in venture capital, startup valuation, and emerging technologies like AI and blockchain.

The difficulties encountered today with technology FDI are just a glimpse of things to come. While marching towards a future involving Central Bank Digital Currencies (CBDCs) and the tokenization of assets, it is expected that cross-border transactions shall become even more complex. The ideas of proactive, technology-enabled governance highlighted in this article will not be optional best practices, they will be requirements of existence. Company Secretaries who seize this dual role of technology governance and governance expert will lead and defend their organizations for growth in the global economy of tomorrow.

## SUMMARY OF THE FRAMEWORK

As we investigated, navigating FEMA compliance for FDI in the technology sector requires a purposeful pivot away from the existing reactive, siloed approach. The modern governance framework rests on two foundational pillars.

The first pillar is developing a deep financial and commercial understanding. The Company Secretary must evolve from simply being a filer of forms to being a trusted strategic partner who can critically evaluate a technology valuation, weigh complex funding instruments, and therefore, provide proactive advice from the beginning of a deal. This will develop compliance into the business strategy rather than mounting it as an afterthought. □

The second pillar is intelligent adoption of RegTech. In a time of unprecedented data volume and transaction speed, manual compliance processes are not only inefficient but also a source of risk. By applying tools that range from centralized dashboards to AI-powered monitoring, governance professionals are able to automate mundane tasks, reduce human error, and unlock their intellectual capital to apply to high-value strategic issues. These two pillars are not separate; they are deeply intertwined. A strategic mindset identifies risks, and technology provides the scalable means to manage them.

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# Independent Director: Perspectives as to Appointment, Re-appointment and Cooling off Period

The author examines the applicability of various Sections, sub-sections, and provisions related to the Independent Director under the Companies Act, 2013. Since there is no specific provision in the Act laying down the manner of appointment or re-appointment of an Independent Director, the author contemplates two probabilities with regard to the appointment or re-appointment of an Independent Director, which is the prerogative of the Board of Directors of a company. Conditions for Appointment of an Independent Director as an Additional Director by the Board, along with the terms of tenure & office of Independent Director, are discussed. The author interprets the proviso to sub-section (11) dealing with the cooling-off period. The cooling-off period under SEBI LODR regulations, of one year, is only when an Independent Director resigns from the company.



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## INTRODUCTION

### REQUIREMENTS AS TO INDEPENDENT DIRECTORS

**S**ection 2(47) defines "Independent Director" as an Independent Director referred to in sub-section (5) of Section 149 of the Companies Act, 2013 (hereinafter referred as the Act).<sup>1</sup> There is no definition of 'Independent Director' as such. Accordingly, directors appointed as Independent Directors pursuant to Section 149 of the Act are Independent Directors.

As per sub-section (5), every company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notification of the rules in this regard as may be applicable, comply with the requirements of the provisions of sub-section (4).

According to sub-section (4) of Section 149, "Every listed public company shall have at least one-third of the total number of directors as Independent Directors and the Central Government may prescribe<sup>2</sup> the minimum number of Independent Directors in case of any class or classes of public companies."

### WHO SHOULD APPOINT INDEPENDENT DIRECTOR?

There is no specific provision in the Act laying down the manner of appointment or re-appointment of an Independent Director. The selection of a person to be appointed as an Independent Director, and his/her appointment, is the prerogative of the Board of Directors of a company.

There are two probabilities with regard to the appointment or re-appointment of an Independent Director:

- First, the appointment/re-appointment is made by the members at the annual general meeting to be effective prospectively, after the Board has approved and recommended it to the members;
- Second, the appointment/re-appointment is made by the Board prospectively, and it is approved by the members at the annual general meeting retrospectively.

Both the ways of appointment/re-appointment seem to be in conformity with the law as discussed below.

The use of the words 'in the opinion of the Board' in Section 149(6) indicates that selection of a person to be appointed as an Independent Director is the prerogative and responsibility of the Board of directors of a company. In other words, the duty of selection of a person to be appointed as an Independent Director has been cast on the Board of directors of a company.

The Board may select and appoint a person as an Independent Director, subject to the approval by the members of the company at a general meeting. After an Independent Director is appointed by the Board, it may be placed at a general meeting, or get the appointment made by the Board approved by the members by a resolution passed by postal ballot.

The appointment made by the Board is subject to the approval of the members, since Section 150(2) provides that the appointment of an Independent Director shall be approved by the company in a general meeting. The words 'approved by the company in a general meeting'

<sup>1</sup> This should be read as section 149 (4).

<sup>2</sup> See Rule 4, *Companies (Appointment and Qualification of Directors) Rules, 2014*.

contemplate an act subsequent to the appointment. Thus, the Board may appoint an Independent Director subject to the approval by the members of the company at a general meeting.

One more provision that needs to be noted, is Section 152(2) of the Act, according to which in respect of appointment of directors of a company, every director must be appointed by the shareholders in general meeting, except those directors in respect of whom the Act provides that they may be appointed in a manner other than in general meetings by the shareholders. For instance, under Section 152(6) of the Act, the directors who are not liable to retirement by rotation may be appointed in a different manner than by the shareholders. Likewise, under Section 161 of the Act, additional directors, alternate directors, and directors to fill a casual vacancy may be appointed by the Board of directors.

The Independent Directors are required to be appointed by the Board, but their appointment is subject to the approval of shareholders; Section 150(2) of the Act expressly provides for it. Besides, Item IV(1) of Schedule IV states that:

(2) The appointment of Independent Director(s) of the company shall be approved at the meeting of the shareholders.

These two provisions make it mandatory to get the approval of members of the company to the appointment (and also re-appointment) of an Independent Director. The explanatory statement annexed to the notice of the general meeting (pursuant to Section 102 of the Act) shall indicate the justification for choosing the appointee for appointment as Independent Director.

## WHETHER AN INDEPENDENT DIRECTOR NEEDS TO BE APPOINTED AS AN ADDITIONAL DIRECTOR BY THE BOARD?

The Act has created an independent category of directors, i.e. Independent Directors and divided the powers relating to appointment and other matters with a distinct statutory framework in connection therewith, between the Board and shareholders of the company.

Usually, a person is appointed as an additional director in the independent category (or designated as an Independent Director) by the Board, although there does not appear to be a need for the appointment of an Independent Director as an additional director in the first instance by the Board and then as a director at the annual general meeting, and even if an Independent Director is appointed by the Board as an additional director (pursuant to Section 161) subject to, as discussed below, there is no need to pass two resolutions: one for his appointment as a director (as a result of expiration of his term at the annual general meeting) and one for his appointment as an Independent Director; only one resolution for his appointment as an Independent Director should suffice.

The Board may appoint a person as an Independent Director and recommend him to the shareholders for their approval at the general meeting or by postal ballot. The company may then just pass a resolution approving the appointment of the Independent Director made by the Board.

The Board may appoint/re-appoint a person as an Independent Director subject to the approval by the members of the company at a general meeting and afterwards the appointment made by the Board may be placed at a general meeting, or get the appointment made by the Board approved by the members by a resolution passed by postal ballot. There is no need to appoint or re-appoint an Independent Director as an additional director in the instance by the Board.

Even where an Independent Director is appointed by the Board as an additional director in terms of Section 161(1), there is no need to pass two resolutions at the general meeting: one for his appointment as a director (since his tenure as an additional director expires), and a second resolution for approval of his appointment as an Independent Director. The resolution for approval of his appointment as an Independent Director itself would imply that his appointment as a director (as a result of expiration of his term as an additional director), where he/she is being appointed as a director (with the tag of 'Independent Director'). Some companies, however, do pass two separate resolutions at the annual general meeting, one for his appointment as a director (since his tenure as an additional director expires), and a second resolution for approval of his appointment as an Independent Director.

For instance, the following single resolution would serve the purpose:

**"RESOLVED THAT** in accordance with the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri .... (DIN: ....), who was appointed as an Additional Director, designated as an Independent Director, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term up to ...."

## WHETHER INDEPENDENT DIRECTORS ARE LIABLE TO RETIREMENT BY ROTATION?

In terms of Section 149(13), the provisions of sub-sections (6) and (7) of Section 152 in respect of retirement of directors by rotation shall not be applicable to the

appointment of Independent Directors. Moreover, in terms of the *Explanation*, appended to Section 152(6), of the Act, the expression “total number of directors” shall not include Independent Directors, whether appointed under this Act or any other law for the time being in force, on the Board of a company.

Thus, Independent Directors are to be excluded from the calculation of the number of directors who are liable to retirement by rotation. For instance, if a company has 12 directors, including 4 Independent Directors, the number of directors to be considered to determine the numbers of retiring and non-retiring directors would be 8 out of which two-thirds should be liable to retirement by rotation.

## WHETHER SECTION 160 OF THE ACT IS APPLICABLE IN RESPECT OF THE APPOINTMENT OF AN INDEPENDENT DIRECTOR?

A detailed discussion is set out elsewhere in this treatise. Section 160, entitled “Right of persons other than retiring directors to stand for directorship”, lays down the requirements in this regard and it is applicable in the case of “A person who is not a retiring director in terms of Section 152”. The words “A person who is not a retiring director in terms of Section 152 shall ... be eligible for appointment to the office of a director” make it clear that a company may appoint at an annual general meeting a person who is not a director, retiring director at any general meeting, if the requirements under Section 160 and the Rule 13, the Companies (Appointment and Qualification of Directors) Rules, 2014 are duly complied with.

Section 160(2) of the Act provides that the company shall inform its members of the candidature of a person for the office of director under sub-section (1) in such manner as may be prescribed.

Obviously, when a company receives a notice under Section 160(1) of the Act, the Company Secretary must place it before the Board of directors of the company and the Board must take cognizance of the same and direct the Company Secretary to comply with sub-section (2) and the aforesaid Rules, if the notice is in order.

According to the *Explanation* appended to Section 152, for the purposes of Section 152 and Section 160, the expression “retiring director” means a director retiring by rotation in terms of Section 152(6) of the Act.

Undoubtedly, the appointment of an Independent Director (whether in the first term or the second term) is a case of a person who is not a retiring director in terms of Section 152 of the Act. We have already noted above, that an Independent Director is not liable to retirement by rotation under Section 152(6) of the Act.

## APPOINTMENT OR RE-APPOINTMENT AT THE GENERAL MEETING

An Independent Director may be appointed at a general meeting (usually at an annual general meeting) before the commencement of his first or second term, after the Board has approved and recommended it to the members. In such a case, the appointment or re-appointment will be effective prospectively.

## WHETHER APPOINTMENT OR RE-APPOINTMENT OF INDEPENDENT DIRECTOR REQUIRES PREVIOUS APPROVAL OF MEMBERS?

Neither Section 152(2) nor Section 149(10) provide for or imply prior or previous approval of the members to the appointment or re-appointment of an Independent Director.

There is nothing in the language of Section 149(10) suggesting that the Board cannot appoint an Independent Director subject to the approval of the members subsequently (post facto approval) sub-section (10) merely says “an Independent Director *shall hold office for a term up to five consecutive years* on the Board of a company, but *shall be eligible for re-appointment* on passing of a special resolution by the company.”

On the contrary, Item IV(2) of Schedule IV of the Act, clearly states that “The appointment of Independent Director(s) of the company shall be approved at the meeting of the shareholders.” Thus, ‘appointment’ shall be approved by the shareholders. This contemplates that

an Independent Director has been appointed before the appointment is approved by the shareholders.

Therefore, there is nothing illegal in following the course of action of Board appointing an Independent Director subject to the approval by the members of the company at a general meeting and afterwards getting appointment made by the Board approved by the members. Thus, appointment by the Board in the first instance and approval by the members subsequently the appointment of an Independent Director effective from the date of the Board meeting (or the date mentioned in the resolution of the Board) is not illegal and in contravention of Section 149(10) of the Act.

Moreover, the words “*shall be approved at the meeting of the shareholders*” in Item IV(1) and (2) of Schedule IV clearly indicate the intention of the Legislature that the approval of the members to the appointment of an Independent Director may be taken subsequently.

In the case of a listed company, under Regulation 17(1C) of the LODR Regulations, the listed entity shall ensure

that approval of shareholders for appointment or re-appointment of a person as an Independent Director is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier; in other cases, the approval may be taken at the next annual general meeting.

## TENURE OF OFFICE OF INDEPENDENT DIRECTOR

According to sub-section (10) of Section 149, subject to the provisions of Section 152, an Independent Director may hold the office of Independent Director for a term of five consecutive years but may be re-appointed by a special resolution. Disclosure of such appointment must be made in the Board's Report.

For the purposes of the provisions of the Act, there is no difference between 'appointment' and 're-appointment', except that under Section 149(10) of the Act, appointment of an Independent Director for the second term of five years, requires approval of members of a company by special resolution.

For the purposes of the Companies Act, the terms 'appointment' and 're-appointment' have been used synonymously with the same meaning and there is no difference between the two terms. In fact, Section 152(6) does not use the term 're-appointment'.

The words 'up to five consecutive years' means for the uninterrupted or unbroken period of five years. The expression 'up to five consecutive years' facilitates the appointment for less than five years at a time, in which case the person can be reappointed for the balance period of five years. Term means tenure or period of office or position. One term must be of five years, and those five years must be consecutive. Up to means until, till, up to the time of is used to indicate a limit or boundary; during the time or period before.

The MCA's view is set out in its General Circular No. 14/2014, dated 9-6-2014

*"Section 149(10)/(11) - Appointment of 'IDs' for less than 5 years:* Clarification has been sought as to whether it would be possible to appoint an individual as an ID for a period less than five years.

It is clarified that Section 149(10) of the Act provides for a term of "up to five consecutive years" for an 'ID'. As such while appointment of an 'ID' for a term of less than five years would be permissible, appointment for any term (whether for five years or less) is to be treated as a one term under Section 149(10) of the Act. Further, under Section 149(11) of the Act, no person can hold office of 'ID' for more than 'two consecutive terms'. Such a person shall have to demit office after two consecutive terms even if the total number of years of his appointment in such two consecutive terms is less than 10 years. In such a case the person completing 'consecutive terms of less than ten years' shall be eligible for appointment only after the expiry of the requisite cooling-off period of three years."

The MCA seems to have taken the abovementioned view as sub-section (10) states: "an Independent Director shall hold office for a term up to five consecutive years...". Although the words "up to" have been used, they must be understood in the light of the word "term" and the words "five consecutive years". Thus, the expression "term up to five consecutive years..." must be read together. When so read, the legal interpretation that emerges is that a period of less than five years will be treated as one term and that will exhaust the five consecutive years' term. So, the next five years shall be the term on his reappointment for five consecutive years.

In the absence of any specific provision as to the point from which the five-year period will commence to run, it appears that it will begin to run from the date of the general meeting at which the appointment is made or 1 April, 2014 if the resolution passed at the general meeting says so. Therefore, if a person is appointed in the annual general meeting and the resolution does not provide that the tenure shall begin from 1 April, 2014, the five-year period may be counted from the date of the general meeting. In as much as the Section gives one-year time from 1 April, 2014, a company may make fresh appointments at a general meeting for a period of five years beginning on the date of the general meeting.

According to sub-section (11), notwithstanding anything contained in sub-section (10), an Independent Director cannot hold the office for more than two consecutive terms (each of five years), but he may be appointed again as an Independent Director after an interval of three years.

Sub-section (11) has two features: prohibitive as well as permissive or enabling. The first part of it is prohibitive; it is couched in negative language; it prohibits an Independent Director from holding an office for more than two consecutive terms. The second part of sub-section (11) (which is an enabling provision) permits a company to appoint the Independent Director who had completed two terms of a total of ten years and also the cooling off period of three years (after he had ceased to hold the office of Independent Director).

Thus, the purpose of sub-section (11) is two-fold: first, to prohibit reappointment of an Independent Director as such, after he has completed two terms of a total of ten years; and second, to permit appointment of such person as Independent Director after the cooling off period of three years is over.

Sub-section (11) also impliedly prohibits an Independent Director who has completed two consecutive terms of a total of ten years, for being appointed as an Independent Director for three years after the conclusion of the second term. The period of three years mentioned in this provision is the cooling-off period, i.e. the period of time that must pass before you can do something. In terms of sub-section (11), before the expiry of the cooling-off period, the Independent Director who ceased to hold that office after the expiration of the second term, cannot be re-appointed as Independent Director.

A combined reading and a reasonable interpretation of the provisions in Sub-sections (10) and (11), having regard to the intention of the Legislature, seems to be that no individual should hold the office of Independent Director for two terms of 10 years, each term being a maximum of five years. The words “a term *up to five consecutive years*” indicate that one term may consist of five years or less than five years. In other words, a period of less than five years should be treated as one term. Thus, an individual may be appointed as an Independent Director for five years or less than five years and if he is appointed for a period of less than five years, he may be appointed again for five years at a stretch or for a broken period. The word ‘consecutive’ must be given its ordinary meaning. The ordinary meaning of ‘consecutive’ is: following one another in uninterrupted succession or order; successive; following one after the other in a series; following each other without interruption. If so, there should not be a break between expiry of one period of less than five years and the following period. Likewise, there should not be a break between two terms of five years each.

For the purposes of sub-sections (10) and (11), any tenure of an Independent Director on the date of commencement of this Act shall not be counted as a term under those sub-sections. There is no express provision to the effect that, if there is any deviation in compliance with the criteria laid down as Independent Director, the incumbent will cease to be an Independent Director of the company. Section 196(6) does not say so; it only specifies the qualification/disqualification criteria. No other provision says so.

In the absence of any specific provision to that effect, if any of the criteria stipulated in Section 149(6) is not fulfilled, it cannot be said that, he will not be even a director of the Company, as the shareholders have appointed the person to the position of Independent Director only not an ordinary director. In such a case, the concerned person would not be treated as an Independent Director but would continue to be a non-Independent Director until he resigns or is removed.

## THE COOLING-OFF PERIOD: IMPACT OF THE PROVISO

The proviso to sub-section (11) reads as follows:

“Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.”

The words “said period” means the period of three years referred to in sub-section (11). This is called cooling-off period. It will be observed that the prohibition under the cooling-off period is only when an Independent Director completes his tenure of two terms and not when an Independent Director resigns from his office of Independent Director.

This contains another prohibition. It comes into play during the cooling-off period. It seeks to prohibit the said Independent Director from being appointed in, or be

associated with, the company in any other capacity, either directly or indirectly, during the cooling-off period.

The proviso is an extension of the main provision of sub-section (11) and hence it applies in relation to the Independent Director who is in the mode of the cooling-off period.

Reading sub-section (11) and its proviso together, the following picture emerges:

- An Independent Director cannot hold the office as Independent Director for more than two consecutive terms (each of five years);
- An Independent Director who has completed the two consecutive years (a total of ten years) can be appointed as Independent Director after the expiration of three years of ceasing to be<sup>3</sup> an Independent Director;
- An Independent Director cannot, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

## RULES OF INTERPRETATION OF A PROVISO

The subject matters of the sub-section (11) and the proviso are different. The third proviso has nothing to do with the subject matter of sub-section (11), namely tenure of Independent Director. The subject matter of the proviso is the cooling-off period of an Independent Director who has completed two terms in all of ten years.

It has been held by courts in numerous cases that a proviso in a statutory provision has several functions, and while interpreting a provision of the statute, its main function is to carve out an exception to the main provision to which it has been enacted and to no other. The scope of the proviso, therefore, is to carve out an exception to the main enactment and it excludes something which otherwise would have been within the rule.<sup>4</sup>

It has also been held that a proviso and the main part of the Act or Rule are to be harmoniously read together and interpreted to give effect to the object of the provision.<sup>5</sup> In other words, a proviso must *prima facie* be read and considered in relation to the principal matter to which it is a proviso; it is not a separate or independent enactment; the words of the proviso are dependent on the principal enacting words to which they are tacked as a proviso; they cannot be read as divorced from their context.<sup>6</sup>

However, in spite of the fact that the general rule of interpretation of provisos is that a proviso must *prima facie* be read and considered in relation to the principal matter to which it is a proviso. It is not a separate or independent enactment. Words are dependent on the principal enacting words, to which they are appended as a proviso. In other words, the proviso may be really an independent legislative

<sup>3.</sup> The word “become” in sub-section (11) is a drafting error. It should be read as “be”.

<sup>4.</sup> *Balchandra Anantrao Rakvi v Ramchandra Tukaram* (2001) 8 SCC 616.

<sup>5.</sup> *Sales Tax Commissioner v B.G. Patel* AIR 1995 SC 865.

<sup>6.</sup> *Thompson v Dibdin* [1012] AC 533.

provision of the Act and though it has been inserted by the draftsman in the form of a proviso, it is in substance not really a proviso to the main provision.<sup>7</sup>

The Supreme Court has held that there are also instances where a proviso is in the nature of an independent enactment and not merely, an exception or qualifying what has been stated before. In other words, if the substantive enactment is worded in the form of a proviso, it would be an independent legislative provision concerning different set of circumstances than what is worded before or what is stated before. Sometimes, a proviso is to make a distinction of special cases from the general enactment and to provide it specially.<sup>8</sup>

It was observed by the Supreme Court in another case, that it may ordinarily be presumed in construing a proviso that it was intended that the enacting part of the Section would have included the subject-matter of the proviso. There is no rule that the proviso must always be restricted to the ambit of the main enactment. Occasionally in a statute, a proviso is unrelated to the subject-matter of the preceding section, or contains matters extraneous to that section, and it may then have to be interpreted as a substantive provision, dealing independently with the matter specified therein, and not as qualifying the main or the preceding section.<sup>9</sup>

The Supreme Court has comprehensively dealt with this issue and held: "Generally speaking, it is true that the proviso is an exception to the main part of the section; but it is recognized that in exceptional cases a proviso may be substantive proviso itself."<sup>10</sup>

In *Commissioner of Income-Tax v. Nandlal Bhandari and Sons* [1963] 47 ITR 803 (MP), it was observed that "though ordinarily a proviso restricts rather than enlarges the meaning of the provision to which it is appended, at times the legislature embodies a substantive provision in a proviso. The question whether a proviso is by way of an exception or a condition to the substantive provision, or whether it is in itself a substantive provision, must be determined on the substance of the proviso and not its form."

To conclude, the proviso to sub-section (11) can be interpreted as an independent provision and not as an extension of sub-section (11). The substantive provision in sub-section (11) and the proviso deal with two separate subjects, the former regarding tenure and the latter regarding the cooling-off period after the expiry of the tenure.

## TWO PROBABLE INTERPRETATIONS

Now, two interpretations of the proviso prevail. First, the said proviso has a role to play only when the Independent Director who has completed the tenure of two terms is proposed to be appointed or associated with the company as an Independent Director during the cooling off period, but he can be appointed or be associated with the company in

any other capacity (e.g. a managing or whole-time director or non-independent non-executive director or as a consultant or employee) if the company 'intends to appoint' the said person as an Independent Director, again as an Independent Director after the cooling-off period is over.

This appears to be a preposterous view. The company cannot decide at the beginning of the cooling-off period that it intends or proposes to the said Independent Director after three years. Who will decide the 'intention to appoint' the said person as an Independent Director at the beginning of the cooling-off period and where will it be recorded and in what form – whether as a resolution of the Nomination and Remuneration Committee (NRC) or the Board of directors or shareholders? It is highly impracticable and inconsistent with the Act to so decide at the stage of beginning of the cooling-off period. There is no provision in the Act authorizing the NRC or the Board or shareholders to so decide three years in advance. There is no legal basis to it. And even if the Board so decides, situation might change during the course of the cooling-off period and that person may not be actually appointed as an Independent Director after three years; the Board itself might decide not to appoint that person or decide to appoint someone else or that person might express a desire not to get appointed or he/she might not be in a position to be appointed or the Board might undergo a change and the new Board might not want that person to be appointed or the law might undergo a change. Thus, there are innumerable contingencies, one or more of which might come onto play that would make the company's 'intention' impossible to be put into operation.

The interpretation based on the first view would virtually nullify the effect of the proviso and render it superfluous and otiose. No statutory provision should be read so as to render it ineffective and redundant. It is a well-settled canon of interpretation that in construing a statutory provision or rule, every word occurring therein must be given its proper meaning and weight. The necessity of such an interpretation is all the more important in a definition clause.<sup>11</sup> An interpretation which would leave without effect any part of the language of a statute will normally be rejected. Every word and expression used by the legislature has to be given its proper and effective meaning as the legislature uses no expression without a purpose or meaning; a meaning must be given if possible, to every word of a statute, for a statute is never supposed to use words without a meaning,<sup>12</sup> and no word should be considered as redundant. Every word must be given its true and legitimate meaning and it is improper to omit any word which has a reasonable and proper place in it or to refrain from giving effect to its meaning.<sup>13</sup> Legislature does not incorporate any words which are irrelevant or redundant and every word used in a statutory provision has some purpose.<sup>14</sup>

<sup>7</sup> *State of Orissa v. Debaki Debi* [1964] AIR 1964 SC 1413.

<sup>8</sup> *Prabha Tyagi v Kamlesh Devi* (2022) 8 SCC 90; AIR 2022 SC 2331.

<sup>9</sup> *Ishvarilal Thakorel Almaula v Motibhai Nagbhai* AIR 1966 SC 459: 68 Bom LR 645:1966 Mah LJ 1049.

<sup>10</sup> *Commissioner of Commercial Taxes, Board of Revenue, Madras v Ramkishan Shrikishan Jhaver* AIR 1968 SC 59; see also *State of Rajasthan v. Leela Jain* AIR 1965 SC 1296.

<sup>11</sup> *Nagpur Electric Light and Power Co. Ltd. v K. Shreepathirao* AIR 1958 SC 658.

<sup>12</sup> *Auclletterader of Presbytery v Lord Kinnou*/l 6 Cl & F 646, 686.

<sup>13</sup> *A. K. Gopalan v State of Madras* AIR 1950 SC 27.

<sup>14</sup> *Bhaskar Shirachi Alloys Ltd. etc. v Damodar Valley Corporation* AIR 2019 SC (Civil) 436.

The second interpretation that prevails is that during the cooling-off period of three years, the Independent Director who completed two terms as an Independent Director cannot be appointed or associated with the company in any capacity whatsoever in which he exercises powers in relation to the company's business and is paid any remuneration for his services (such as a director or employee or consultant).

***The second interpretation seems reasonable and rational***

If the proviso was intended to contemplate the capacity or position none other than that of an Independent Director, then there was no need to mention "any other capacity"; rather, there was no need to enact the proviso. In the ordinary sense, the word 'other' is used to refer to the one person or thing that remains or that has not been mentioned; in addition to the person or thing that has already been mentioned; different or separate from the person or thing that has already been mentioned.

The use of the words "any other capacity", and in particular the word "other", is significant. Any other (presumably) means any different than what is stated in sub-section (11), i.e. Independent Director. In other words, any other capacity means a capacity, position or role different than that of Independent Director.

In the context of the proviso, 'capacity' means position, office, role; the official position or function that somebody has. Therefore, for the purpose of the proviso to sub-section (11), the expression "any other capacity" means capacity (role, position or job) different than the capacity of Independent Director. Thus, the proviso would come into operation if a company appoints the said Independent Director in any position, office or role, whether as employee or under a contract as a consultant, adviser on a retainer basis or assignment basis.

This interpretation would seem to be consonant with the purposive interpretation rule. It can also be justified on the ground that if the first interpretation is said to be correct, then there was no need to insert the proviso as sub-section (11) was sufficient to achieve the purpose that the Legislature intended. It is true that a proviso should be read and interpreted in the light of the main provision to which the proviso has been appended and not in isolation, but at the same time there is a principle that no part of a statutory provision can be so interpreted as to render it redundant or otiose.

It will be noticed that the proviso is in very wide terms. It applies when it is proposed to appoint the Independent Director in or getting him associated with the company, directly or indirectly in any other capacity, i.e. a capacity other than as Independent Director, during the cooling-off period. While the words "be appointed" contemplate appointment by the company by a resolution or an agreement, the words "be associated" are extremely wide in scope and it is difficult to envisage in which situation a person can be associated with the company. Be associated with means to be connected with something or someone in some way. When one thing is associated with another,

they happen together or are related or connected in some way. Even a person appointed as a non-independent, non-executive director can be said to be associated with the company. Besides, a person appointed as an employee, consultant, service provider, supplier of goods and services, agent, etc. can be said to be associated with the company. The intention appears to be to restrict this prohibition only to the cases of appointment or association which would enable such person to exercise any powers in connection with the company and to appoint in a position that would facilitate any remuneration, fee or other compensation to be paid or other pecuniary advantage, but not every and any kind of association. For example, if the person is associated with the CSR activities in an honorary capacity without any pecuniary advantage or remuneration, it cannot come within the ambit of this prohibition. The proviso should justifiably be interpreted by applying the purposive interpretation rule. The purpose behind this proviso seems to restrain the Independent Director who has completed the tenure of ten years from deriving any pecuniary advantage from the company during the cooling-off period and keep away from holding any position that would enable him to get pecuniary advantage or exercise any powers in relation to the company's affairs for three years. The literal rule of giving undue importance to grammatical and literal meaning has, of late, gave place to "rule of legislative intent". The world over, the principle of interpretation according to the legislative intent is accepted to be more logical, as more often than not, literal interpretation of a statute or a provision of a statute results in absurdity. Therefore, while interpreting statutory provisions, the courts should keep in mind the objectives or purpose for which the statute has been enacted. In several cases, the Supreme Court has applied the principle of purposive construction.

In conclusion, the correct interpretation of the proviso to Section 149(11) seems to be that the said proviso would come into operation regardless of the fact that the company 'intends to appoint' the Independent Director who has completed the tenure of two terms is proposed to be appointed or associated with the company as an Independent Director after the cooling-off period and during the cooling off period he cannot be appointed in the company or be associated with the company in any capacity (e.g. a managing or whole-time director, non-independent non-executive director or as a consultant, advisor or employee).

## **COOLING-OFF PERIOD UNDER LODR REGULATIONS**

The LODR Regulations do not stipulate any cooling-off period after an Independent Director completes his tenure.

Regulation 25(11) provides that "No Independent Director, who resigns from a listed entity, shall be appointed as an executive / whole-time director on the Board of the listed entity, its holding, subsidiary or associate company or on the Board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director."

Thus, the cooling-off period of one year is only when an Independent Director resigns from the company. □

# BRSR Reporting and the Evolving ESG Landscape in India

SEBI introduced the Business Responsibility and Sustainability Report (BRSR) in 2021. Drawing upon a comprehensive examination of the BRSR's architecture, key requirements thereof, and an analysis of preliminary compliance data in the first cycle (FY 2022-23), this paper appraises the major challenges involved in its adoption and also strategic imperatives for global harmony, by taking into account incipient standards being issued under the aegis of ISSB. The BRSR is also driving India towards becoming a global exemplar for robust sustainability regulation, with the inherent caveat of managing regulatory complexity and data quality.



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## INTRODUCTION: FROM PHILANTHROPY TO PERFORMANCE

Over the past 10 years, sustainability has firmly moved from a niche CSR activity to being one of the key strategic enablers of enterprise risk management across major corporates worldwide<sup>1</sup>. The ascent of ESG (Environmental, Social, and Governance) considerations has shaped the nature of how companies communicate long-term value, what investors consider in capital allocation decisions and the way policymakers construct policies<sup>2</sup>. In India, it came to a significant point with Business Responsibility and Sustainability Report (BRSR) framework released by the Securities and Exchange Board of India (SEBI)<sup>3</sup>.

<sup>1</sup> KPMG, *Survey of Sustainability Reporting 2024 – The move to mandatory reporting* (2024). <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2024/11/the-move-to-mandatory-reporting-report.pdf> KPMG Assets

<sup>2</sup> KPMG, *On the 2024 ESG Agenda*, (2024). <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2024/03/on-the-2024-esg-agenda.pdf> KPMG Assets

<sup>3</sup> SEBI, *Guidance Note for Business Responsibility & Sustainability Reporting*, (2021). [https://www.sebi.gov.in/sebi\\_data/commndocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure2\\_p.PDF](https://www.sebi.gov.in/sebi_data/commndocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure2_p.PDF) Securities and Exchange Board of India

The BRSR, which has been made compulsory for the top 1,000 listed companies by market capitalization from financial year 2022–23, heralds a significant regulatory change<sup>4</sup>. It replaces the earlier Business Responsibility Report (BRR) which was widely panned as a qualitative measure and emphasized on charitable spending rather than moulding sustainability risks in mainstream business strategy. The BRSR is, on the other hand, is a robust, principle-based and performance-operative system that aims to deliver granular quantitative comparable data.

This paper provides a timely assessment of the BRSR framework, its most recent regulatory add-ons (the BRSR Core and Value Chain Disclosures) and the implications these have for Indian companies preparing to respond to a converging global reporting landscape consisting both in the new EU Corporate Sustainability Reporting Directive (CSRD), as well as ISSB's IFRS S1 and S2 standards.

## BRSR'S GENESIS: FILLING THE DISCLOSURE GAP

The road to the BRSR began in 2012 with a mandatory BRR for the top 100 listed entities according to the voluntary NVGs. As a first milestone, the BRR had two limitations:

- **Immateriality:** It highlighted general disclosures and charity spending without linking ESG causes to financial performance or critical business risks.
- **Lack of comparability:** The filings did not include any standardized quantitative metrics that would enable investors to compare performance among companies and types of business.

Appreciating the growing demand from global investors for consistent data with international frameworks such as GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), TCFD (Task Force on Climate-related Financial Disclosures,) etc., SEBI introduced BRSR in May 2021. The transition was based on three main goals:

- **Normalisation:** To apply a consistent look and format to disclosures.
- **Measures:** To make the switch from telling to counting in terms of KPIs.

<sup>4</sup> SEBI, *BRSR Core – Framework for assurance and ESG disclosures for value chain*, (2023). SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122. [https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain\\_73854.html](https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html) Securities and Exchange Board of India

- Integration:** To consolidate a sustainability report with the Annual Report, placing it on par with financial information.

The regulatory compliance rollout was incremental: voluntary application in FY 2021-22, and mandated for the top 1,000 listed entities from FY 2022-23.

## DECONSTRUCTING THE BRSR ARCHITECTURE

The BRSR format is carefully arranged into three broad sections from general index details to comprehensive performance indicators:

### Section A: General Disclosures

This part introduces the profile of the entity in terms of size, operations, number of facilities and employees. Importantly, it requires disclosure on ESG issues that are material to responsible business conduct; companies will have to explain any ESG areas that pose significant risks or opportunities to their business as well as the related rationale and mitigation strategy. It positions the framework in accordance with the fundamental idea of materiality.

### Section B: Management and Process Disclosures

This relates to the governance, which explains how the organizations implement their responsible business policy. It also seeks to know whether a policy covers each of the nine principles of National Guidelines on Responsible Business Conduct (NGRBCs), if the policy is approved by the Board, and if there is any specialized Committee of the Board that is monitoring sustainability issues. This is the Governance element of ESG and provides rigorous accountability.

### Section C: Principle-wise Performance Disclosures

This is the essence of the BRSR—it compels detailed reporting under the nine NGRBC principles. There are two types of disclosures:

- Core Indicators (Required):** These 98 indicators be used to set the minimum compliance base in each principle. This could be the percentage of R&D spend invested in sustainable products, total energy (by source) consumed, or turnover rate among employees.
- Leadership Indicators (Voluntary):** These 42 indicators enable companies to highlight advanced, aspirational practices that exceed minimum requirements. The 7 Key disclosures covered by leadership; Scope 3 (value chain) GHG emissions, Life cycle assessment of products, social impact assessments. Companies that show sophistication in such areas are indicative of future strategic vision and pull in sustainable capitals.

## THE KEY AUGMENTATIONS: BRSR CORE, ASSURANCE AND VALUE CHAIN

To increase the trustworthiness, comparability and depth of the framework, SEBI added three significant augmentations in July 2023 with subsequent recalibrations in the end of 2024 and early 2025.

### • The BRSR Core: Creating a Benchmark of Trust

BRSR Core is a minimal set of very standardised KPIs developed from the full BRSR format. Core aims to create a rock-solid foundation of quality data where the most important Environmental, Social and Governance (ESG) parameters – such as Scope 1 & 2 GHG emissions, total water withdrawal, diversity or staff well-being data are reported in a stable-set way from one reporting entity to another reporting entity.

This slimmed-down set of disclosures is not a substitute for the full BRSR, but rather an obligatory minimum numerically equivalent to (but distinctly below) another threshold requiring a higher level of diligence in verification. The Core has been developed in a manner that provides for comparability and the trustworthiness of the most material metrics.

### • Mandatory Assurance and Combating Greenwashing

SEBI made a gradual progression to 'reasonable assurance' on the BRSR Core metrics. The next highest level of assurance is reasonable assurance (high but not absolute confidence) in which the assurance provider (often a professional auditor) must provide a positive statement indicating that the data being reported on is reasonably accurate and reliable.<sup>5</sup>

To begin with, the move to this will be gradual in nature and top 150 companies (by market capitalisation) during FY 2023-24 would adopt this; it would be applicable across all top 1000 companies by FY 2026-27<sup>6</sup>. This requirement is a direct impactor to fighting greenwashing—selectively revealing positive ESG results and suppressing the negative. The external assurance requirement is where SEBI is elevating the credibility of sustainability disclosures to be on par with financial reporting which will go a long way in maintaining investor confidence. It also explicitly states that assurance providers should have the appropriate expertise and not have conflicts of interest with the reporting entity.<sup>7</sup>

5. SEBI / Industry Standards Note, *Industry Standards Note on BRSR (with Annexure)*, (n.d.), <https://nsearchives.nseindia.com/web/sites/default/files/inline-files/Industry%20Standards%20Note%20on%20BRSR%20with%20Annexure.pdf> NSE India Search Archives

6. KPMG, *First Notes: SEBI introduces certain key changes in BRSR reporting*, (2025), <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2025/01/firstnotes-sebi-introduces-certain-key-changes-in-brsr-reporting.pdf> KPMG Assets+1

7. Sarthak Law, *ESG Disclosures, BRSR Core Assessment / Assurance, and Green Credit Disclosures*, (n.d.), <https://sarthaklaw.com/sebi-update-esg-disclosures-brsr-core-assessment-assurance-and-green-credit-disclosures/> Sarthak Law

- **Expanding Accountability: Value Chain Disclosures**

Acknowledging that the actual environmental and social footprint of a company is often outside its direct operational perimeter (i.e., its supply chain), SEBI brought in mandatory ESG disclosures for a company's value chain.

In the case of a listed entity, chain refers to your top upstream (supplier) and/or downstream (distributor/customer) partners representing 75% of purchases/sales. The reporting listed entity must provide the BRSR Core KPIs for these partners insofar as it concerns data that is attributable to its business relationship with them.

This mandate is transformational for two reasons:

1. **Scope 3 Emissions:** It requires companies to measure their greatest indirect impacts on the environment, largely associated with the supply chain (Scope 3 GHG emissions).
2. **Incorporation of MSMEs:** By design, it successfully lures Micro, Small and Medium Enterprises (MSMEs) largely ruling Indian economy to ESG reporting<sup>8</sup>.

But acknowledging the sheer magnitude of collecting data across a fragmented, and often informal or unorganised MSME<sup>9</sup> sector (that was sprayed by demonetisation), the capital market regulator had postponed enforcing the compulsory disclosure on the value chain to FY 2025-26 (as per its circular dated March 2025) giving companies time to scale up capacity, systems and processes.

## PRELIMINARY ASSESSMENT: STRENGTHS AND NEEDS (FY 22-23)

The mandatory BRSR compliance requirement of the top 1,000 companies for FY 2022-23 provided critical glimpses into corporate India's preparedness. Examination of posted reports upwards of 1,000 in number indicated that there were some very distinctive patterns across the adoption curve.

### 1. Areas of Relative Strength

The areas where companies showed better disclosure and maturity were the ones for which data collection was largely internal or frameworks existed at a global level.

- ◆ **Principle 3 (Well-being of employees):** High-degree-reporting on such hard metrics as mandatory employee benefits, training, health and safety – indicates that the HR "house" is in good order.

<sup>8</sup> India Briefing. BRSR Core & ESG disclosures in India: Key changes to ESG disclosures. (n.d.). <https://www.india-briefing.com/news/brsr-reporting-in-india-key-changes-to-esg-disclosures-introduced-by-sebi-36261.html> India Briefing

<sup>9</sup> India Briefing. BRSR Core & ESG disclosures in India: Key changes to ESG disclosures. (n.d.). <https://www.india-briefing.com/news/brsr-reporting-in-india-key-changes-to-esg-disclosures-introduced-by-sebi-36261.html> India Briefing

- ◆ **Principle 4 (Stakeholder Responsiveness) & Principle 9 (Customer Value):** Good disclosures on the customer grievance mechanisms, data privacy and Stakeholder engagement processes.

- ◆ **Principle 5 (Human Right):** Reporting of training on human rights and compliance with minimum wage was broadly adequate.

### 2. Persistent Gaps and Challenges

Major strengths were found in domains requiring advanced external data process, strategic system integration, or external advocacy:

- ◆ **Principle 6 (Reporting of Environmental Information):** Even if the average compliance with data disclosure of Scope 1 and 2 emissions was satisfied, witnessing that the Scope 3 (Value Chain) emissions reporting still seemed rather low, in line with its voluntary Leadership Indicator condition. Similarly, more transparency is required for detailed water withdrawal from water-stressed areas and waste management claims.
- ◆ **Value Chain:** The complexity of Principle 8 issues (that is, pushing for inclusive and equitable growth) was difficult to address, closely related as they are with value chain impact – it was one of the areas where securing data from smaller partners remained hard.
- ◆ **Principle 1 (Governance/Ethics) & Principle 7 (Public Policy):** Poor reporting on, for example practices of anti-competitive behaviour, lobbying and deep governance structures specifically around sustainability has led to under-reporting in these areas and therefore greater board oversight and advocacy clarity is needed.

The general message from the first cycle is that Indian companies display relatively good evidence to report internal social metrics, but also receive a wake-up call toward quantification of the complex environmental risks and external value chain impacts.

## IMPLEMENTATION CHALLENGES AND MITIGATION STRATEGIES

A policy version of the BRSR framework is challenging, especially in the Indian business context, which consists of a variety of corporate forms.

### 1. The Data and Digital Divide

There are many mid-sized and traditional manufacturers that continue to collate ESG data across multi-site operations manually (spreadsheets, paper records). Such digital unpreparedness is a significant obstacle for assurance due to the low quality, inconsistency and auditability of data.



- ◆ **Mitigation:** Firms need to spend on integrated and EHS-specific digital ESG platforms. These tools automate data pulling, calculation of complex metrics (e.g. emissions intensity), mapping the inputs to multiply frameworks (BRSR, GRI, ISSB) and relieving manual fatigue in order to increase audit readiness.

## 2. Value Chain Integration and MSME Capability

The biggest operational challenge is to capture reliable, auditable data from the value chain partners, which include many MSMEs who do not have resources or knowledge or systems to report ESG parameters.

- ◆ **Mitigation:** The challenge for the first and biggest companies is to become hubris-free. This includes supplying their major suppliers with digital tools, training and standardized data templates. The relationship should evolve from a contractual obligation to a joint cooperation partnership understanding that shared sustainability performance is a mutual source of competitive advantage.

## 3. Cost of Compliance and Skills Gap

BRSR readiness can result in significant investment, including new data systems and external consulting and assurance costs. And the need for such specialized talent — ESG risk managers, sustainability auditors, and climate modelers — now outpaces supply, driving up costs and leaving companies without much of what they need to report on their own operations.

- ◆ **Mitigation:** Organizations should begin conducting materiality assessments to help strategically rank the disclosures that will provide the most strategic value and where to focus investment. At the same time, they need to invest

in upskilling their existing finance and internal audit teams in or into “integrated reporting professionals”, those who have financial plus sustainability countenances.

## GLOBAL CONVERGENCE: BRSR AND THE ISSB GUIDELINES

The BRSR's success will be measured against how well it aligns with the emerging global baseline for sustainability reporting, namely the standards from the International Sustainability Standards Board (ISSB) – IFRS S1 (General Requirements) and IFRS S2 (Climate-related Disclosures).

### 1. BRSR vs. ISSB: Two Materiality Perspectives

The distinction, however, is based on the idea of materiality:

- ◆ **BRSR:** is quite consistent with the notion of “double materiality” demanding that it is disclosed how the company impact planet and people (impact materiality) and by what risks/ opportunities this might affect enterprise value of a company (financial materiality).
- ◆ **ISSB (IFRS S1 & S2):** is solely based on “single materiality” or “financial materiality,” which refers to the provision of sustainability-related information that would be material to an investor in their consideration of a company's enterprise value<sup>10</sup>. Among others, IFRS S2 addresses climate risks as it duplicates TCFD's contents (Governance/Strategy/Risk Management/Metrics Targets).

<sup>10</sup> Asset / SEBI Master Circular update. Regulatory updates related to BRSR and LODR changes. (2025). <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2025/01/chapter-3-regulatory-updates-january-2025.pdf> KPMG Assets

## 2. India's Path to Alignment

Nevertheless, India's regulatory journey is clearly towards convergence. SEBI is one of the members at IOSCO and it is observed that ISSB were accepted as global standards by IOSCO.

Emerging regulatory newsflow (in late 2024 and early 2025) suggests that SEBI has formed a research team to consider the BRSR with a view to adding required elements for adoption of some key disclosures included within ISSB. This is merging through and not replacing it.

- ◆ Rather than replacing BRSR, SEBI is expected to incorporate financially material ISSB metrics (e.g. further granular climate scenario analysis, disclosure of transition plans and evidence of risk management for climate) directly into the BRSR framework – possibly as mandatory additional elements of the BRSR Core or a new set of essential indicators.
- ◆ This way, India keeps its unique, local community domestic governance-and-social tack (the BRSR's ace in the hole) against globally standardised needs of financial investors for enterprise-value-centric climate-and-sustainability information.

This would allow Indian companies to satisfy domestic regulations and Foreign Institutional Investors (FIIs) in one go by harmonising cross-border reporting, resulting in better access to global sustainable finance.

## STRATEGIC IMPLICATIONS AND CONCLUSION

While the Business Responsibility and Sustainability Report marks a deep and irreversible inflection in India's corporate history, the strategic consequences run throughout governance, risk, and finance:

- **Raising Governance:** BRSR has effectively moved ESG ownership out of the CSR box and into the Boardroom forcing sustainability to be a company-wide mandated strategic leadership item.
- **Risk Mitigation:** The framework compels companies to detect, quantify and disclose risks related to climate, environmental, and social factors—turning what could be potential risks into measures that can be tracked by investors.
- **Access to Sustainable Capital:** Indian companies will therefore establish a competitive lead in accessing sustainable finance (which is increasingly driven by investors using ISSB-aligned screens) because they are providing standardised, assured and comparable data via the BRSR Core.

In summary, the BRSR is a well-crafted regulatory intervention that is expected to be an effective trigger for corporate change. It is thorough, serious and forward-looking, combining India's distinctive social context with the best practices from around the world. The immediate challenges of data infrastructure, value chain integration and talent are hard, but developing the BRSR Core

assurance to actively aiming for ISSB alignment means that SEBI is stubbornly pushing for a governance framework which is not only compliant but globally competitive. In an increasingly integrated global economy, while India consolidates its place among the world's leading economies, the BRSR will be a crucial enabler to ensure that growth is inclusive, responsible and genuinely sustainable.

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# 3

## RESEARCH CORNER



- The Significance of AI for Governance Professionals and its Importance for Company Secretaries: A Perspective

# The Significance of AI for Governance Professionals and its Importance for Company Secretaries: A Perspective

The role of Company Secretaries as governance professionals globally has undergone a drastic change and in the Indian context, with the emergence of AI tools and technologies, and start-up eco-system, it is moving at a fast pace. The regulatory landscape has been transforming in the recent times, which throws a challenge for governance professionals, to ensure regular and timely compliance with regulations, standards and much more. Being an advisor to the Board as also a custodian of compliance process, it is left to the Company Secretary to find a way out of the maze of regulations in an effective manner. It is here that AI can play a key role in the governance process, providing timely inputs, increased efficiency and high value-added services to the concerned stakeholders. This paper examines the extent to which AI tools can help in effective governance for corporate professionals and proposes an operational framework for the same.



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## INTRODUCTION

**T**he role of AI in corporate governance is very critical today as entities have to adhere to various compliances under multiple Acts, rules and regulations, all of which have to be effectively monitored for timely compliance, filing and responses, in order to avoid penalties imposed on the corporates. The role of Company Secretary (CS) as a governance professional in the decision-making process is

critical. They have started applying AI tools in governance, for conducting various meetings with stakeholders, regulators, and responsible reporting on compliance issues.

## OBJECTIVES OF STUDY

- To understand the concept and significance of AI and its influence on Governance.
- To study how Governance professionals can deploy AI in their work processes to better manage compliances.
- To suggest a framework for effective implementation of AI in Corporate Governance.

## REVIEW OF RELATED LITERATURE

Kamruddin, S., & Chary, D. T. (2024) examine that the primary goal of e-government is to empower government agencies to provide high-quality services to their stakeholders in the most effective and transparent way possible. AI tools have been used by governments' recently to deploy e-government more successfully. The use of Internet of Things (IOT) and AI tools to enhance e-government services for all stakeholders is the main topic of this study.

Wirtz, B. W., Weyerer, J. C. et al (2019) postulates the advantages of application of Artificial intelligence (AI) in the public sector. Considering this, there is a growing need for a comprehensive understanding of the scope, significance, and related difficulties of AI-based applications. This conceptual study examines and gathers pertinent ideas from scientific literature to present an integrated picture of AI applications and related difficulties, as there is currently a dearth of a thorough overview of AI-based applications and challenges for the public sector. The findings of the study suggest, ten AI application fields together with detailed description of their value creation, operation, and particular public use cases, offers recommendations for further study.

Veale, M., & Brass, I. (2019) emphasise that in order to deliver “better public services,” public organizations and agencies are increasingly looking to employ innovative data analysis techniques. These reforms have included changes in the digital services that are typically intended to improve the citizen’s experience, make government more efficient, and boost business and the wider economy. Instead of offering broad policy evidence, there has been a movement in the recent years to use administrative data to develop algorithmic models, frequently utilizing machine learning, to assist in daily operational choices for efficient management and provision of public services. The paper observes that these efforts raise a number of concerns regarding the abilities, processes, and practices that governments’ are currently deploying.

Kroll, J. A. (2015) explicates that Algorithms are increasingly being used to make important choices about people, such as counting votes, purging voter rolls, deciding who is eligible for financial aid, selecting taxpayers for audits, searching travellers, and determining credit worthiness. The public and society at large are interested in increasing the transparency of these procedures. However, those who are impacted rarely have access to the complete reasoning behind these choices since the algorithm or some inputs may be confidential, the implementation may be confidential, or the procedure may not be fully explained. There are not many options in case someone experiences that the procedure has gone awry.

Castilla Barraza, J. G., & Romero-Rubio, S. A. (2024, October) postulates that over the past ten years, artificial intelligence (AI) has started to significantly impact various facets of human activity, including public management. This article reviews the latest developments in the use of AI in public management, looks at the problems that have arisen, and assesses the technologies potential going forward. Using the VOSviewer program, bibliometric networks were constructed, and a thorough assessment of the literature was conducted. Particular use cases are investigated in domains including resource management, public service delivery, and decision making. It is determined that once these issues are resolved, the application of AI will increase effectiveness, transparency, and citizen participation in public administration.

Mittelstadt, B. D., Allo, P. et al. (2016) assesses that Algorithms are increasingly being used in information societies to perform tasks, make decisions, and make choices that were previously left to people. These algorithms may advise—if not make—about how data should be evaluated and what should be done as a result.

Algorithms increasingly mediate social processes, corporate transactions, governmental choices, and people’s perceptions, understandings, and interactions with the environment and each other. Disparities between how algorithms are built and how we perceive their ethical implications can have serious repercussions for individuals, communities, and entire nations. This paper clarifies the ethical significance of algorithmic mediation in three ways.

Engin, Z., & Treleaven, P. (2019) discusses that Big data and behavioral/predictive analytics, blockchain, the Internet of Things (IoT), and artificial intelligence (AI) are data science technologies that have the potential to transform government and give rise to a new wave of GovTech start-ups. Given the role of government and its significance to all institutions and individuals, the effects of the “smartification” of public services and the nation’s infrastructure will be far more profound than those of any other sector. This research article gives an overview of data science automation being used by governments worldwide using a straightforward taxonomy of government services. The objective of this review paper is to persuade the computer science community to collaborate with the government in order to create these new technologies that will revolutionize public services and facilitate civil servants’ work.

The entire edifice of implementation of AI for governance professionals’ rests on three pillars – Trust, Certification, Legislation & Obligations. In the first pillar related to trust defines stakeholders requirements are mapped with their expectations. The second pillar describes the institutional mechanism for certification, accreditation by the professional body while the third pillar, is on dissemination of validated information to the stakeholders as per requirements mandated under legislation.

Rahwan, I. (2018) focuses on recent swift developments in machine learning and artificial intelligence that have sparked numerous inquiries concerning the governance and regulation of self-governing machines. In recent times, many academicians, and decision-makers demand that the algorithms that control our life be open, equitable, and responsible. This paper offers a theoretical framework for regulating algorithmic systems and artificial intelligence, by adapting the human-in-the-loop (HITL) paradigm from interactive machine learning to modeling and simulation.

Cath, C. (2018) describes that every element of the society is being more and more impacted by artificial intelligence (AI), from the essential—such as banking, law enforcement, urban infrastructure, healthcare, and humanitarian aid—to the something banal—such as dating. AI may enhance societal welfare, the economy, and the enjoyment of human rights. This includes embodied AI in robotics and methods like machine learning. The need to develop and regulate AI in a way that is transparent, equitable, and accountable is growing as a result of its widespread use in high-risk fields, where eight writers provide in-depth evaluations of the technological, ethical, and legal-regulatory difficulties associated with creating governance frameworks for AI systems. Due of its extensive use in high-risk industries, there is an increasing

need to develop and govern AI in a transparent, egalitarian, and accountable manner. It additionally gives a succinct overview of recent developments in AI governance, describes the degree to which the agenda for establishing AI laws, moral standards, and technical methods has been set, and makes some specific suggestions to advance the conversation on AI governance.

## METHODOLOGY

The article is an exploratory study, conducted by reviewing the existing related literature, on the practices being identified in regard to adoption and usage of AI applications in government both at central and state level. The article explores the key issues involved in application of AI models in governance addressing issues such as bias, data-privacy, confidentiality of business information and proposes a framework for use of AI in implementing governance practices.

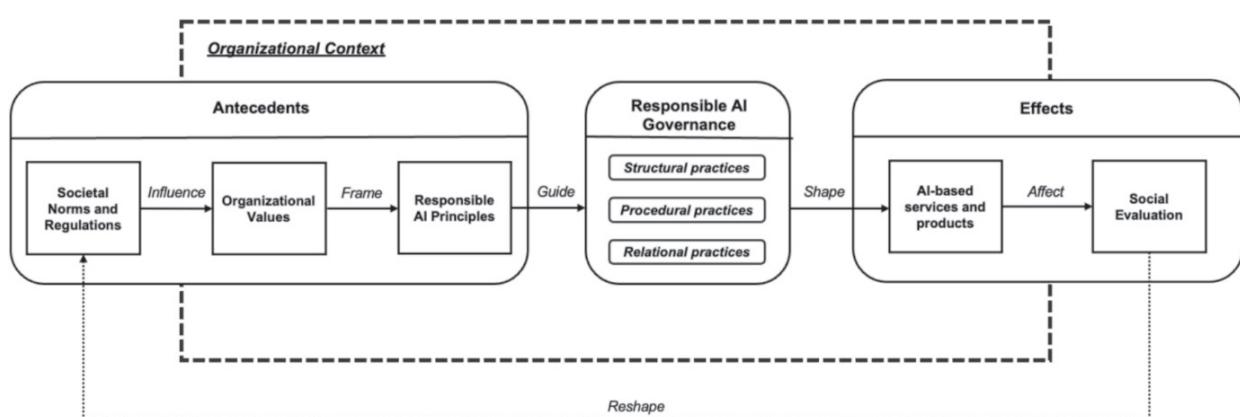
## DISCUSSION

### a) To understand the concept and significance of AI and its influence on Governance.

In order to arrive at a comprehensive governance framework, India has approached AI governance by integrating existing expertise, creating communities of practice, and attempting to simplify and address sectoral objectives. The nation has approached innovation thoughtfully, unlike many rising countries, without rushing to regulate or ignoring unchecked innovation. The professionalisation of the AI governance is one of the issues that must be addressed, nonetheless, considering the proposed standards' dual emphasis on legal and technological approaches to AI governance should be given. This

procedures, together with the publishing of pertinent or applicable criteria by international organizations like ISO 42001, could reinforce the adoption of this standard. In accordance with national legislative and governance priorities, such oversight would assist both public and private enterprises in creating and using AI in a suitable manner. The necessity of increasing institutional capacity at the federal and state levels is highlighted by the development of AI governance skills. This might entail putting into practice the suggested inter-ministerial coordination committee with the technical secretariat to comprehend the scope of AI risks and ways to mitigate them, whether through standards of practice, accountability mechanisms, or technical means (compliance by design), as suggested in the 2025 AI governance guidelines. This emphasizes the significance of comprehending the multifaceted nature of AI risks, putting in place governance mechanisms that can foster confidence in systems that may result in subsequent adoption, and assigning accountability to different actors based on the degree and type of their involvement. India's AI governance framework must complement the India AI mission to build fundamental AI innovation capabilities in order to achieve this institutionalisation process. To facilitate downstream innovation and adoption, governance methods must be clearly operationalised. This will legitimise technical modalities of governance and streamline and clarify compliance procedures. All things considered, the development of India's AI strategy and governance approach shows a strong dedication to promoting innovation and creating governance frameworks that can assist an AI-driven economy.

Diagram-1



is due to the fact that existing laws will need to be rationalised in order to apply AI at a certain level, whilst technical alternatives require a network of standardised procedures, abilities, and experience in order to be legitimate. To do this, it would be necessary to define risk management and auditing standards, create audits and audit systems, and specify the legal liability of auditors. Harmonisation and simplification into standard compliance and auditing

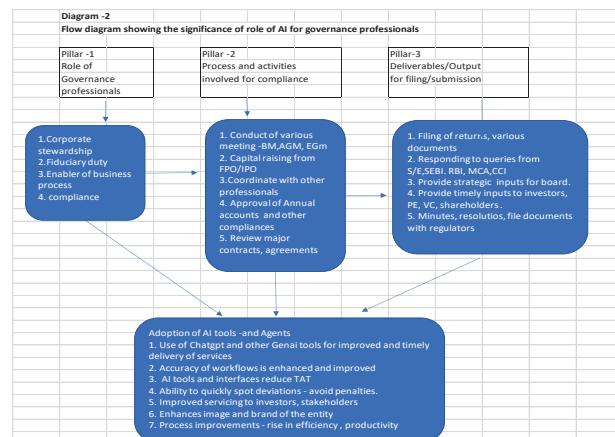
**Source** – Papagiannidis, E., Mikalef, P., & Conboy, K. (2025). Responsible artificial intelligence governance: A review and research framework. *The Journal of Strategic Information Systems*, 34(2), 101885.

In the context of AI application in governance, it is important to understand that certain antecedents are governing the application and use of AI like Societal norms and regulations that influence the entity values and this

leads to framing of responsible AI principles. These shall serve as a guide to responsible AI governance involving structural, procedural, and relational practices that will shape the delivery of AI based services and products and in turn influence evaluation of society.

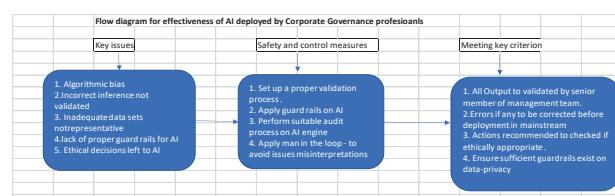
**b) To study how Governance professionals can deploy AI in their work processes to better manage compliances.**

With increased emphasis on Compliance and related processes, the role of Company Secretary as a governance professional in the last few decades has undergone a drastic change driven by legislation, regulation and strict monitoring. The deviation of which will invite penalty or loss of licenses to do business, bar on operations (e.g., banking), and possible prosecution. This forces the corporates and professionals engaged in governance to suitably equip themselves, in the process and it is here that AI can help greatly in bringing out effectiveness, enhance productivity, and improve compliance processes in a timely and cost-effective manner. Further deployment of AI agents or Agentic AI adoption can improve process and efficiencies, in addition to being scalable.



AI ethical standards, and 32% say it is addressing the concerns in data privacy, and bias in AI deployment. Interestingly as regards AI risks, 60% are worried that Gen AI will be misused, while 81% believe disinformation and misinformation is greater risk of AI. While 20% are confident of their ability to detect AI based misinformation, 35% only contend addressing AI risk is the immediate priority, and more than 85% say training is a top priority. The governance professional would do well by using GenAI tools, e.g., Co-pilot, ChatGPT with caution, by validating their results before adoption into live system.

**Diagram -3**

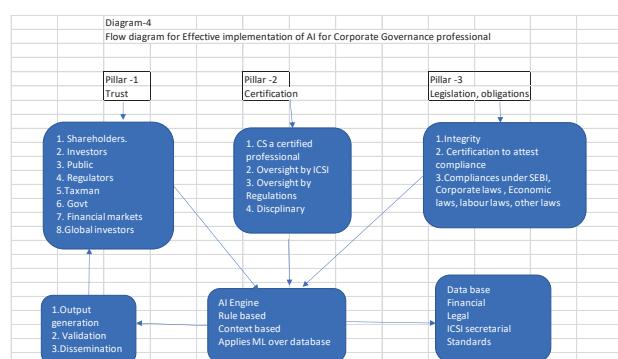


The effectiveness of AI applications in corporate governance will also have to be tested based on certain key factors to ensure that the output is relevant, valid and not suffer from mistake, misinterpretation and bias. The above flowchart presents a conceptual framework on the effectiveness of AI deployment by corporate governance professionals, when integrating to their daily tasks and work flows. Going forward it is likely that agents will be deployed in the compliance domain helping entities with quicker turnaround solutions, increased effectiveness and improved performance.

**c) To suggest a framework for effective implementation of AI in Corporate Governance.**

In the above flowchart diagram the entire edifice of implementation of AI for governance professionals' rests on three pillars – Trust, Certification, Legislation & Obligations. In the first pillar related to trust all stakeholders requirements should be defined and crystallised keeping in mind their expectations.

The second pillar describing the institutional mechanism for certification, accreditation by the professional body gives the confidence to the professional to perform the task and effectively aid in strengthening the trust placed on the corporate governance professional. The certification leads to increased responsibilities often challenging in terms of compliances in ever changing dynamic scenario. The deployment of AI module using rule based, context based framework and adopting AI tools, ML, algorithms specifically designed to link and extract the required data from the database of financial, legal, and specific standard related compliances or violations which are transferred to output that needs validation from a senior governance professional. In the third pillar, once the validation process is complete the same is disseminated to the stakeholders as per requirements mandated under legislation. With AI tools being adopted rapidly, governance professionals need to be upskilled in the application of AI in a fair and balanced manner. Working with large databases involving contracts, agreements, legal documents and host of other activities which the governance professional has to perform on day to day basis all will be greatly aided by the deployment of AI.





## LIMITATIONS OF STUDY

This study is exploratory and is based on secondary research. This study does not consider any empirical data for analysis.

## CONCLUSION

As a result of tightening of compliances and regulations, fines, penalties, and fear of loss of reputation, the importance of AI has gained significance for governance professionals and is become a necessity. Both public and private sector can be more benefited by relying on automation tools, AI tools, low code and no-code platforms which can be cost effective in addressing the compliance issues in a corporate entity across states and help him focus more in contributing to board decisions by assisting with strategic inputs, business planning for growth and acquisition and not merely getting restricted to compliance. As the economy grows and entities scale up, it is likely that governance professionals such as Company Secretaries are more likely to use AI tools to streamline their workflow, processes and decision making, thus giving a high level of value added insights into decisions taken by the board. The first wave of differences is already being visible in professionals using prompt engineering, AI tools and GPT tools like ChatGPT, Gemini, Co-Pilot, Perplexity, Manus etc each with its own advantages capable of being integrated with the existing work flow processes within the entities, and governance professionals would do well to adopt the same and upskill their learning. This will help provide better services for clients at market place. Increasing capacity, nurturing young talent and building tools will be of immense help in moving to the next phase in the value chain for services by professionals. The Government of India is also creating necessary ecosystem to ensure that the capacity building happens at government level in various departments, under the framework prepared by Niti-Aayog, while the players in private sector are looking at scaling in a rapid way. As the nation moves in the direction of becoming USD 5 Trillion economy, the deployment of AI for smooth functioning of corporate governance is likely to bring a drastic change in the way of working.

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# Weight Management & Obesity

## Dr. Shakuntala Dawesar

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**I**t is commonly understood that the term **obesity** refers to excess fat deposits in the body. Can this excess weight be qualified and quantified? If yes, then how?

To understand the implications of weight management and the effects of excess weight, one must understand the complex mechanisms of the body which seamlessly regulate its functions according to its needs.

The nutritional requirements of an individual are met through two primary inlets. The first is in the form of oxygen in the atmosphere, which is inhaled through the air that is breathed in by the nose and filtered by the nostrils to reach the lungs where the air is purified and the oxygen from the air is carried to all parts of the body by the circulating blood. This is achieved by the cardio vascular system.

The second inlet for nutrition is the Alimentary canal which starts with the consumption of food through the mouth from where it passes through the food pipe to the stomach and thence through a long tubular structure called the small and large intestines. The act which barely warrants a conscious effort on the part of an individual is again a process of many complex procedures. It starts with chewing the food in the mouth and integrating it with the saliva which contains enzymes that help it to form a soft mass that can be effortlessly swallowed and move through the food pipe to reach the stomach. Here more chemicals and enzymes are secreted to initiate the process of digestion and facilitate its passage through the different parts of the intestines. The process of digestion and assimilation of nutrients continues through the entire length of the digestive tract, eventually reaching the anal canal from which the undigested food is expelled by the body.

What happens to these nutrients thereafter? They are broken up into constituents which are conveyed to different parts of the body and aid it in its functioning. These constituents are Fats, Carbohydrates, Proteins, Minerals and Vitamins. In addition, the oxygen in the air which undergoes purification by the lungs and heart, are transported to each and every one of the trillions of cells in the body, to keep the cells alive and functional.

When the food consumed is in excess of the needs of the body, it gets converted to fat and is stored in different areas of the body. This can be converted to glucose to provide ready energy when the body needs it, as in times of illness, injury or periods when food is unavailable.

The cells in the body are specific in nature and designated to play a specific role in efficient functioning of the body. Many of these functions happen without our conscious effort, like

breathing, circulating of blood, digestion of food and the repair due to wear and tear of the body tissues. These subconscious activites of the body consume roughly 1500 calories in an average adult.

Thus while calculating the calorie needs of the body one must take into account this base line caloric need. Additional calories are required for voluntary activities like walking, exercises and other chores like carrying files or any other load, house work such as washing clothes, sweeping and swabbing, washing utensils, dusting and cleaning of surfaces and activities like dancing, gymnastics and sports. Since these activities are determined by the lifestyle of the individual, so also, the additional calorie requirement of each individual may vary. Those who do physical labour play outdoor sports or exercise consciously with weights and strength training, require more calories daily than those who lead sedentary lifestyles.

Weight management involves calculating the calorie requirement and tailoring the food intake to balance the two. Is there such a thing as ideal weight and if so, how does one know what that is? There are two indicators that are commonly referred to in weight management. One is the Body Mass Index or BMI which is calculated by dividing the weight in kilograms by the square of the height in metres. Thus, for a 70 kg male of 5'8" (1.7 m approximately) the BMI would be 70/(1.7) square will be 24.2.

A BMI of 18.5 to 24.9 is considered the range for a normal individual. A BMI of 25 to 29.9 is considered overweight while a BMI of over 30 is classified as obese. This is a general classification. However, it has now been established that abdominal obesity is directly related to cardiovascular risk and even if the BMI is within normal limits, a central obesity with an abdominal girth of over 94 cm in men and 80 cm in women is indicative of a higher risk for cardiovascular diseases. While all these indicators are of significance, one should not obsess about these figures. Body mass and body weight are two different factors. Two people of the same height and weight may have a different waist, abdomen and hip girth. This is because each may vary in the bone density, muscle mass and fat deposits. Bone and muscle weigh more volume for volume. That means one cubic inch of bone or muscle weighs more than one cubic inch of fat. Thus, a muscular person will look slimmer than a person who is not muscular although both may weigh the same and be of the same height.

The best method for weight management is to combine healthy eating with strength training and weight lifting exercises. Both these should be learnt and done under supervision to ensure that they do not result in injuries. Only then can they be incorporated into one's daily regimen as a routine which does not require supervision any longer. Regular check on the weight will ensure that over weight is detected early when weight loss is more easily achieved than when one becomes obese. Abdominal girth should be kept in check. Alcohol intake adds to calorie intake and it should be kept in mind when planning the diet.

Certain disorders like Diabetes, Hypertension and Heart disease require special attention while planning the diet for weight management. A regular disciplined lifestyle goes a long way in keeping a person fit in all respects.



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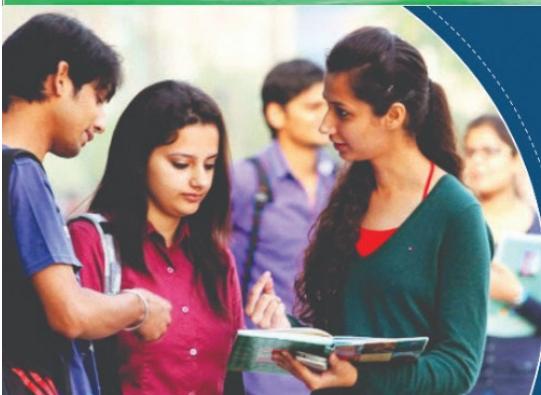
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# 4

## LEGAL WORLD



- Rajasthan Financial Corporation & ANR v. The Official Liquidator & ANR [SC]
- Roop Ultrasonix Ltd. & ORS v. Telsonic Holding AG [NCLAT]
- Julabo Siskin (Asea) Pvt. Ltd. & ORS v. Markus Juchheim & ANR [NCLAT]
- Spice Jet Ltd. v. Union of India & ANR [Del]
- Auckland House School & ORS v. State of Himachal Pradesh & OERS [HP]
- Alembic Pharmaceuticals Ltd. v. Jay Prakash Singh [JHR]
- Competition Commission of India v. Geep Industries & ORS [Del]
- Nagrik Chetna Manch & ORS v. Fortified Security Solutions & ORS [CCI]
- Manmohan Gaind v. Negolice India Pvt. Ltd. [Del]



# Corporate Laws

## Landmark Judgement

**LMJ 12:12:2025**

### **RAJASTHAN FINANCIAL CORPORATION & ANR v. THE OFFICIAL LIQUIDATOR & ANR [SC]**

**Appeal (Civil) 4055 of 1998**

**S. N. Variava, Tarun Chatterjee & P. K. Balasubramanyan, JJ. [Decided on 05/10/2005]**

**Equivalent citations: AIR 2006 SC755; 2005 (8) SCALE 255; 2005 (8) SCC 190; 2005 (6) COM LJ 129 SC; (2005) 128 Comp Cas 387.**

**Sections 529 and 529A of the Companies Act, 1956 read with Sections 29 and 31 of the Financial Corporations Act, 1951- company under liquidation-SFC secured creditor wanted to stay out of liquidation and to realise its debt through civil proceedings-High Court rejected the request- whether correct-Held, Yes.**

#### **Brief facts:**

Appellants are state financial corporations and secured debtors of the company Vikas Woolen Mills Ltd. which was in liquidation for which the Respondent is the OL. Appellants wanted to remain outside the liquidation and to realise their secured interest through other court processes and agreed to deposit the share of the workmen's dues with the Ol. The winding up court rejected the request and directed the appellants to deposit the entire amount with the OL. On appeal the division bench affirmed the single bench's order. Hence the present appeal before the Supreme Court.

**Decision:** Disposed of. Impugned order upheld with modification.

#### **Reason:**

Thus, on the authorities what emerges is that once a winding up proceeding has commenced and the liquidator is put in charge of the assets of the company being wound up, the distribution of the proceeds of the sale of the assets held at the instance of the financial institutions coming under the Recovery of Debts Act or of financial corporations coming under the SFC Act, can only be with the association of the Official Liquidator and under the supervision of the company court. The right of a financial institution or of the Recovery Tribunal or that of a financial corporation or the

Court which has been approached under Section 31 of the SFC Act to sell the assets may not be taken away, but the same stands restricted by the requirement of the Official Liquidator being associated with it, giving the company court the right to ensure that the distribution of the assets in terms of Section 529A of the Companies Act takes place.

In the case on hand, admittedly, the appellants have not set in motion, any proceeding under the SFC Act. What we have is only a liquidation proceeding pending and the secured creditors, the financial corporations approaching the company court for permission to stand outside the winding up and to sell the properties of the company-in-liquidation. The company court has rightly directed that the sale be held in association with the Official Liquidator representing the workmen and that the proceeds will be held by the Official Liquidator until they are distributed in terms of Section 529A of the Companies Act under its supervision. The directions thus, made, clearly are consistent with the provisions of the relevant Acts and the views expressed by this Court in the decisions referred to above. In this situation, we find no reason to interfere with the decision of the High Court. We clarify that there is no inconsistency between the decisions in *Allahabad Bank Versus Canara Bank and Anr (supra)* and in *International Coach Builders Limited Vs. Karnataka State Financial Corporation (supra)* in respect of the applicability of Sections 529 and 529A of the Companies Act in the matter of distribution among the creditors. The right to sell under the SFC Act or under the Recovery of Debts Act by a creditor coming within those Acts and standing outside the winding up, is different from the distribution of the proceeds of the sale of the security and the distribution in a case where the debtor is a company in the process of being wound up, can only be in terms of Section 529A read with Section 529 of the Companies Act. After all, the liquidator represents the entire body of creditors and also holds a right on behalf of the workers to have a distribution *pari passu* with the secured creditors and the duty for further distribution of the proceeds on the basis of the preferences contained in Section 530 of the Companies Act under the directions of the company court. In other words, the distribution of the sale proceeds under the direction of the company court is his responsibility. To ensure the proper working out of the scheme of distribution, it is necessary to associate the Official Liquidator with the process of sale so that he can ensure, in the light of the directions of the company court, that a proper price is fetched for the assets of the company in liquidation. It was in that context that the rights of the Official Liquidator were discussed in *International Coach Builders Limited (supra)*. The Debt Recovery Tribunal and the District court entertaining an application under Section 31 of the SFC Act should issue notice to the liquidator and hear him before ordering a sale, as the representative of the creditors in general.

In the light of the discussion as above, we think it proper to sum up the legal position thus:-

- A Debt Recovery Tribunal acting under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 would be entitled to order the sale and to sell the properties of the debtor, even if a company-in-liquidation, through its Recovery Officer but only after notice to the Official Liquidator or the liquidator appointed by the Company Court and after hearing him.
- A District Court entertaining an application under Section 31 of the SFC Act will have the power to order sale of the assets of a borrower company-in-liquidation, but only after notice to the Official Liquidator or the liquidator appointed by the Company Court and after hearing him.
- If a financial corporation acting under Section 29 of the SFC Act seeks to sell or otherwise transfer the assets of a debtor company-in-liquidation, the said power could be exercised by it only after obtaining the appropriate permission from the company court and acting in terms of the directions issued by that court as regards associating the Official Liquidator with the sale, the fixing of the upset price or the reserve price, confirmation of the sale, holding of the sale proceeds and the distribution thereof among the creditors in terms of Section 529A and Section 529 of the Companies Act.
- In a case where proceedings under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 or the SFC Act are not set in motion, the concerned creditor is to approach the company court for appropriate directions regarding the realization of its securities consistent with the relevant provisions of the Companies Act regarding distribution of the assets of the company-in-liquidation.

Now reverting back to the case on hand, we find that the directions issued by the company court are in the interest of all the creditors and are well within its jurisdiction. But we find merit in the submission that the company court was not justified in not ordering a fresh valuation of the properties. Having regard to the lapse of time, we are satisfied that a fresh valuation is necessary. We direct the company court to get a fresh valuation done by a valuer from the panel of valuers of the High Court. The other directions issued by the company court are affirmed.

The appeal is thus disposed of affirming the directions issued by the company court, but with a modified direction for getting a fresh valuation of the properties as indicated in the earlier paragraph.

**LW 88:12:2025**

**ROOP ULTRASONIX LTD. & ORS v. TELSONIC HOLDING AG [NCLAT]**

**Company Appeal (AT) No. 187 of 2023**

**Yogesh Khanna & Ajai Das Mehrotra. [Decided on 20/11/2025]**

**Companies Act, 2013- appellant is an unlisted public company-rights issue-Respondent reclassified non-promoter/public shareholder-shares not in dematerialised form-Respondent's application to issue was rejected by the appellant-on appeal by respondent NCLT set aside the entire issue and directed to refund the proceeds- whether correct-Held, No.**

**Brief facts:**

The main Appellant Roop Ultrasonix Ltd. is an unlisted company. The Respondent, Telsonic Holding AG, a foreign body corporate holds shares in the Appellant company. The Respondent has been identified as a "promoter" in the annual returns up to 31.03.2022. Through a board resolution dated 09.11.2022, the Respondents were reclassified as "public shareholder/other than promoter". The rights issue was launched by the Appellant in the month of March, 2023 wherein the Respondents have applied but their application was rejected as their shares were not held in the dematerialised form. Aggrieved by the said actions, Telsonic Holding AG (Respondent herein) had filed CA No. 102 of 2023 on which the impugned order was passed wherein the Ld. NCLT held that the entire process of issuance of equity shares in rights issue stands vitiated and was set aside and directions were issued to Roop Ultrasonix Ltd. to refund the amount received in the rights issue.

**Decision:** Allowed.

**Reason:**

We are of the view that the following questions need to be answered in this appeal (i) Whether Telsonic Holding AG was a promoter on the date when the rights issue was launched by the appellant; (ii) What were the responsibilities of the Appellant Company while making the rights issue and whether these were complied with; and (iii) Whether the Ld. NCLT has erred in cancelling the rights issue and directing refund of share application money.

Regarding applicability of sub-section (a) of Section 2(69), it can be seen that the Respondent (Telsonic) was identified as a promoter in the annual return as on 31.03.2022 and in the PAS-6 form for the period ending 30.09.2022. However, considering the termination of various agreements and withdrawal of their nominee from board of directors, the board of directors in their meeting dated 09.11.2022 resolved to reclassify Telsonic Holding AG from "promoter to public shareholder/other than promoter". In the PAS-6 form and annual return of the subsequent period i.e. as on 31.03.2023, the Respondent (Telsonic) is not shown as a promoter of the Company. It is apparent that when the rights issue was undertaken by the Appellant Company in March, 2023, Respondent (Telsonic) was not a 'promoter' of the company.

From the above discussion it is clear that a 'promoter' can be reclassified as 'non-promoter/public shareholder' and the Respondent (Telsonic) was correctly re-classified as "public shareholder/other than promoter" on 09.11.2022, much before the launch of rights issue of equity shares.

On the second issue, we note that the relevant provisions are contained in Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014. The Appellant Company is an unlisted public company, a fact which is accepted by both the sides. As per Rule 9A(2) every unlisted public company before issuing fresh shares is required to ensure that entire holding of securities of its promoters, directors, and Key Managerial Personnel has been dematerialised in accordance with provisions of the Depositories Act, 1996. As we have noted earlier, the Respondent (Telsonic) was no longer classified as 'promoter' of the Appellant Company on the date when rights issue was announced. Thus, a plain reading of the said Rule clearly shows that the company was not required to ensure, on its own, that shares of the Respondent (Telsonic) are dematerialised.

We also note that as per Rule 9A(1)(a) every unlisted public company is required to issue the securities only in dematerialised form. Since the shares of Telsonic were not in dematerialized form, the act of Appellant Company in rejecting the application of the Respondent is fully in consonance with Rule 9A(1)(a) of the Rules cited supra.

On the third issue, in the conspectus of facts and circumstances of this case, we hold on the basis of above noted facts and law that the impugned order of Ld. NCLT cannot be sustained and the Ld. NCLT has erred in cancelling the rights issue and directing refund of share application money. The impugned order is thus set aside.

**LW 89:12:2025**

**JULABO SISKIN (ASEA) PVT. LTD. & ORS v. MARKUS JUCHCHEIM& ANR [NCLAT]**

**Company Appeal (AT) (CH) No.156/2025**

**Sharad Kumar Sharma & Indevar Pandey. [Decided on 20/11/2025]**

**Companies Act, 2013- Sections 271 & 272- direction to wind up the company-whether correct-Held, Yes.**

#### **Brief facts:**

The instant proceedings in the company appeal, under Section 421 of the Companies Act, 2013, emanated from an order that has been passed by the NCLT, Bengaluru Bench, in proceedings under Section 271-272 of the Companies Act, 2013. The consequential effect of the impugned order was that the direction was issued for winding up of the company, after taking necessary action as prescribed under law.

**Decision: Dismissed.**

#### **Reason:**

But so far as the present controversy which is being agitated in an appeal before this Appellate Tribunal, the question, which falls for our consideration is that, as to whether at all under the given set of circumstances,

particularly, when the Ld. Tribunal in its hearing, which was held on 27.06.2024, has recorded that the Respondents themselves have accorded their consent by giving their willingness, that in case the Ld. Tribunal proceeds to direct the paper publication for the initiation of the winding up process, there would not be any objection as such.

The aforesaid "no objection" has been recorded by the Ld. Tribunal in the proceedings which was held on 27.06.2024, which is reflected in the impugned order itself. In subsequent proceedings, which were carried out during the hearing, held on 19.12.2024, a request for appointment of the provisional Liquidator was also made and that was too directed, which shows that the impugned order happens to be a consenting order.

When the Appellant himself in proceedings before the Ld. Tribunal, had assured by giving "no objection" for carrying out the publication for advertisement regarding the winding up, clearly shows the inclination of the Appellant that he had no principal objections for the inception of the proceedings of winding up. It has been observed that owing to, said no objection given by the Appellant, the Ld. Tribunal felt it necessary to direct the issuance of a paper publication, and thereafter the same was to be taken on record, to proceed further in the process by appointing of the liquidator. Even at the stage of appointment of the liquidator, which was the proceedings carried by the Ld. Tribunal on 19.12.2024 after carrying out the publication on 29.08.2024 in compliance of the earlier order dated 27.06.2024, it was again the request of the Appellant herein, who was the Respondent to the proceedings, who consented for appointing the provisional liquidator, and in that regard, he has filed a specific memorandum before the Ld. Tribunal.

In these eventualities, if the Ld. Tribunal has bona fide acted on the undertaking given by way of no objection, by the Appellant, subsequently passing of the impugned order of directing the winding up of Respondent No. 1. This cannot now be questioned by the Appellant, before this Appellant Tribunal by filing of an appeal. It is not the case of the Appellant at any point of time, that the so-called no objection as observed in para (e) and (f) of the impugned order was obtained under duress. Hence, it was a free and fair consent, which was actually extended by the Appellant in writing for giving no objection for publication for winding up, and rather requesting for appointment of the provisional liquidator. Hence, at this stage now the Appellant cannot make a somersault, contending that the order directing for winding up of the Respondent No. 1, is bad in the eyes of law, because it will amount to be a solicited order by the Appellant himself, who was the Respondent to the proceedings.

In that eventuality, the direction given by the Ld. Tribunal for winding up the companies doesn't suffer from any procedural or legal error when the Appellant himself has expressed his no objection. Hence, this company appeal stands dismissed.



## Industrial & Labour Laws

LW 90:12:2025

**SPICE JET LTD. v. UNION OF INDIA & ANR [DEL]**

W.P.(C) 2941/2012 along with W.P.(C) 6330/2021

**D. K. Upadhyaya & T. R. Gedela, JJ. [Decided on 04/11/2025]**

**Employees Provident Fund and Miscellaneous Provisions Act, 1952- Para 83 in EPF scheme- coverage of international workers without any wage threshold limit- whether suffers the vice of reasonable classification and discriminatory- Held, No.**

### Brief facts:

The main issue in these writ petitions are the challenge to the coverage of international workers under the EPF Act. The government of India vide Notification GSR 706(E) dated 1<sup>st</sup> October 2008 and GSR 148(E) dated 3<sup>rd</sup> September 2010 under which international workers were covered under the EPF scheme by inserting paragraph 83 in the EPF Scheme whereby distinction was made between foreign employees working in Indian establishments and domestic employees, inasmuch as that the foreign employees have been mandated to contribute under the Scheme irrespective of the amount of pay per month they draw whereas only those domestic employees are mandated to contribute to the scheme who are drawing pay up to Rs.15,000/- per month. This classification was challenged as discriminatory.

**Decision:** Dismissed.

### Reason:

We, thus, now need to examine as to whether the classification between the foreign employee and Indian employee on the basis of capping in the pay drawn for the purpose of applicability of the scheme has some intelligible differentia and/or the same is reasonable so as to satisfy the test of any State action being in conformity or infringement of Article 14 of the Constitution of India.

The submission in this regard made by learned counsel representing the respondents is that such classification is based on the fact that foreign employees do not face economic duress, if they are made to become member of the fund/scheme, for the reason that they come to India for employment for shorter period of two to five years, whereas the Indian employees generally serve till they retire on attainment of age of superannuation and therefore, such

long duration of employment of Indian employees causes economic duress in case they are mandated to contribute to the scheme.

As a matter of fact, mandating the foreign employees to become member of the scheme/fund irrespective of the monthly pay they draw and requiring only those Indian employees to become member of the fund/scheme who are drawing pay below Rs.15,000/- a month, has a rationale based on the economic duress which is caused to the Indian employees, if they are mandated to contribute to the fund/scheme irrespective of quantum of salary they draw, which is absent in case of the foreign employees for the reason that they come to India for employment for shorter period of 2 to 5 years.

For the said reason, in our considered opinion, the classification made by inserting and later on substituting Para 83 in the principal scheme, is reasonable, and it also has an object sought to be achieved in the sense that the purpose of mandating an employee to be a member of a fund/scheme under the Act is to provide social security. In case all the Indian employees irrespective of the amount of pay they draw per month, are mandated to become the member of the Scheme/Fund, they will be subjected to harsh economic duress for the reason they will be required to contribute to the Scheme/Fund throughout their period of employment which generally will be much large as compared to the length of employment of foreign employees in an Indian establishment, which normally is 2 to 5 years.

For the aforesaid reason, we find that the classification, which has resulted on account of introduction of Para 83 in the principal Scheme, satisfies the test of permissible classification, and therefore, it in our considered opinion that the same cannot be said to be violative of Article 14 of the Constitution of India.

It is true that Constitutional protection as enshrined in Article 14 of the Constitution of India is applicable to the foreign nationals as well for the reason that the phrase occurring in Article 14 is not "the citizen"; rather it is "any person". Thus, even the foreign nationals enjoy under Article 14 of the Constitution of India the equality before law and equal protection of laws within the territory of India.

Having said that, we may observe that right of equality as enunciated by Article 14 of the Constitution of India, is subject to reasonable classification, which is permissible provided such classification has an intelligible differentia and is based on some rationale. We have already held above that the classification which results on account of introduction of paragraph 83 in the principal Scheme has a reasonable basis, and therefore, the submission on behalf of the petitioner that Article 14 of the Constitution of India applies to foreign nationals as well, does not serve the cause of the petitioner in this petition.

LW 91:12:2025

**AUCKLAND HOUSE SCHOOL & ORS v. STATE OF HIMACHAL PRADESH & OERS [HP]****CWP No. 4221 of 2022****Ajay Mohan Goel, J. [Decided on 14/10/2025]**

**Industrial Disputes Act, 1947- Section 10- reference of disputes to labour court- conciliation proceedings failed- during the conciliation proceedings some employees were terminated- reference of this termination was also included in the reference by way of a corrigendum- whether tenable-Held, No.**

**Brief facts:**

Workers of the appellant had raised a demand notice upon which conciliation proceedings commenced and failed. The Respondent referred the dispute to the labour court under a section 10 notification. During the pendency of the conciliation proceedings certain employees were terminated. The Respondent vide a subsequent corrigendum referred the issue of termination also to the labour court. The appellant challenged the corrigendum in this petition.

**Decision: Allowed.****Reason:**

Few facts which are not in dispute and which are material for the adjudication of the present petition are that the industrial dispute, which was raised by the respondents, failure of conciliation wherein resulted in the issuance of earlier Notification dated 06.04.2017, was not related to the termination of the services of the employees concerned. The Demand Notice was raised qua other grievances of the employees and as the conciliation before the Conciliation Officer failed, the appropriate Government made References in terms of Notification dated 06.04.2017, to the learned Labour Court to be answered. The termination of the employees was an event which took place during the pendency of the conciliation proceedings, but it was independent of the Demand Notice as well as the conciliation proceedings.

That being the case, this Court is of the considered view that the Appropriate Government in the absence of being seized with the issue of termination of the services of the employees by way of a Demand Notice or an industrial dispute raised in this regard by the aggrieved employees, had no authority to make a reference of this issue to the learned Labour Court. This extremely important aspect of the matter was ignored by the Appropriate Government when it issued Corrigendum dated 26.06.2019. The appropriate Government erred in not appreciating that as the termination of the services of the employees was a fresh cause of action, the aggrieved person could either have agitated the same by raising an industrial dispute or file a claim petition under Section 2A of the Industrial Dispute Act before the learned Labour Court. The appropriate Government *suo motu* had no authority to amend the

Reference earlier made or otherwise make a Reference of this particular issue to the learned Labour Court.

Chapter III of the Industrial Disputes Act, 1947 deals with Reference of disputes to Boards, Courts or Tribunal. Section 10(1), which is a part of this Chapter, provides that where the appropriate Government is of the opinion that any industrial disputes exists or is apprehended, it may, at any time, by order in writing, either refers the dispute to a Board for promoting a settlement thereof; or refer any matter appearing to be connected with or relevant to the dispute to a Court for inquiry; or refer the dispute or any matter appearing to be connected with, or relevant to, the dispute, if it relates to any matter specified in the Second Schedule, to a Labour Court for adjudication etc. This power is subject to the provisos which are provided under Section 10 (1) of the Act.

Section 2A of the Industrial Disputes Act provides that dismissal, etc., of an individual workman to be deemed to be an industrial dispute. This Section further provides that a person aggrieved by his discharge, dismissal, retrenchment or termination, may notwithstanding anything contained in Section 10 of the Act, make an application directly to the Labour Court or Tribunal for adjudication of the dispute.

Therefore, a harmonious reading of these two Sections only leads to one conclusion that the Appropriate Government can refer the dispute to the learned Labour Court only when it is of the opinion that any industrial dispute exists or is admitted. This opinion can only be formulated by the Appropriate Government if any demand is raised by the aggrieved person before the Appropriate Government.

In the present case, in the absence of any demand having been raised by the aggrieved persons with the Appropriate Government qua their alleged illegal termination, no Reference either by way of amendment or otherwise could have been made by the Government on this count. This does not mean that the aggrieved persons were remedyless. They either could have independently raised a fresh demand or could have invoked the provisions of Section 2A of the Industrial Disputes Act. However, the Appropriate Government *per se, suo motu*, independently did not have any jurisdiction to amend the Reference in the peculiar facts of this case in the mode and manner in which it has been done vide Annexure-F, dated 26.06.2019. In light of above observation, this petition is allowed. Corrigendum dated 26.06.2019 (Annexure-F) is quashed and set aside.

LW 92:12:2025

**ALEMBIC PHARMACEUTICALS LTD. v. JAY PRAKASH SINGH [JHR]****W.P. (L) No. 2457 of 2025****Deepak Roshan, J. [Decided on 04/11/2025]**

**Industrial Disputes Act, 1947- Section 33- proceedings before labour court- management appeared through a legal practitioner-legal representation rejected- whether correct-Held, No.**

**Brief facts:**

The instant writ application has been preferred by the Petitioner assailing the impugned order passed by the Lt. Presiding Officer, Labour Court, Jamshedpur, in I.D. Case No. 4 of 2024, which allowed the application preferred by the Respondent-workman under Section 36(3) and (4) of the Industrial Disputes Act, 1947, debarring the Petitioner's advocate from representing it in the Reference Case.

**Decision:** Allowed.

**Reason:**

As stated hereinabove, in this case, the workman had filed an objection petition even before the Management was given notice for appearance. He appeared through an advocate himself on 04.10.2024. The Advocate representing the Management appeared immediately thereafter on the next date which was 12.11.2024, and his application for adjournment was also considered and allowed, as recorded in the order sheet of the Labour Court. On the first date of appearance, there was no objection from the workman. His failure to object is obvious, as on the immediately preceding date i.e. on 04.10.2024, he himself appeared through counsel.

Further, the Presiding Officer, Labour Court not only permitted the legal practitioner to file Vakalatnama but also allowed his adjournment application on 12.11.2024. It is obvious that there was implied consent and implied leave of the Court. The subsequent withdrawal or allegation of wrong order is unsustainable. The Labour Court's order-sheet reflects the factual developments which suggest implied consent as well as waiver of the objection by the workman who himself appeared through a legal practitioner on 04.10.2024.

Therefore, both the issues are decided in favour of the Petitioner-Management, inasmuch as, there is no absolute prohibition on representation of any party before the Labour Court. The restriction is confined to Conciliation proceedings only. The second issue relating to implied consent and leave of the Court is also decided in favour of the Petitioner.

In the above facts and circumstances of the case and on close examination of the applicable law, there was no justification in debarring the Advocate/legal practitioner representing the Management. The order dated 27.02.2025 is unsustainable on facts and the law and, is hereby, set aside.

Before parting, it is necessary to indicate that the framework of legal services has been strengthened and effective legal representation is readily available to any person in need. The Respondent-workman can also be offered legal assistance through the District Legal Services Authority, Jamshedpur (East Singhbhum).

The Presiding Officer, Labour Court, Jamshedpur, should apprise the workman of his right to take legal assistance

before proceeding any further in the case. It goes without saying that the Labour Court shall also decide the dispute expeditiously. As a result, the instant writ application stands allowed.



## Competition Laws

**LW 93:12:2025**

### COMPETITION COMMISSION OF INDIA v. GEEP INDUSTRIES & ORS [DEL]

**LPA 727/2024**

**Anil Kshetarpal & Harish Vaidyanathan, JJ. [Decided on 01/11/2025]**

**Section 27 of the Competition Act, 2002 read with Competition Commission of India (Manner of Recovery of Monetary Penalty) Regulations, 2011 - CCI imposed interest on penalty- whether tenable-Held, No.**

**Brief facts:**

The present Appeal has been preferred under Clause 10 of the Letters Patent assailing the Impugned Judgment which set aside the order dated 18.07.2023 passed by the Competition Commission of India, insofar as it confirmed the demand of interest on the penalty amounts imposed upon the Respondents.

By the said Order dated 18.07.2023, the CCI, *inter alia*, upheld the demand of interest on the penalty amounts with retrospective effect, i.e., from 10.12.2018 till the date of payment, as conveyed through demand notices dated 09.05.2023 issued to the Respondents under the Competition Commission of India (Manner of Recovery of Monetary Penalty) Regulations, 2011. The underlying penalties had earlier been imposed under Section 27 of the Competition Act, 2002, vide the CCI's Order dated 30.08.2018.

**Decision:** Dismissed.

**Reason:**

We have heard the learned counsel for both parties at considerable length and have given our thoughtful consideration to the submissions advanced. We have also carefully examined the Impugned Judgment, as well as the pleadings, materials, and documents placed on record in the present Appeal and responses thereto.

From the foregoing discussion and the analysis undertaken by the learned Single Judge, it is evident that the conclusions reached therein rest primarily on an interpretation of the

relevant provisions of the 2011 Regulations, and on the application of principles laid down by the Hon'ble Supreme Court in various judgments interpreting provisions analogous to those contained in the 2011 Regulations. Upon a careful and independent consideration of the reasoning and findings recorded therein, we find ourselves in complete agreement with the views expressed by the learned Single Judge in the Impugned Judgment.

A plain reading of Regulation 3 reveals that whenever the CCI imposes a monetary penalty on an enterprise, a formal demand notice is required to be issued through the Recovery Officer in Form I, after the expiry of the period specified in the penalty order. The Regulation further provides that the enterprise shall ordinarily be granted a period of 30 days from the date of service of the demand notice to deposit the penalty amount in the prescribed manner. Notably, Regulation 3(2) unambiguously stipulates that the 30-day period commences from the date of service of the demand notice to the enterprise II, which emphasizes that computation of time begins only upon such service.

Regulation 5 of the 2011 Regulations, on the other hand, provides the framework for the levy of interest on delayed payment of penalty. It mandates that if the amount specified in the demand notice is not paid within the period stipulated by the CCI, the concerned enterprise becomes liable to pay simple interest at the rate of 1.5% per month, or for any part of a month, for the entire duration commencing from the day immediately after the expiry of the payment period mentioned in the demand notice and continuing until the penalty is actually paid.

Now turning to the facts of the present case, it is an admitted fact that the CCI never issued a notice to the Respondents in Form I, as mandated under Regulation 3 of the 2011 Regulations, before imposing the interest upon the penalty. As noted earlier, Regulation 3(2) categorically provides that the 30-day period for payment shall begin "from the date of service of the demand notice to the enterprise."

Once it stands established that no demand notice was ever issued to the Respondents, the question of any default in payment does not arise. Regulation 5 of the 2011 Regulations, which provides for the imposition of interest "if the amount specified in the demand notice is not paid within the period specified by the Commission", can operate only when a valid and duly served demand notice, as required under Regulation 3, exists in respect of a recoverable penalty.

We are, therefore, of the considered opinion that where a demand notice itself has not been served, the statutory precondition for invoking Regulation 5 is not fulfilled. To hold otherwise would not only violate the principle of legality but would also unjustly penalize the Respondent for no fault of its own, which would be contrary to the statutory mandate and the settled principles of law.

The issuance of a demand notice under Regulation 3 and the consequent imposition of interest for default

under Regulation 5 form part of a sequential and mandatory statutory process. These provisions nowhere empower the CCI to impose interest retrospectively or from a date preceding the valid service of a demand notice. Since these procedural requirements are both mandatory and chronological, they must be followed in that precise manner alone, and any deviation therefrom renders the levy of interest legally unsustainable.

For the reasons stated hereinabove, we find no infirmity, legal or factual, in the Impugned Judgment dated 26.04.2024 passed by the learned Single Judge in W.P.(C) No. 10332/2023. The learned Single Judge has rightly held that in the absence of a valid demand notice under Regulation 3, the levy of interest by the CCI is without jurisdiction and contrary to the mandatory procedural scheme of the 2011 Regulations. Accordingly, the Impugned Judgment merits affirmation, and the present Appeal stands dismissed.

#### **LW 94:12:2025**

#### **NAGRIK CHETNA MANCH & ORS v. FORTIFIED SECURITY SOLUTIONS & ORS [CCI]**

**Case No. 50 of 2015 with Suo Motu Case No. 03 of 2016**

**Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 10/11/2025]**

**Competition Act, 2002 - Section 3- bid rigging- various tenders issued by Pune Municipal Corporation- whether OPs involved in bid rigging- Held, Yes.**

#### **Brief facts:**

Information in Case No. 50 of 2015 was filed by Nagarik Chetna Manch, a public charitable trust, against Fortified Security Solutions, Ecoman Enviro Solutions Pvt. Ltd. and Pune Municipal Corporation, alleging bid- rigging/ collusive-bidding by Fortified Security Solutions and Ecoman Enviro Solutions Pvt. Ltd. in various tenders issued by Pune Municipal Corporation for 'Design, Supply, Installation, Commissioning, Operation and Maintenance of Municipal Organic and Inorganic Solid Waste Processing Plant(s)', during December 2014 to March 2015, in contravention of the provisions of Section 3 of the Act.

In the initial proceedings the OPs were found guilty of bid rigging and orders of cease and desist were passed against them along with penalties. After several rounds of litigation up to Supreme Court, the matter remanded to CCI to decide the quantum of the penalty.

**Decision:** Penalty imposed.

#### **Reason:**

It is seen that several entities which participated in the bid-rigging arrangement were cover bidders and were not even present in the impugned relevant market of Solid Waste Management business. As such, their 'relevant turnover' in terms of the Penalty Guidelines would be

nil. However, as noted by the Commission in its final orders dated 01.05.2018 and 31.05.2018, in the facts of the present cases, where such parties have admittedly submitted cover bids but are not engaged in solid waste management i.e. the activity relating to which bid-rigging has taken place, interpretation of 'turnover' as 'relevant turnover' in terms of the Excel Crop Care Case would not be appropriate as this would imply that either no penalty would be leviable on certain parties who had indulged in cover bidding, or they would be penalised more harshly on their global turnover than their counterparts who may have comparatively less relevant turnover but have in fact abetted as well as participated in the bid-rigging arrangement. Either way, determination of the penalty amounts on the basis of 'relevant turnover' would lead to an inequitable result creating an anomalous situation that would render the objectives of the Act infructuous. As such, the Commission, in terms of the Penalty Guidelines, decided to consider the 'global turnover' of the erring entities, for the purpose of determination of the amount of penalty to be imposed upon them, in the present matters.

It is noted that the entire bid-rigging arrangement in the present matters has been proven to be at the behest of Shri Bipin Vijay Salunke, Sole Proprietor of Fortified Security Solutions and Managing Director of Ecoman Enviro Solutions Pvt. Ltd. assisted by his father Shri Vijay Raghunath Salunke, Director of Raghunath Industry Pvt. Ltd. Together, these persons and entities rigged not only one or two, but rather at least seven tenders issued by the Pune Municipal Corporation over a period of two years. Further, they also got other entities, viz. M/s Sanjay Agencies, Mahalaxmi Steels and Saara Traders Pvt. Ltd., who were not even involved in the business of Solid Waste Processing, to be a part of their bid-rigging arrangement, with the sole intent of manipulating the impugned tenders and ensure failure of competitive bidding process therein. All these entities have also categorically admitted their respective roles in the bid-rigging arrangement, by way of filing lesser penalty applications, and have received due reduction in the penalty amounts imposed upon them, in this regard.

The Commission notes that Fortified Security Solutions participated in Tender Nos. 21 and 28 of 2013 as well as Tender Nos. 34, 35 and 44 of 2014, while Ecoman Enviro Solutions Pvt. Ltd. participated in all of the aforesaid five tenders as well as Tender Nos. 62 and 63 of 2014. Though Raghunath Industry Pvt. Ltd. was not a direct participant in any of the rigged tenders, it, *inter alia*, provided authorisation letters to Fortified Security Solutions and Mahalaxmi Steels to fulfil the eligibility criteria, enabling them to participate in the rigged tenders.

Evidently, all acts done by the aforesaid three parties were with the intent of getting the impugned tenders awarded to Ecoman Enviro Solutions Pvt. Ltd. thereby manipulating

the entire bidding process and enabling illegal gains. It is a well settled principle of law that *ignorantia juris non excusat*, and as such, expressing regret at a later stage when caught does not help the case of these erring parties. As far as their plea of being first time offender is concerned, the Commission notes that they could be a first-time offender when they indulged in bid-rigging/ collusive bidding in the first impugned tender, but when they indulged into such illegal acts in a repeated fashion in multiple tenders, it is inappropriate to plead mitigation on this ground, at the stage of computation of penalty.

As far as the other three entities who were cover bidders i.e. M/s Sanjay Agencies, Mahalaxmi Steels and Saara Traders Pvt. Ltd. are concerned, these entities, through their individuals, willingly provided their documentation to Shri Bipin Vijay Salunke for the purpose of submission of cover bids on their behalf, in one or more of the impugned tenders. M/s Sanjay Agencies and Mahalaxmi Steels were cover bidders in Tender Nos. 62 and 63 of 2014 while Saara Traders Pvt. Ltd. was a proxy bidder in Tender Nos. 21 and 28 of 2013. All these three entities are not small entities but rather M/s Sanjay Agencies is engaged in the pharmaceutical business, Mahalaxmi Steels is a dealer of steel, cement etc., and Saara Traders Pvt. Ltd. is engaged in trading business of laptops, computers, LCDs, medical instruments and some electronic spares and accessories. These entities, despite not being present in the relevant market of Solid Waste Processing, engaged in the egregious conduct of cover bidding resulting in loss to exchequer, and have categorically admitted their roles in their respective lesser penalty applications, for which they have received due reduction in the penalty amounts imposed upon them.

In their case also, *ignorantia juris non excusat*, and after getting caught for their illegal misdemeanours, these entities cannot be allowed to plead that they indulged in illegal conduct simply to oblige their friends and family.

Thus, the Commission notes that the OPs namely M/s Sanjay Agencies, Mahalaxmi Steels and Saara Traders Pvt. Ltd. had no presence in the market concerned and were therefore not in a position to make relevant quotations in terms of the tender specifications. However, at the behest of family and friends in a market about which they had little or no idea, and to manipulate the public procurement process, they indulged in bid rigging/ collusive bidding not only in the first impugned tender but also repeatedly participated in such egregious conduct.

After considering the egregious nature of conduct and their repeated participation in illegal practices, the Commission, in terms of the Penalty Guidelines, decides to compute for all the six entities maximum penalty in terms of Section 27(b) of the Act i.e. @ 10% of their average global turnover, for the preceding three FYs.



## General Laws

LW 95:12:2025

### MANMOHAN GAIND v. NEGOLICE INDIA PVT. LTD. [DEL]

CRL. M.C. 1379/2021, CRL. M. A. 8542/2021 & CRL. M.A.

**Neena Bansal Krishna, J. [Decided on 11/11/2025]**

**Section 482 of the Criminal Procedure Code, 1975- summoning order issued in cheque bouncing complaint- security cheque against mobilisation advance - at the time of presentation liability crystallised-whether issuing of summoning order is correct-Held, Yes.**

#### **Brief facts:**

Present Petition has been filed by the Petitioner/Mr. Manmohan Gaind, Director of M/s Mahesh Prefab Pvt. Ltd. under Section 482 of the Cr. P.C. for the quashing of the Criminal Complaint bearing No. 1982/2017 and for setting aside the summoning Order dated 18.12.2018 of the Learned Metropolitan Magistrate, filed by the Respondent/M/s Negolice India Ltd., under Section 138 read with Section 141 Negotiable Instruments Act, 1881 (NI Act).

**Decision: Dismissed.**

#### **Reason:**

Admittedly, the Petitioner's Company was given a mobilization advance of Rs. 6,82,416/-, against which it gave the impugned cheque as security. A dispute subsequently arose regarding the quantum of work completed, upon the termination of the contract.

The first issue is whether the said cheque was a security cheque and thus, could not have been presented unless there was an occasion for its presentment. Before assessing the merits of the issue, we may refer to the law in this regard.

PDCs (Post-Dated Cheques) issued as security for financial liability mature into an actual outstanding liability, the legal position is nuanced. The determining factor is whether a legally enforceable debt or liability exists on the date the cheque is presented for encashment, and not on the date it was drawn or handed over.

Where a cheque is given as security for a contract or a loan and the liability arising from that contract or loan,

crystallizes into a legally enforceable debt at a later date, the cheque, even if originally a "security" one, assumes the character of a cheque issued in discharge of that debt for the purpose of Section 138. In this regard reference may be made to the judgement of the Apex Court in *Indus Airways Private Limited versus Magnum Aviation Private Limited*, (2014) 12 SCC 539. This proposition was reiterated by the Apex Court in *Sampelly Satyanarayana Rao vs. Indian Renewable Energy Development Agency Limited*, (2016) 10 SCC 458.

Thus, this contention of the Petitioner that the impugned Cheque was merely a security cheque and could not have been presented, is untenable. The Complainant has specifically alleged about their being existing debt/liability on 09.12.2015, when the cheque was presented to the Bank. Thus, the next logical question that needs to be answered pertains to existence of a "legally enforceable debt".

The second issue is that whether a legally enforceable debt of Rs.6,82,416/- existed on 08.12.2015, the date the cheque was presented. It is not in dispute that a Mobilization advance of Rs.6,82,416/- had been given by the Complainant to the Respondent and that he had issued this impugned cheque for the same amount. In term of Clause 5 of the Indemnity Agreement, this Cheque could be presented by the Complainant for any loss, damages or harm suffered by him in execution of the Work Order.

What emerges from the rival pleadings is that only part of the work got done while the Complainant was claiming vide emails dated 18.04.2014 that outstanding amount of Rs.3,61,847/- is due from the mobilization advance that was given by the Complainant. On the other hand, the Accused Company was asserting that there was in fact only a sum of Rs.69,647/- which was liable to be returned to the Complainant. There was thus, a dispute amongst the parties *inter se* about the work which was done and the amount which was due and payable by one to the other.

For an offence under Section 138 of the NI Act to be attracted, the cheque must be for the discharge of a debt or liability, and the debt must be equal to or greater than the amount of the cheque presented. Whether the cheque amount was for the existing liability or an excess amount, is a matter of trial and cannot be considered at the stage of summoning.

From the above narrative, it is evident that firstly this cheque was given to secure any loss that may be suffered by the Complainant. Furthermore, the Complainant has crystallized the outstanding liability under the Contract of Rs. 7,20,641/- and has consequently presented the Cheque of Rs. 6,82,416/-. It cannot be at this stage, said that there is no legally enforceable liability. What exactly is the amount due and payable to the Complainant is a disputed fact which can be proved only during the trial. The Petition is hereby dismissed.

# 5

## FROM THE GOVERNMENT

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- The Companies (Meetings of Board and its Powers) Amendment Rules, 2025
- Request for Proposal (RFP) to undertake a Market Study on “Qualitative and Quantitative thresholds for Big Tech Companies and Core Digital Services (CDS)”
- Additional incentives to distributors for onboarding new individual investors from B-30 cities and women investors
- Specification of the terms and conditions for Debenture Trustees for carrying out activities outside the purview of SEBI
- Modifications to Chapter IV of the Master Circular for Debenture Trustees dated August 13, 2025
- Timeline for submission of information by the Issuer to the Debenture Trustee(s)
- Amendments to Directions - Compounding of Contraventions under FEMA, 1999
- Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025
- Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Delisting of 02 Entries
- Reserve Bank of India (Trade Relief Measures) Directions, 2025
- Master Direction – Reserve Bank of India (Repurchase Transactions (Repo)) Directions, 2025

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# Corporate Laws

## Ministry of Corporate Affairs

### 01 The Companies (Meetings of Board and its Powers) Amendment Rules, 2025

[Issued by the Ministry of Corporate Affairs [F.No. 1/32/2013-CL-V-Part] dated 03.11.2025]

In exercise of the powers conferred by sections 173, 177, 178 and 186 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Meetings of Board and its Powers) Rules, 2014, namely: —

1. (1) These rules may be called the Companies (Meetings of Board and its Powers) Amendment Rules, 2025.  
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Meetings of Board and its Powers) Rules, 2014, in rule 11, for sub-rule (2), the following sub-rule shall be substituted, namely: -  
(2) For the purposes of clause (a) of sub-section (11) of section 186 of the Act, the expression "business of financing industrial enterprises" shall include-
  - (i) with regard to a Non-Banking Financial Company registered with the Reserve Bank of India, "business of giving of any loan to a person or providing any guaranty or security for due repayment of any loan availed by any person in the ordinary course of its business"; and
  - (ii) with regard to a Finance Company registered with the International Financial Services Centres Authority, "activities as provided in sub-clause (a), or sub-clause (e) of clause (ii) of sub-regulation (1) of regulation 5 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 in the ordinary course of its business".

**BALAMURUGAN DEVRAJ**

Joint Secretary

### 02 Request for Proposal (RFP) to undertake a Market Study on "Qualitative and Quantitative thresholds for Big Tech Companies and Core Digital Services (CDS)"

[Issued by the Ministry of Corporate Affairs dated 03.11.2025]

The Ministry of Corporate Affairs intends to engage an agency/institution for conducting a Market Study on "Qualitative and Quantitative thresholds for Big Tech Companies and Core Digital Services (CDS) of Schedule I". Proposals are invited as per the RFP attached.

Salient features of the study and instructions for submitting the proposals and other details are available in the RFP document which can be accessed at GeM portal and MCA website ([www.mca.gov.in](http://www.mca.gov.in)) and can be downloaded. You are requested to submit your response on or before the stipulated date & time as mentioned in the RFP document.

**BALAMURUGAN DEVRAJ**

Joint Secretary

*Complete details are not published here for want of space. For complete notification readers may log on to [www.mca.gov.in](http://www.mca.gov.in)*

## Securities and Exchange Board of India

### 03 Additional incentives to distributors for onboarding new individual investors from B-30 cities and women investors

[Issued by the Securities and Exchange Board of India vide Circular SEBI/ HO/(83)2025-IMD-POD-1/I/152/2025 dated 27.11.2025]

1. Regulation 52(6A)(b) of the SEBI (Mutual Funds) Regulations 1996 provided a framework for incentivizing distributors for new investment/ inflows from beyond top 30 cities (B-30 cities).
2. Due to concerns of misuse of this framework, based on the feedback received from the industry, it has been decided to revise the incentive structure for distributors for bringing in new investment/ inflows in the Mutual Funds. Therefore vide gazette notification dated October 31, 2025, the Regulation 52(6A)(b) of the SEBI (Mutual Funds) Regulations 1996 has been deleted.
3. However, in order to encourage mutual fund distributors to expand their outreach and create awareness among new investors, in terms of Regulation 52(4A) of SEBI (Mutual Funds) Regulations, 1996 the mutual fund distributors shall be eligible for additional commission in the following manner.

**PETER MARDI**

Deputy General Manager

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### 04 Specification of the terms and conditions for Debenture Trustees for carrying out activities outside the purview of SEBI

[Issued by the Securities and Exchange Board of India vide Circular SEBI/ HO/17/11/12(3)2025-DDHS-POD1/I/146/2025 dated 25.11.2025]

1. On October 27, 2025, amendments to the SEBI (Debenture Trustees) Regulations, 1993 ('DT Regulations') were notified, whereby regulation 9C was incorporated, to bring clarity on the permitted activities for a DT. The sub-regulation 1 of the said regulation 9C, provides as follows:

#### *Permitted Activities.*

9C. (1) A debenture trustee may also undertake:

- (a) activities which fall under the purview of any other financial sector regulator specified by the Board, in accordance with the regulations or guidelines issued by such financial sector regulator; and/or

(b) activities that do not fall under the purview of the Board or any other financial sector regulator, which shall be fee-based, non-fund based and pertain to the financial services sector;

on an arms-length basis through separate business units of such debenture trustee, in such a manner and subject to such other conditions as may be specified by the Board:

Provided that a debenture trustee which is also regulated by the Reserve Bank of India, shall carry out the activity of debenture trustee through separate business unit of such debenture trustee:

Provided further that a debenture trustee that already holds a certificate of registration under these regulations may transfer its activities, to separate business unit(s), within a period of six months from the notification of the Securities and Exchange Board of India (Debenture Trustee) (Amendment) Regulations, 2025 in the Official Gazette, or such extended period that the Board may specify.

**DIVYA HAMIRBASIA**

Deputy General Manager

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## 05 Modifications to Chapter IV of the Master Circular for Debenture Trustees dated August 13, 2025

**[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/17/11/12(3)2025-DDHS-POD1/ I/145/2025 dated 25.11.2025]**

1. Chapter IV of the Master Circular for Debenture Trustees dated August 13, 2025<sup>1</sup> ('DT Master Circular'), *inter-alia*, specifies provisions in respect of Recovery Expense Fund (REF).
2. While the DT Master Circular specifies the broad purpose of REF, it does not explicitly specify the list of purposes for which REF can be utilized and hence, the DTs face certain difficulties in obtaining consent as well as reimbursement from REF.
3. Accordingly, pursuant to the recommendations of the Working Group of DTs for Ease of Doing Business, discussions in Corporate Bonds and Securitization Advisory Committee (CoBoSAC) and public consultation, the following modifications to Chapter IV of the DT Master Circular, are being specified:

3.1. The introductory paragraph is modified as under:

*"In order to enable the Debenture Trustee to take prompt action for enforcement/ legal proceedings in case of 'default' in listed debt securities, a 'Recovery Expense Fund' (REF) shall be created by issuer which shall be used by Debenture Trustee under guidelines provided below."*

3.2. The paragraph 2 is modified as under:

### ***Manner of utilization of Recovery Expense Fund:***

2.1. *In the event of default, the Debenture Trustee/ Lead Debenture Trustee may get reimbursed from the REF*

*for all the related activities for enforcement/ legal proceedings including but not limited to obtaining various consents from debenture holders, voting process, holding of meetings of debenture holders, filing court applications, legal fees, expenses for asset recovery services, appointment of legal consultants in respect of enforcement/ legal proceedings in the event of default.*

2. *In case the utilization of REF is for purposes explicitly specified under paragraph 2.1 above, prior approval from the debenture holders shall not be required. Debenture Trustee shall intimate debenture holders through mail and upload on its website regarding the reimbursement from REF. In case the utilization of REF is for purposes other than explicitly mentioned in paragraph 2.1 above, the Debenture Trustee/ Lead Debenture Trustee shall obtain prior consent of the holders of the debt securities and shall inform the same to the Designated Stock Exchange.*
3. *Debenture Trustee shall inform the Designated Stock Exchange to release the amount from the REF and submit an independent auditor's certificate regarding the expenses incurred to the Stock Exchange, which shall be verified by the Stock Exchange before release of the amount from the REF to the DT.*
4. *The Designated Stock Exchange shall release the amount lying in the REF to the Debenture Trustee/ Lead Debenture Trustee within five working days of receipt of such intimation.*

5. *For the purpose of the provisions of this Chapter, Lead Debenture Trustee shall mean:*
  - A Debenture Trustee who is chosen as the Lead Debenture Trustee by other Debenture Trustees; or*
  - A Debenture Trustee who represents holders of more than 50% of the outstanding value of debt securities.*

**DIVYA HAMIRBASIA**

Deputy General Manager

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## 06 Timeline for submission of information by the Issuer to the Debenture Trustee(s)

**[Issued by the Securities and Exchange Board of India vide Circular HO/17/11/12(3)2025-DDHS-POD1/ I/144/ 2025 dated 25.11.2025]**

1. In terms of the provisions of Regulations 15(1)(s) and 15(1)(t) of the SEBI (Debenture Trustees) Regulations 1993 ('DT Regulations'), DT shall carry out due diligence on a continuous basis.
2. Chapter II of the Master Circular for Debenture Trustees dated August 13, 2025 ('DT Master Circular')<sup>1</sup> has specified the manner in which the DT shall carry out due diligence for creation of security at the time of issuance of debt securities. Further, Chapter VI of the DT Master Circular has, *inter-alia*, specified that the issuer and the Debenture Trustee shall ensure that the terms and conditions relating to periodical monitoring are incorporated in the debenture trust deed.

3. In order to enable the DTs to perform their function efficiently and in a timely manner, the issuer shall submit the reports/ certificate to the Debenture Trustees as follows:

Reports/ Certificate	Periodicity
Security cover Certificate (in the format as specified in Annex-VA to DT Master Circular)	<b>Quarterly basis</b> within 60 days from end of each quarter except last quarter when submission is to be made within 75 days.
A statement of value of pledged securities	
A statement of value for Debt Service Reserve Account or any other form of security offered	
Net worth certificate of guarantor in case debt securities are (secured by way of personal guarantee)	<b>Half-yearly basis</b> within 60 days from end of each half-year.
Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)	<b>Annual basis</b> within 60 days from end of each financial year.
Valuation report and title search report for the immovable/ movable assets, as applicable.	<b>Once in three years</b> within 60 days from the end of the financial year.

4. The provisions of this circular shall come into effect from quarter ended December 31, 2025.

**DIVYA HAMIRBASIA**  
Deputy General Manager

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**Reserve Bank of India**

## 07 Amendments to Directions - Compounding of Contraventions under FEMA, 1999

**[Issued by the Reserve Bank of India vide RBI/FED/2025-26/98 A.P. (DIR Series) Circular No. 15/2025-26 dated 24.11.2025]**

Attention of Authorised Persons is invited to Master Directions on compounding of contraventions under FEMA, 1999, dated April 22, 2025.

2. In order to streamline the receipt of compounding application fee and 'sum for which a contravention is compounded' ('compounding amount'), it has been decided to change the account details of account where compounding application fee and compounding amount will be received through National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS). Accordingly, Annexure I of the aforesaid Master Directions has been modified to include the revised account details.

3. All Authorised Persons may bring the guidelines contained in this circular to the notice of their constituents.

4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approval, if any, required under any other law.

**DR. ADITYA GAIHA**

Chief General Manager in Charge

**08**

## Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025

**[Issued by the Reserve Bank of India vide Notification No. FEMA 23(R)/(7)/2025-RB dated 13.11.2025]**

In exercise of the powers conferred by Section 7, Section 8 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendments to the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 [Notification No. FEMA 23(R)/2015-RB dated January 12, 2016] (hereinafter referred to as 'the Principal Regulations'), namely:

- Short Title and Commencement:-**
  - These regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025
  - They shall come into force from the date of their publication in the Official Gazette.
- Amendment to Regulation 9:-**

In the principal regulations, in regulation 9 -

  - in sub-regulation (1) for the words 'nine months', the words 'fifteen months' shall be substituted.
  - in sub-regulation (2), in clause (a) for the words 'nine months', the words 'fifteen months' shall be substituted.
- Amendment to Regulation 15:-**

In the principal regulations, in regulation 15 -

  - in sub-regulation (1), in clause (i) for the words 'one year', the words 'three years' shall be substituted.
  - in proviso to sub-regulation (1), for the words 'one year', the words 'three years' shall be substituted.
  - in sub-regulation (2), for the words 'one year', the words 'three years' shall be substituted.

**ROHIT P. DAS**  
Regional Director

**09**

## Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Delisting of 02 Entries

**[Issued by the Reserve Bank of India vide RBI/2025-26/97 DOR.AML REC.61/14.06.001/2025-26 dated 14.11.2025]**

Please refer to paragraph 51 of the RBI Master Direction on Know Your Customer dated February 25, 2016 as amended on August 14, 2025 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and

amendments thereto, they do 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/16214 dated November 06, 2025 wherein the Security Council Committee has decided to remove two individuals from its Islamic State in Iraq and the Levant (ISIL/Da'esh) and Al-Qaida sanctions list.
- 2.1 The Committee recalling its previous resolutions on the Syrian Arab Republic and those relating to the ISIL (Da'esh) and Al-Qaida sanctions regime, including 1267 (1999), 1989 (2011), 2178 (2014), 2253 (2015), 2368 (2017), 2396 (2017), 2462 (2019), 2664 (2022), 2734 (2024), and 2761 (2024), as well as the main principles and objectives embodied in its resolution 2254 (2015), adopted Resolution 2799 (2025) under Chapter VII of the Charter of the United Nations:

Deciding that Ahmed al-Sharaa, included on the ISIL (Da'esh) and Al-Qaida Sanctions List as Ahmad Hussain Al-Sharaa (QDi.317), and Anas Hasan Khattab (QDi.336) are delisted from the ISIL (Da'esh) and Al-Qaida Sanctions List.

3. Press release dated November 06, 2025 regarding the above can be found at <https://press.un.org/en/2025/sc16214.doc.htm>

The details of the sanction measures and exemptions are available at the following URL: [https://www.un.org/securitycouncil/sanctions/1267#further\\_information](https://www.un.org/securitycouncil/sanctions/1267#further_information)

**VEENA SRIVASTAVA**  
Chief General Manager

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## 10 Reserve Bank of India (Trade Relief Measures) Directions, 2025

**[Issued by the Reserve Bank of India vide RBI/2025-26/96 DOR STR REC.60/21.04.048/2025-26 dated 14.11.2025]**

### Chapter I: Preliminary

#### Preamble

1. Reserve Bank is statutorily mandated to operate the credit system of the country to its advantage. In this endeavour, and with a view to mitigating the burden of debt servicing brought about by trade disruptions caused by global headwinds and to ensure the continuity of viable businesses, Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, issues these Directions hereinafter specified.
2. These Directions are being issued in exercise of powers conferred by sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, section 6 of the Factoring Regulation Act, 2011, sections 30A, 32 and 33 of the National Housing Bank Act, 1987 and section 11 of the

Credit Information Companies (Regulation) Act, 2005.

### Short Title and Commencement

3. These Directions shall be called the Reserve Bank of India (Trade Relief Measures) Directions, 2025.
4. These Directions shall come into force immediately.

### Applicability

5. These Directions shall be applicable to the following entities, hereinafter referred to as a Regulated Entity (RE) and collectively as Regulated Entities (REs), as the context may require:
  - i. Commercial Banks,
  - ii. Primary (Urban) Co-operative Banks, State Co-operative Banks and Central Co-operative Banks,
  - iii. Non-Banking Financial Companies (including Housing Finance Companies),
  - iv. All-India Financial Institutions, and
  - v. Credit Information Companies (only with reference to paragraph 16 of these Directions).

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## 11

### Master Direction – Reserve Bank of India (Repurchase Transactions (Repo)) Directions, 2025

**[Issued by the Reserve Bank of India vide RBI/FMRD/2025-26/142 FMRD DIRD.04/14.03.038/2025-26 dated 11.11.2025]**

Please refer to the Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 dated July 24, 2018, as amended from time to time.

2. The Central Government in exercise of the powers conferred by clause (e) of section 45U of the Reserve Bank of India Act, 1934 (2 of 1934), has specified the Municipal Debt Securities, having the meaning assigned to it in the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the rules or regulations made thereunder, to be as security under the said section for the purposes of "repo" and "reverse repo" vide notification dated October 22, 2025 in the Official Gazette.
3. Accordingly, the aforesaid Directions are being updated to include Municipal Debt Securities as eligible securities for repo transactions. The Master Direction – Reserve Bank of India (Repurchase Transactions (Repo)) Directions, 2025, have been issued today and are enclosed herewith.
4. These Directions have been issued by the Reserve Bank in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934, read with section 45U of the Act and of all the powers enabling it in this behalf.
5. These Directions shall be applicable with immediate effect.

**DIMPLE BHANDIA**  
Chief General Manager

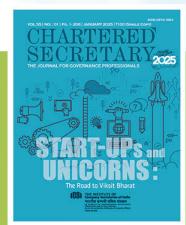
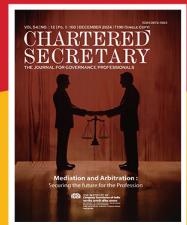
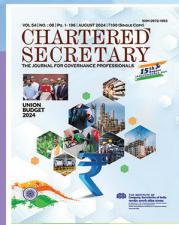
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# 6

## NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF OCTOBER 2025
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF OCTOBER 2025
- NEW ADMISSIONS
- UPLOADING OF PHOTOGRAPH (PASSPORT SIZE ONLY) AND SIGNATURE
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- OBITUARIES



# Institute News

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129	ACS - 45334	CS HARJEET SINGH	EIRC
130	FCS - 5915	CS AJAY KUMAR MUNDHRA	EIRC
131	ACS - 12135	CS VINOD P PATIL	WIRC
132	ACS - 42969	CS JEETAM KUMAR SAINI	NIRC
133	ACS - 52445	CS SONAM SHARMA	WIRC
134	ACS - 54726	CS NEHA GAJWANI	NIRC
135	ACS - 56681	CS BARKHA DEWTIA	EIRC
136	ACS - 69978	CS KUSHAL KARNWAL	NIRC
137	ACS - 73783	CS GAURAV KUMAR	NIRC
138	ACS - 17616	CS NISHA AGARWAL	EIRC
139	ACS - 49075	CS AMIT KUMAR PANDEY	NIRC
140	ACS - 51700	CS KRITHIKA RAGHU	WIRC
141	ACS - 54567	CS ZEBA SHAUKAT	EIRC
142	ACS - 55055	CS SHREYA JAIN	WIRC
143	ACS - 23938	CS SHWETA AGGARWAL	NIRC
144	ACS - 47561	CS CHANCHAL SETHIA	EIRC
145	ACS - 57447	CS SWETA MOHANTY	EIRC
146	ACS - 62762	CS SHALAKA P MODI	WIRC
147	ACS - 62812	CS SHASHANK MEHTA	NIRC
148	ACS - 69730	CS NAMAN SANKHLA	WIRC
149	ACS - 36729	CS AMIT SEN	NIRC
150	ACS - 39345	CS SHAMBHOO NATH PANDEY	NIRC
151	ACS - 40073	CS HERAMB VISHWANATH CHARATI	WIRC
152	ACS - 66482	CS NISHA FOFLIA	SIRC
153	ACS - 68018	CS PAYAL KRISHAN KHURANA	WIRC
154	ACS - 68365	CS PANKAJ KUMAR	NIRC
155	ACS - 71401	CS RAGHAV MAHESHWARI	NIRC
156	ACS - 11458	CS KALYANI SUBRAMANIAM	SIRC
157	ACS - 65967	CS RAMYADARSINI RAVI	WIRC
158	ACS - 14339	CS PAWAN KOTHARI	EIRC
159	ACS - 17037	CS MANISHA KAPOOR	WIRC
160	ACS - 45303	CS ABHISHEK REDDY RACHUR	SIRC
161	ACS - 49068	CS NANDINI VADHAN	NIRC
162	ACS - 49818	CS RISHIKA NITIN PURI	WIRC

163	ACS - 55922	CS ANKITA MEHATA	WIRC
164	ACS - 61486	CS GAURI PUSHKAR KHIRE	WIRC
165	ACS - 21162	CS ASHITA GUPTA	WIRC
166	ACS - 44733	CS AYUSHI SINGHAL	NIRC
167	ACS - 46435	CS ANURAG GUPTA	EIRC
168	ACS - 53305	CS VARSHA BANSAL	NIRC
169	ACS - 58844	CS NIKITA AGARWAL	NIRC
170	ACS - 71001	CS G ANITHA	SIRC
171	FCS - 10652	CS RAVI TIRTHANI	NIRC
172	FCS - 8653	CS SUNDARARAJA TYER MAHADEVAN	SIRC
173	ACS - 42425	CS SRITI SINGH ROY	EIRC
174	ACS - 64331	CS SUMAN NEGI	NIRC
175	ACS - 68967	CS SREENIVASAN NARASIMHAN	SIRC
176	FCS - 8707	CS GUNJAN RAJPAL	NIRC
177	ACS - 11970	CS G S KURMI	WIRC
178	ACS - 25148	CS NIDHI KALRA	NIRC
179	ACS - 35374	CS AVS PRASAD	SIRC
180	ACS - 41656	CS ANCHAL MEHTA	NIRC
181	ACS - 42500	CS AJEET PANDEY	NIRC
182	ACS - 58096	CS ANKUSH VIG	NIRC
183	ACS - 59659	CS MANSI JAIN	NIRC

#### CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF OCTOBER 2025

SL. NO.	NAME	MEMB NO.	COP NO.	REGION
1	CS ANJU YADAV	A32111	12035	NIRC

2	CS BARKHA BALKRUSHNAN DESHMUKH	A44265	22628	WIRC
3	CS BHAVIN BHUPENDRA RATANGHAYRA	F8491	9399	WIRC
4	CS ISHA TIWARI	A74182	27453	NIRC
5	CS KOVID MUKHERJEE	F12893	11884	EIRC
6	CS NAGASUNDARAM T	F9022	28135	SIRC
7	CS NAMRATA JAGDISHBHAI SETA	A44802	16842	WIRC
8	CS NEWTON KUMAR DHAR	F10759	12757	EIRC
9	CS PARUL WADHAWAN	A74274	27484	NIRC
10	CS PRADEEP KUMAR GARG	F5667	27185	NIRC
11	CS PRASHANT SUKHADEORAO THAKRE	F11500	19081	WIRC
12	CS PRERNA VERMA	A47079	18029	EIRC
13	CS REENA TEJAS PAREKH	A25346	12621	WIRC
14	CS ROLI JAISWAL	A48914	26928	NIRC
15	CS SHEEL PARIMAL GHIA	A56282	22017	WIRC
16	CS SWITI MITTAL	A50962	19215	EIRC
17	CS VEERAPPAN SANTHOSH	A74921	27705	SIRC
18	CS VRUSHAL VILAS SAUDAGAR	F6176	6195	WIRC

#### NEW ADMISSIONS

For latest admission of Associate and Fellow Members, Life Members of Company Secretaries Benevolent Fund (CSBF), Licentiates and issuance of Certificate of Practice, kindly refer to the link <https://www.icsi.edu/member>



#### 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](https://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

## 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.icci.edu](http://www.icci.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.icci.edu](http://www.icci.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 email 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 alongwith 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.icci.edu>

## OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

**CS V M DONDE** (05.07.1941 – 08.07.2023) a Fellow member of the Institute from

THANE, Maharashtra

**CS RISHINARADAMANGALAM ANANTHARAMAN PARASURAMAN** (02-11-1936 – 20.09.2025) a Fellow member of the Institute from NAGPUR, Maharashtra

**CS R LAKSHMINARAYANA** (15.01.1939 – 25.10.2025) an Associate member of the Institute from KOLKATA, West Bengal

**CS SHETTY SADHU JAGANNATH** (20-06-1952 - 23-06-2025) an Associate member of the Institute from MUMBAI, Maharashtra

**CS BHAGYASHREE TANAJI PASALKAR** (04-01-1991- 11-06-2025) an Associate member of the Institute from PUNE, Maharashtra

**CS VITENDER KUMAR** (15-09-1972 - 28-06-2025) an Associate member of the Institute from NEW DELHI

**CS B V RAMANAMURTHY** (14-09-1940 – 15.08.2025) a Fellow member of the Institute from HYDERABAD, Telangana

**CS P K SANKARANARAYANAN** (04-05-1956 - 24.09.2025) an Associate member of the Institute from CHENNAI, Tamil Nadu

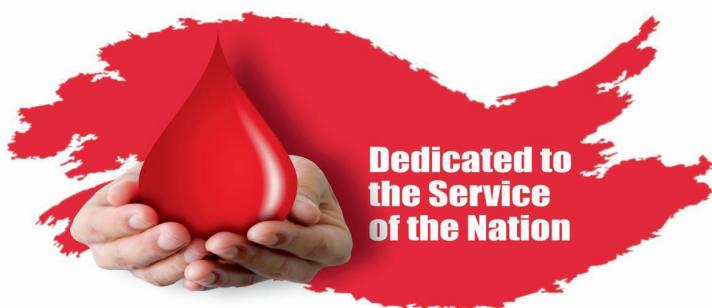
**CS ANJAN KUMAR** (01-03-1985 - 05.10.2025) an Associate member of the Institute from DEHRADUN, Uttarakhand

**CS CHAND MAL BINDAL** (08-03-1941 – 10.10.2025) a Fellow member of the Institute from JAIPUR, Rajasthan

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

## 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.icxi.in/bloodbank/>



**THE INSTITUTE OF  
Company Secretaries of India**  
**भारतीय कम्पनी सचिव संस्थान**  
 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 5<sup>th</sup> 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.

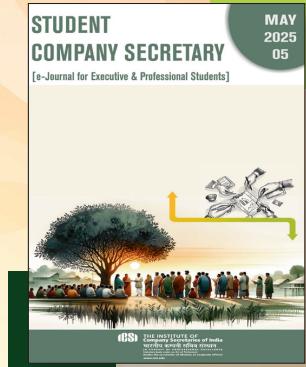
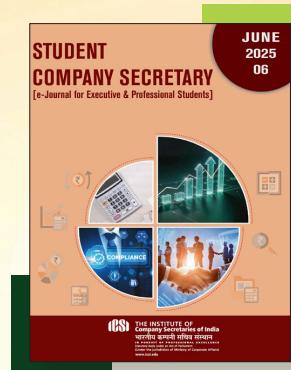
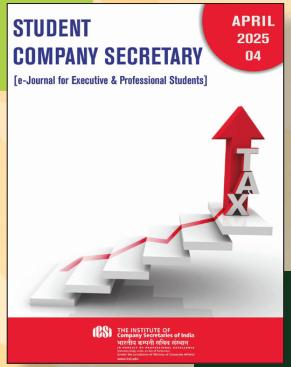
**How to Access your Documents digitally:**

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 drop down.
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.

# STUDENT COMPANY SECRETARY (e-Journal)

## Advertisement Tariff



(With effect from July 2025)

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Rs. 17,000	Rs. 88,000	Rs. 1,70,000	Rs. 8,500	Rs. 44,000	Rs. 85,000

### MECHANICAL DATA

Full Page 18x24 cm

Half Page 9x24 cm or 18x12 cm

- ❖ The Institute reserves the right not to accept order for any particular advertisement.
- ❖ The e-Journal is uploaded at [www.icsi.edu](http://www.icsi.edu) during the last week of every month and also circulated among the students. The advertisement material should be sent in the form of typed manuscript or art pull or open file before 20<sup>th</sup> of any month for inclusion in the respective month's issue.

For further information  
Mail to : [academics@icsi.edu](mailto:academics@icsi.edu)  
Ext. 0120-4082171



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

7

# MISCELLANEOUS CORNER



- GST Corner
- Ethics in Profession
- CG Corner
- Maritime Corner
- ESG Corner
- MSME Corner
- AI Corner
- Gist of ROC & RD Adjudication Orders

## IMPLEMENTATION OF SIMPLIFIED GST REGISTRATION SCHEME UNDER RULE 14A OF THE CGST RULES, 2017

### Introduction

In pursuance of Rule 14A of the Central Goods and Services Tax (CGST) Rules, 2017, a Simplified GST Registration Scheme has been introduced to reduce compliance burden and enhance ease of doing business for small taxpayers.

### Eligibility Criteria

As per Rule 14A, any person who, on self-assessment, expects that their total output tax liability on supplies made to registered persons will not exceed Rs. 2.5 lakh per month (including CGST, SGST/UTGST, IGST, and Compensation Cess) shall be eligible to register under this scheme.

**Important Limitation:** A person already registered under this rule in a State or Union Territory cannot obtain another registration under Rule 14A in the same State or Union Territory against the same PAN.

### Registration Process on GST Portal

The following features have been implemented on the GST Portal for registration under Rule 14A:

- Application Procedure:** While applying for registration in FORM GST REG-01, applicants must select "Yes" under the field "Option for Registration under Rule 14A."
- Aadhaar Authentication:** Aadhaar authentication is mandatory for:
  - The Primary Authorized Signatory, and
  - At least one Promoter/Partner
- Timeline for Grant of Registration:** Registration shall be granted electronically within three working days from the date of generation of the Application Reference Number (ARN), subject to successful Aadhaar authentication.

### Conditions for Withdrawal from the Scheme

Taxpayers opting for registration under Rule 14A who intend to withdraw from the scheme at a later stage must fulfil the following conditions:

- Return Filing Compliance:** All returns due from the effective date of registration up to the date of filing the withdrawal application must be filed.
- Minimum Filing Period:** The taxpayer must have filed:
  - Returns for a minimum period of three months, if applying for withdrawal before 1<sup>st</sup> April 2026; or

- Returns for a minimum period of one tax period, if applying for withdrawal on or after 1<sup>st</sup> April 2026.

- No Pending Applications:** No amendment or cancellation application for registration availed under Rule 14A should be pending at the time of withdrawal.
- No Ongoing Proceedings:** No proceedings under Section 29 (cancellation of registration) for registration availed under Rule 14A should be initiated or pending.

Taxpayers are advised to carefully consider these conditions before opting for registration under Rule 14A and plan accordingly if they anticipate the need to withdraw from the scheme in the future.

**Source:** <https://services.gst.gov.in/services/advisoryand-releases/read/635>

## MANDATORY FURNISHING OF BANK ACCOUNT DETAILS UNDER RULE 10A

### Regulatory Requirement

As per Rule 10A of the CGST Rules, 2017, all taxpayers (except those registered under TCS, TDS, or *suo-moto* registrations) are required to furnish their bank account details within the following timelines:

- Within 30 days from the date of grant of registration, or
- Before filing details of outward supplies in FORM GSTR-1 or Invoice Furnishing Facility (IFF), whichever is earlier.

### Action Required

The enforcement provisions relating to Rule 10A will be implemented on the GST Portal shortly.

Taxpayers who have not yet furnished their bank account details are hereby advised to update the same at the earliest to avoid:

- Suspension of their GST Registration
- Disruption of business activities

### How to Update Bank Account Details

Bank account details can be added or updated through a non-core amendment on the GST Portal using the following navigation path:

Services > Registration > Amendment of Registration Non-Core Fields

**Source:** <https://services.gst.gov.in/services/advisoryand-releases/read/637>

## Due diligence in ensuring compliances of Approval Route for FDI under FEMA

As per Section 22 of the Company Secretaries Act, 1980, ('the Act') "*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 exercise due diligence to ensure compliance of applicable regulations of the FEMA for bringing investment from foreign countries through approval route while certification of e-forms.

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 of professional or other misconduct was received against one Practicing Company Secretary (hereinafter referred to as 'the Respondent').
2. The Complainant has alleged that on perusal of Form INC-20A (declaration for commencement of business) filed by one Private Limited Company (hereinafter referred to as 'the company') on MCA21 Portal, it has been observed that the company has not received the subscription money. Hence, the Respondent who is well versed with the Companies Act, 2013 has deliberately chosen to overlook these major lapses and has helped to incorporate a shell company. The Complainant has further alleged that one specific email id was used during registration of document is associated with numerous such similar shell companies incorporated in Delhi, Haryana, Hyderabad & Bengaluru. This warrants further inquiry into the matter. The Complainant has alleged that the Respondent has failed to perform the minimum due diligence as a certifying professional who has certified fabricated documents and appear to be involved in suspicious/ illegal activities and aiding the incorporation of suspected company.
3. The Complainant has alleged that the Respondent has not exercised due-diligence while certifying Form INC-20A for declaration of commencement of business of the company and has helped to incorporate a company.
4. The Respondent has denied the charges and submitted that he has only acted in his professional capacity and was neither associated with any of the Board members

nor any business activity of the company, in respect of which the complaint is made. He has no connivance with any director. The Respondent has submitted that the company got incorporated on 21<sup>st</sup> February, 2020 with an authorized capital of Rs. 1,00,00,000/- with the directors; and he was not allotted certificate of practice by that time. Thus, there is no connection with incorporation of the company in any manner whatsoever.

5. The Respondent has further submitted that the company sought a solution for filling out forms in respect of change in directors of the company. When he tried to file the Form DIR-12, the error appears "*Since the company has not filed the Form INC-20A, filing of Form DIR-12 is not allowed*". When the company got incorporated, the investment from China was under the Automatic Route and the company was set to bring the subscription money under that route. But due to tension at India and China border, the regulations of the FEMA were changed vide notification DPIIT File no. 5(5)12020-FDI dated on 17<sup>th</sup> April, 2021 which envisages bringing money from China only after approval from the RBI. The Respondent has further stated that he had approached the office of the ROC, NCT of Delhi and Haryana and MCA helpline with the above query regarding filing of Form DIR-12 but did not receive any satisfactory reply. He also sought assistance from senior professional colleagues but did not receive any satisfactory response.
6. The Respondent has further stated that the company had spent more than two lakhs as stamp duty and professional expenses for incorporation of the company and since the company has already applied for approval from RBI to bring funds, the client sought the solution for which he used his prudence and took a declaration from the Board of directors of the company that they will not commence any business until they get approval from RBI for bringing the funds from approval route. The same has been attached to Form INC-20A filed by the company. The Respondent has further stated that Form INC-20A was not filed for the commencement of the business of the company but with the sole intention of enabling the company to file Form DIR-12, and to comply with the provisions related to the change in directors. The same has been declared through the attachment in the Form INC-20A. Also, the company did not commence its business and will commence the business only after the requisite approvals. The Respondent has further stated that the email is in question used in more than 30 shell companies as the Complainant was used at the time of incorporation, and this activity was not performed by him. Also,

there is no way or system by which any professional can track the number of companies registered with one or different e-mail id.

7. The Complainant vide rejoinder reiterated the allegations made against the Respondent and stated that there is reasonable expectation of due diligence while certifying the exit of any director. The Respondent certified Form INC-20A but knowing well that the same was not filed for the commencement of business.
8. The Director (Discipline) *prima facie* opined that the Respondent is 'Guilty' of Professional Misconduct under Clause (7) of Part-I of the Second Schedule to the Act. The Disciplinary Committee agreed with *prima facie* opinion based on the preliminary findings of the Director (Discipline) and 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.
9. The Respondent denied the allegations and reiterated no relation in whatsoever manner with the incorporation of the company. The Respondent has further stated that the company got incorporated on 21<sup>st</sup> February, 2020 and he got his Certificate of Practice on 17<sup>th</sup> August, 2020. The impugned form was certified on 13<sup>th</sup> August, 2021. He was residing in another state and was not in a position to go where the company was registered. The director of the company was unable to resign from directorship, as the company was unable to file Form INC-20A due to non-receipt of paid-up capital from the directors. He was approached by another Company Secretary for this work and has certified the impugned form in good faith trusting his professional colleague. He has certified the Form INC-20A with a declaration that the company shall not commence its business unless the subscriber pays the subscription money through necessary approval. The company has not made a single transaction after filing Form INC-20A. The Respondent has further stated that the contention of the Complainant that the form was filled for exit of the dummy director is not maintainable. The Respondent had no knowledge about the same and there is no certain procedure to ascertain a dummy director. The same can be ascertained only after a deep inquiry and inspection. The Respondent has prayed for a lenient view from the Committee against the decision to be taken as the Respondent is relatively a young professional. The certification of the said impugned forms, was made at the initial period of the professional career by the Respondent, lacking the practical knowledge at that time.
10. The Respondent pleaded not guilty to the charges. The Complainant reiterated the allegations. The Respondent argued and broadly reiterated the submissions made in written statement. The Disciplinary Committee heard the submission and observed that the Respondent got Certificate of Practice after the incorporation of the company. Hence, his involvement in incorporation of the

company has no merits. The Disciplinary Committee observed that the Respondent has certified and filed Form INC-20A without mandatory attachment '*subscribers' proof of payment for value of shares*'. Instead of mandatory attachment, the Respondent has attached declaration from the directors that the company has not commenced business yet and the form is filed for intimation that the investors have decided not to carry out business in India.

11. 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. After giving an opportunity of being heard to the Respondent, the Disciplinary Committee passed an order of 'Reprimand' and Fine of ₹ 5000/- (Rupees Five thousand) under Section 21B (3) of the Company Secretaries Act, 1980.

Comments?

Suggestions?

We want to hear from you!



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](mailto:cs.journal@icsi.edu)

## Board Responsibility and Sustainability-Related Disclosure in Asia

OECD has released a report on *Board Responsibility and Sustainability-Related Disclosure in Asia*<sup>1</sup> in November 2025 that sets out the responsibilities of company boards in overseeing sustainability-related disclosures and identifies policy priorities to strengthen governance across the region.

The sustainability disclosure ecosystem in Asia is rapidly evolving. Most of surveyed Asian jurisdictions have put in place mandatory sustainability disclosure frameworks, covering all material sustainability matters. With the exception of Singapore, these jurisdictions have generally adopted local disclosure standards, in some cases drawing on international frameworks (e.g. Hong Kong (China) and Japan). While India and Vietnam have already put in place assurance-related requirements to further enhance the quality of sustainability disclosures, most other surveyed jurisdictions are also actively considering such requirements (e.g. Japan, Korea, and Singapore).

### FROM GREENWASHING TO SUSTAINABILITY WASHING

The report also underscores the importance of broadening the remit of the term “greenwashing” to “sustainability washing”—defined as “companies spreading disinformation or misinformation in their sustainability disclosures or sustainability-related claims”. “Disinformation” implies intent – knowingly providing incorrect, incomplete or misleading information, whereas “misinformation” reflects a failure by the board and senior executives to take reasonable steps to ensure accuracy and completeness. Any such assessment must be contextual: directors should not be automatically held accountable where there is insufficient clarity on disclosure expectations or a shortage of suitably experienced professionals to support their oversight.

The report calls for more detailed examination of “sustainability washing” and its implications from a regulatory and policy lens. As it is the case in other regions, board members in Asia have a legal obligation to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. In the People’s Republic of China (hereafter ‘China’) and India, the interest of the company is understood to include equally the interests of shareholders and non-shareholders constituents such as employees, creditors and consumers (hereafter ‘stakeholders’). In most other Asian jurisdictions under study, the interests of shareholders are central to directors but they should also take into account the interests of stakeholders. In all cases, failure to implement and maintain an adequate information

and reporting system about a critical issue could constitute bad faith and, therefore, a breach to directors’ duty of loyalty.

### BOARD RESPONSIBILITY AND EVOLVING STANDARDS IN SUSTAINABILITY DISCLOSURE

The relevant disclosure frameworks in the surveyed jurisdictions explicitly assign to the board of directors the responsibility to exercise effective oversight over company disclosures, including those related to sustainability. Some surveyed jurisdictions have adopted the Business Judgement Rule (e.g. Hong Kong (China), Indonesia, Japan, Korea and Singapore), where board members are protected against litigation if they made a business decision diligently, with procedural due care, on a duly informed basis and without any conflicts of interest. Even in jurisdictions where such a rule has not been adopted (e.g. India and Vietnam), the judicial standard of review of board decisions largely requires a subjective assessment that defers to directors the determination of the best interest of the company. However, objective standards of review are emerging in some jurisdictions (e.g. Hong Kong (China) and Singapore) to hold directors accountable in some circumstances.

There is an overall lack of private enforcement actions for sustainability washing in surveyed Asian jurisdictions. However, regulators have stepped up to engage with companies and nudge them to improve their sustainability disclosure practices using effective engagement tools. The report focuses on engagement and enforcement approaches to improve the quality of sustainability-related disclosure, comparing institutional investor engagement, private litigation, public enforcement of securities law, and mechanisms under other sectoral laws. Asian regulators have employed an adaptive approach to the enforcement of breach of sustainability disclosure requirements. Adaptive strategy refers to regulators implementing the engagement and enforcement tools that are used for breach of financial disclosure requirements to remedy breach of sustainability disclosure requirements.

### FIVE INTERLINKED POLICY PRIORITIES FOR ENHANCED SUSTAINABILITY GOVERNANCE IN ASIA

- Strengthening legislative and regulatory certainty to enhance consistency in disclosure requirements. Regulators must clearly establish the requirements in the sustainability-related disclosure frameworks and the enforcement avenues for the breach of sustainability disclosure requirements.
- Fostering meaningful engagement with companies and stakeholders to build trust and encourage effective compliance. Regulators should use engagement tools such as infringement notices or advice letters to secure

<sup>1</sup> [https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/board-responsibility-and-sustainability-related-disclosure-in-asia\\_7509e0ac/8d2672e7-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/board-responsibility-and-sustainability-related-disclosure-in-asia_7509e0ac/8d2672e7-en.pdf)

better compliance with applicable sustainability disclosure requirements. Regulators may create a platform for relevant market participants to come together and develop best practices for sustainability disclosure.

- Developing a multi-layered enforcement toolkit combining private and public mechanisms to improve accountability. Regulators need to employ a range of enforcement tools, which may be suitable for an escalation strategy, holding directors accountable for any serious breach of sustainability disclosure requirements.
- Leveraging technology to improve data quality, monitoring, and assurance processes. Companies are using technology to improve their sustainability disclosure practices and regulators are also adopting technology for supervisory purposes. Asian regulators need to track these developments and employ them to enhance market integrity.

- Building institutional and professional capacity to ensure directors and regulators are equipped to meet evolving expectations. Regulators should encourage and conduct training for corporate directors and senior management on improving sustainability disclosure practices at the company level. At the regulatory level, securities regulators should explore the possibility for cooperation with national regulators supervising other sustainability-related matters, such as advertising law, and with foreign securities regulators, with the goal of developing a better enforcement strategy to tackle sustainability washing.

Taken together, these measures can underpin a coherent policy framework that strengthens board accountability for sustainability-related disclosures without discouraging companies from reporting material sustainability matters. Reinforcing the role of boards is integral to corporate governance reform and to positioning Asian markets to align with global sustainability best practices.



The ICSI has always committed to explore new areas of opportunity for professionals and to undertake initiatives for their capacity building. The increase in maritime trade over the past three years has significantly boosted employment opportunities across the sector. Growth in cargo handling, expansion of port infrastructure, and rising coastal and inland waterway operations have led to the creation of jobs in logistics, shipping, port operations, shipbuilding, and related industries. In order to create more awareness about the maritime sector amongst the professional fraternity, this "Maritime Corner" is published by the ICSI comprising of key terms and developments in the maritime industry. We hope that this initiative will be useful for professionals in exploring areas of interest and professional opportunities in maritime sector.

## MARITIME TERMINOLOGY

### MARINE GEOENGINEERING

Marine geoengineering, as defined under the London Protocol, seeks to mitigate climate change by using ocean-based methods to remove carbon dioxide from the atmosphere, such as stimulating plankton growth or brightening clouds.

### MORTGAGE

"Mortgage" means the transfer of an interest in a registered vessel or a share therein for the purpose of securing the payment of money advanced or to be advanced by way of loan, or other valuable consideration, and the instrument creating the security, an existing or future debt, or the performance of an agreement which may give rise to a pecuniary liability.

### INTERNATIONAL VOYAGE

International voyage means a voyage from a country to a port outside such a country or from a port or between two ports in a country outside India.

### PASSENGER

"Passenger" means any person carried onboard a vessel, except —

- (a) a person employed or engaged in any capacity onboard the vessel on the business of the vessel;
- (b) a person onboard the vessel either in pursuance of the obligations laid upon the master to carry shipwrecked, distressed or other persons or by reason of any circumstances which neither the master nor the charterer, if any, could have prevented or forestalled; and
- (c) a child under one year of age.

### SEAFARER

Seafarer means any person who is employed or engaged or works in any capacity on board a ship to which Maritime Labour Convention, 2006 applies.

**Note:** Maritime Labour Convention, 2006 sets out the right of the world's seafarers to decent conditions of work and living, including minimum age, employment agreements, hours of work and rest, payment of wages, paid annual leave, repatriation, on board medical care, the use of recruitment and placement services, accommodation, food and catering, health and safety protection and accident prevention, and complaint procedures for seafarers.

## MARITIME NEWS

### STRENGTHENING GENDER-INCLUSIVE MARITIME POLICY

Women working in the maritime sector from across Latin America gathered in Guayaquil, Ecuador on 17-19 November, 2025 for a regional workshop to strengthen gender-responsive maritime policies and legislation. The workshop was organized under IMO's Women in Maritime Gender Programme to support the Women in Maritime Network of Latin America, the event contributed to advancing inclusive governance and promoting women's participation in maritime decision-making.

Around 50 women from 19 countries attended the event and engaged in interactive sessions focused on closing gaps identified in regional studies and advancing inclusive governance in line with the Global Strategy for the IMO Women in Maritime Associations (2024-2029). Key sessions were addressed on the following themes:

- Mainstreaming gender perspectives in maritime governance.
- Mechanisms for the advancement of women in the sector.
- Strategies to close gaps identified in regional studies on inclusive legal frameworks.
- Mapping stakeholders to support gender equality initiatives.

The agenda also facilitated knowledge exchange, enabling participants to share best practices from their respective countries. These efforts contribute directly to Sustainable Development Goal 5 (Gender Equality) and reinforce IMO's commitment to diversity and inclusion in the maritime sector.

**Source:** <https://www.imo.org/en/mediacentre/pages/whatsnew-2384.aspx>

### ADVANCING GREEN AND SUSTAINABLE SHIP RECYCLING IN ASIA

Major ship-recycling countries in Asia have taken steps to enhance compliance and safety in ship recycling across the region, in line with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong Convention).

Building on previous IMO initiatives, a sub-regional workshop in Bangkok, Thailand was held on 11-13 November, 2025 aimed to equip 29 government officials from Bangladesh, China, India, Indonesia, Japan, Pakistan, Philippines, Thailand, Türkiye and Vietnam with the knowledge and skills needed to ratify, implement and enforce the Hong Kong Convention and related Guidelines.

The Hong Kong Convention, which entered into force on 26<sup>th</sup> June 2025, aims to ensure that ships are recycled at the end of their operational lives without putting human health or the environment at risk. It sets out clear responsibilities for shipowners, shipyards, recycling facilities, and national authorities in flag, port and recycling States. The workshop focused on building practical experience for early implementation and enforcement of the Convention, with participants exchanging lessons learned and best practices. Particular emphasis was placed on strengthening Port State Control (PSC) inspections and raising awareness in countries that have yet to ratify the Convention.

Of those represented, Bangladesh, Pakistan, India and Türkiye, which together constitute over 90% of the world's ship recycling capacity, have already acceded to the Hong Kong Convention, while the Philippines is progressing towards accession.

**Source:** <https://www.imo.org/en/mediacentre/pages/whatsnew-2375.aspx>

### COUNTRIES INTENSIFY EFFORTS TO ADDRESS MARINE GEOENGINEERING

Parties to the London Convention and Protocol (LC/LP), the IMO treaties that regulate the dumping of wastes at sea, have warned against the potential negative impacts of rising marine geoengineering activities and adopted a statement to highlight the current state of work undertaken under the treaties.

It also highlighted the growing number of marine geoengineering activities worldwide, including those conducted by private or commercial companies, which could potentially have harmful effects due to their nature and scale. Some countries raised concerns about the possible environmental, social and economic impacts on developing countries, especially Least Developed Countries (LDCs) and Small Island Developing States (SIDS). Based on deliberations, it was agreed to re-establish the intersessional correspondence group on marine geoengineering to continue working on the issue and to report back to the next LC/LP meeting in 2026. The said correspondence group will focus on:

- clarifying how the London Convention and Protocol apply to marine geoengineering;
- refining definitions for the priority marine engineering techniques currently under review;
- clarifying the application of the revised Ocean Fertilization Assessment Framework and the draft assessment frameworks for other techniques; and
- advising on steps to support their implementation.

Parties also confirmed their commitment on strengthening the scientific understanding of marine geoengineering techniques to inform their decisions and potential actions.

**Source:** <https://www.imo.org/en/mediacentre/pages/whatsnew-2372.aspx>

### NEW MANGALORE PORT'S GOLDEN JUBILEE CELEBRATION

Celebration of the New Mangalore Port Authority (NMPA) at Mangaluru, marking 50 years of its service as one of India's leading maritime gateways witnessed the inauguration and foundation stone laying of 16 key infrastructure projects.

Maritime India Vision 2030 and Maritime Amritkaal Vision 2047 serve as blueprints for modernisation, with more than 300 actionable initiatives to strengthen ports, logistics, inland waterways, and green shipping. Accordingly, NMPA's 2047 Master Plan envisions doubling its cargo handling capacity, achieving carbon neutrality, and positioning Mangaluru as a major logistics and cruise tourism hub for South India. The port also plans to develop deep draft terminals, LNG infrastructure, and a new outer harbour cruise terminal with seaplane and heli-taxi facilities.

NMPA has become India's largest exporter of coffee and second-largest importer of LPG, with 92% mechanisation of its operations, which has enhanced logistics efficiency and safety while promoting ease of doing business. The port serves as a critical node for industries in Karnataka, Kerala, and Tamil Nadu, and its growing role in cruise tourism has revitalised local economies through tourism, hospitality, and small-scale enterprises.

In addition, NMPA's commitment to sustainability demonstrated from 100% solar-powered energy, adopted digital systems to minimise environmental impact and the Harit Cargo Concession Policy that position itself as a green logistics hub.

**Source:** <https://tinyurl.com/GJ-NMPA>

### DELHI SET FOR RIVER CRUISE EXPERIENCE ON YAMUNA

Yamuna Boat Tourism and Ferry Infrastructure Development Project is being introduced in Delhi to offer recreational boat cruises and ferry services on the River Yamuna for residents and visitors in the National Capital. The project, located upstream of the Wazirabad Barrage between Sonia Vihar and Jagatpur, is expected to provide a new green tourism experience and enhance connectivity through eco-friendly river travel.

The corridor will function as a hub for eco-friendly cruise operations, powered by electric-solar hybrid boats that can accommodate 30 to 40 passengers. The vessels will feature safety equipment including life jackets and public announcement systems. The project is expected to revitalise recreational activities, enhance green mobility and reshape Delhi's tourism landscape by offering new river-based experiences for residents and tourists.

**Source:** <https://tinyurl.com/yamuna-rivercruise>

## BRAZIL DELIVERS A CARBON-NEUTRAL COP30

The Government of Brazil, together with event organisers, carried out the compensation of 130 thousand tonnes of CO<sub>2</sub> generated by the activities of the Thirtieth Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30), held in Belém. The compensation was recognized by the UN Certificate issued on 12<sup>th</sup> November 2025 confirming the voluntary cancellation of 130,000 carbon credits. Each such credit corresponds to one tonne of CO<sub>2</sub> equivalent removed from or prevented from entering the atmosphere.

The initiative ensures that all emissions related to the operation of the Conference, including internal transport, energy use, cooling systems, logistics, and other activities, were neutralized in accordance with international sustainability best practices for major multilateral events. This was ratified through a duly audited emissions inventory that accounts for the volume of greenhouse gases emitted. The event's emissions inventory exceeded 100% neutralization due to the voluntary compensations made by participants who contributed spontaneously to the event's neutrality. Through this action, Brazil reinforces its commitment to delivering a sustainable COP, aligned with global objectives for climate mitigation and emission reduction.

Source: <https://tinyurl.com/BRAZIL-COP30>

## LANDMARK OUTCOMES EMERGED FROM NEGOTIATIONS AT COP30

The COP30 conference in Belém projects Brazilian leadership and inaugurates a global collective effort against climate change. COP30 approved a robust package of decisions that fulfilled its three core objectives i.e., strengthening multilateralism, connecting climate multilateralism to people and accelerating the implementation of the Paris Agreement. By consensus of almost 200 countries, COP30 reaffirmed the strong commitment to the Paris Agreement. In response to the climate urgency, COP30 adopted a series of measures to accelerate implementation and international cooperation as under:

- (i) Launch of a Global Implementation Accelerator: The Accelerator will prioritize actions with the best potential for scale and speed in the climate fight, including for methane emission reduction and carbon removal through nature-based solutions. The Accelerator will work synergistically with the Action Agenda, which reached a new level of actor mobilization, resources, processes, and solutions at COP30.
- (ii) Tripling of Adaptation Finance: A landmark decision to support the most vulnerable populations, those least responsible for climate change but most affected by its impacts.

- (iii) Creation of the Belém Mechanism for Just Global Transition: A new instrument to support countries in ensuring that the transition to sustainable economies is just and inclusive.
- (iv) Adoption of Voluntary Indicators to measure progress in building resilience, within the framework of the Global Goal on Adaptation.
- (v) Launch of the Technology Implementation Program (TIP), with a timeline and components to strengthen the implementation of technology priorities in developing countries.
- (vi) Adoption of the new Gender and Climate Action Plan, with activities to increase the influence of women in combating climate change.
- (vii) Launch of a sequence of dialogues on international trade and climate.
- (viii) Launch of a two-year work program on climate finance, focusing on the predictability of public resources from developed to developing countries.
- (ix) Recognition of the importance of the role of cities, states, and municipalities in climate action.

COP30 concludes with clear manifestations of renewed political commitment and the strengthening of climate multilateralism. The decisions adopted in Belém offer concrete instruments to intensify global action, reinforce the centrality of climate justice, and reaffirm the conviction that only through international cooperation will it be possible to ensure a safe, resilient, and sustainable future for generations to come.

Source: <https://tinyurl.com/OUTCOME-COP30>

## INDIA WELCOMES KEY OUTCOMES AT UNFCCC COP30

India expressed strong support for the inclusive leadership of the COP30 Presidency and welcomed several significant decisions adopted at the conference, in the High-level Statement at the closing plenary of COP30 held in Belém, Brazil, on 22.11.2025. India expressed satisfaction with major outcomes of COP30, foremost among them the establishment of the Just Transition Mechanism.

Reiterating India's principled approach to climate action, the statement highlighted that it must be ensured that the burden of Climate Change Mitigation is not shifted onto the shoulders of those who have the least responsibility in causing the problem. The need for greater global support to vulnerable populations, a large majority of whom are in the global South, was stressed upon so that they may protect themselves from the escalating impacts of climate change. India reaffirmed its unwavering commitment to science-based and equitable climate action. It was observed that India remains committed to

a global order that is rules-based, equitable, and respectful of national sovereignty. Further, the Nation remains committed to working with all parties to ensure that climate ambition is inclusive, just, and equitable, it was added.

**Source:** <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193076>

## CONGO LAUNCHES NDCCR INITIATIVE IN LINE WITH COP30 COMMITMENTS

Democratic Republic of Congo (DRC) announced the launch of the National Digital Carbon Credit Registry (NDCCR) at the COP30 in Brazil. The initiative positions the DRC as a global leader in sustainable natural-resource management and digital environmental accountability. The initiative includes:

- (i) A National Carbon Credit Registry aligned with Article 6 of the Paris Agreement, enabling transparent registration and exchange of verified carbon credits.
- (ii) An AI-powered deforestation monitoring system, using satellite imagery, GIS mapping, and real-time analytics to protect the Congo Basin the world's second-largest carbon sink.
- (iii) Blockchain-based traceability systems for timber and natural resources, ensuring compliance with international sustainability standards and combating illegal exploitation.
- (iv) Regulatory mechanisms linking verified environmental data to fiscal incentives, sanctions, and carbon-finance frameworks.
- (v) A National Validation and Assurance Framework, supported by multi-stakeholder participation, to define accreditation standards and project eligibility criteria.

This initiative marks a decisive step in the DRC's journey toward transparent, sovereign, and technology-driven climate governance. It is structured as a Public-Private Partnership (PPP), focusing on local capacity building, data sovereignty, and sustainable economic empowerment. All environmental data will remain the sovereign property of the DRC, hosted securely within national infrastructure under regulator-controlled access.

**Source:** <https://tinyurl.com/Congo-NDCCR>

## ASEAN MOVES TO STRENGTHEN ADAPTATION FINANCE WITH NEW WHITE PAPER

ASEAN economies, home to nearly 700 million people, are experiencing the economic consequences of delayed investment. In this backdrop, a new white paper from the ASEAN Capital Markets Forum (ACMF), Sustainable Finance Institute Asia (SFIA), and UNEP Finance Initiative (UNEP FI) lays critical groundwork for a regional guide meant to channel more finance toward climate

resilience. The white paper arrives at a moment when adaptation finance remains one of the weakest links in global climate spending. UNEP's latest Adaptation Gap Report estimates that developing countries will need USD 310-365 billion annually by 2035 to protect people, infrastructure, and ecosystems, yet only USD 26 billion in public international adaptation finance was available in 2023.

The white paper is the first phase in developing the mitigation co-benefit and Adaptation for Resilience (mARs) Guide, designed as a companion to the ASEAN Taxonomy for Sustainable Finance. ASEAN Member States have been aligning domestic taxonomies with the regional ASEAN Taxonomy in areas ranging from climate mitigation to biodiversity and circular economy priorities. But stakeholders across the region have been calling for deeper, sector-level guidance on adaptation to help financial institutions integrate resilience criteria into investment decisions, product design, and reporting. The mARs Guide is intended to fill that gap.

By mapping national adaptation priorities across ASEAN Member States, the white paper identifies points of convergence that could form a regional baseline. It also outlines proposed principles for the mARs Guide: science-based, locally relevant, inclusive across the region, attentive to maladaptation risk, compatible with international frameworks, and usable for both financial institutions and real-economy actors.

**Source:** <https://tinyurl.com/ASEAN-WP>

## EU COMMITS \$16.9B FOR AFRICA'S CLEAN ENERGY TRANSITION

A year-long effort to push fresh investment into Africa's clean-energy systems is just closed with €15.5 billion in commitments, placing the continent's infrastructure needs at the centre of Europe's geopolitical and climate-finance agenda. The campaign was jointly led by European Commission President and South African President with Global Citizen coordinating the mobilisation effort and the International Energy Agency providing policy support.

The European Union (EU) emerged as the dominant contributor, delivering more than €15.1 billion of the total. The figure includes over €10 billion pledged on behalf of Team Europe as well as additional bilateral packages from Member States, European development banks, and mobilised private capital.

The campaign secured pledges that will enable 26.8 GW of new renewable energy generation and extend electricity to 17.5 million households that currently lack reliable supply. For African economies, the scale of new grid connections and renewable deployment directly intersects with industrial strategy, urban growth, and long-term decarbonisation.

**Source:** <https://tinyurl.com/africaclean-energy>

## MSE-GIFT &amp; MSE-SPICE

The significance of the MSME Schemes - MSE-GIFT (Green Investment and Financing for Transformation) & MSE-SPICE (Scheme for Promotion and Investment in Circular Economy), is framed within India's broader commitment to sustainable development, highlighted by Prime Minister Narendra Modi's "Panchamrit" vision at the COP26 summit. In his address at the 26<sup>th</sup> Conference of the Parties (COP26) in Glasgow in 2021, PM Modi presented five ambitious climate targets for India, collectively known as Panchamrit (five nectars). These commitments, aimed at a greener, low-carbon future, are:

- To reach 500 GW non-fossil energy capacity by 2030.

- To meet 50% of energy requirements from renewable energy by 2030.

- To reduce the total projected carbon emissions by one billion tonnes from now until 2030.

- To reduce the carbon intensity of the economy by less than 45% by 2030 (over 2005 levels).

- To achieve the target of Net Zero emissions by 2070.

(<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1795071>)

These national commitments necessitate a massive green transition across all sectors, making the role of Micro, Small and Medium Enterprises (MSMEs) in adopting sustainable practices crucial since not only they form the backbone of Indian economy and but shoulder the responsibilities of enhancing economic growth, generating jobs, fostering innovation, and contributing to GDP and exports. Their presence has been seen as a key driver of inclusive development by providing livelihood opportunities, reducing regional imbalances, and promoting entrepreneurship, especially in rural and backward areas.

MSMEs also serve as crucial ancillary units for larger industries, forming integral parts of domestic and global supply chains. As on 28<sup>th</sup> November, 2025 MSME (Udyam) Registrations Including Udyam Assist Platform (UAP) stand at about 7,21,95,840. Encouraging these enterprises in adopting sustainable practices not only enhances the efficiency of the enterprises but it reduces the cost of production in the long run promoting exports by making products more competitive.

At the current geopolitical moment, this focus is essential for building economic resilience, ensuring long-term business viability, and aligning with climate goals, making government support, accessible green finance, and awareness programs key to achieving these objectives. As part of these initiatives - MSE-GIFT Scheme (Green Investment and Financing for Transformation) and MSE-SPICE Scheme (Scheme for Promotion and Investment in Circular Economy) were launched on 20<sup>th</sup> December, 2023.

(<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2035103>)

### MSE-GIFT SCHEME (GREEN INVESTMENT AND FINANCING FOR TRANSFORMATION)

A sub-scheme under Raising and Accelerating MSE Performance (RAMP), the overall aim and goal of the MSE GIFT Scheme is to provide support to the MSEs in accessing institutional finance at a concessional rate for adopting clean / green technologies and help them to transform into green and sustainable business operations.

#### Key objectives:

- To promote adoption of sustainable and eco-friendly practices and technologies and renewable energy sources.
- To provide concessional financial assistance to MSEs for investments in the adoption of green technologies and practices.
- To create awareness about best practices, promote knowledge sharing and benefits of the adoption of green technologies and practices.

#### Components:

- The Scheme comprises Interest Subvention, Risk sharing and generating awareness.
- Interest subvention of 2% per annum, for period of 5 years, up to a term loan limit of INR 2 crores for Micro and Small enterprises.
- Risk sharing: Loans to MSEs up to INR 2 crore would be covered under this component. Rs 125 crores will be used to provide credit guarantee to the participating MLIs (75% of guaranteed coverage for eligible loans).

#### Eligibility and coverage:

- MSE registered under the Udyam Registration portal are eligible.
- Member Lending Institution (MLIs): Scheduled commercial bank/ All India Financial Institution including SIDBI, Small Finance Banks/ Micro Finance Institutions/ Non-Banking Finance Companies can become a Member Lending Institution (MLI).

#### Duration:

- 3 years (FY 2023-24 to 2025-26)

#### Implementing partners:

- Implementing Agency – Small Industries Development Bank of India (SIDBI).
- All Scheduled Commercial Banks, All India Financial Institutions, Small Finance Banks, and Non-Banking Financial Companies (NBFCs), Micro

Finance Institutions (MFIs) are eligible to participate in the Scheme, after signing a Memorandum of Understanding (MoU) with SIDBI.

<https://green.msme.gov.in/msmeGiftScheme>

## MSE SPICE SCHEME (SCHEME FOR PROMOTION AND INVESTMENT IN CIRCULAR ECONOMY)

Another sub-scheme under Raising and Accelerating MSE Performance RAMP; MSE SPICE is a pioneering initiative by the Ministry of Micro, Small and Medium Enterprises dedicated to empowering Micro, Small Enterprises (MSEs) in embracing sustainable practices through the circular solutions.

The global landscape is witnessing a paradigm shift towards sustainability, with increasing recognition of the imperative to adopt circular economy principles. Circular economy practices enable MSEs to optimize resource usage by promoting recycling, reuse, and responsible consumption. This will not only reduce environmental footprint but also enhance operational efficiency and cost-effectiveness. In the overall global sustainability effort, encouraging circular practices in micro and small enterprises (MSEs) has become a strategic necessity. The introduction of the MSE - Scheme for Promotion and Investment in Circular Economy (MSE - SPICE) is a proactive step to harness the potential of MSEs in driving sustainable development.

### Key objectives:

- Promote Circular Economy and incentivize MSEs to adopt CE and thereby contribute to achieving G20 goals made by the Government of India regarding CE.
- Enable MSEs to comply with Extended Producers Responsibility (EPR) and Waste Recycling targets set for industries.
- Spread awareness among MSEs for adoption of Circular Economy and resource efficiency.

### Components:

- Credit Linked Capital Subsidy
- Information, Education, and Communication Component (IEC).

#### *Credit Linked Capital Subsidy*

Credit Linked Capital Subsidy component addresses the need for availability of affordable finance to MSEs to adopt Circular Solutions (both domestic and global inclusive of taxes and duties). In Brown Field Projects, this component upgrades/ expands existing CE projects to promote/implement CE principles across MSEs. A maximum of INR 50 lakhs is admissible under the scheme with 25% subsidy only for plant and machinery. Under the Scheme, projects costing more than ₹ 50 Lakh will also be eligible, but subsidy shall be limited to ₹ 12.5 Lakh.



### *Awareness Generation & IEC*

Awareness generation/Demand Creation component would be organized across MSE clusters by engaging specialized organizations/ agencies at the National/ International level who have expertise and experience in the implementation of CE solutions. The IEC component will address the supply and demand side constraints by addressing the capacity gaps in financial institutions in adopting CE principles. This component will support the scheme implementation and operationalize the monitoring and evaluation framework of the scheme.

### **Eligibility and coverage of the scheme:**

- MSE registered under the Udyam Registration portal are eligible. However, they can utilize the scheme only for brownfield projects.
- Primary Lending Institution (PLIs): All Scheduled Commercial Banks, All India Financial Institutions (including SIDBI), Small Finance Banks, and Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs), are eligible to participate in the Scheme, after signing a Memorandum of Understanding (MoU) with SIDBI.

### **Scheme duration:**

- 4 years (FY 2023-24 to 2026-27)

### **Implementing partners:**

- Implementing Agency – Small Industries Development Bank of India (SIDBI).
- All Scheduled Commercial Banks, All India Financial Institutions (including SIDBI), Small Finance Banks, and Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs), would be eligible to participate in the Scheme, after signing a Memorandum of Understanding (MoU) with SIDBI.

<https://green.msme.gov.in/mseSpiceScheme>

The ICSI has always committed to explore new areas of opportunity for professionals and to undertake initiatives for their capacity building. The rapid advancement of Artificial Intelligence (AI) is not only transforming business operations but also reshaping the compliance and governance landscape. As organizations increasingly deploy AI-driven systems for decision-making, monitoring, and reporting, there is a growing demand for professionals who are aligned with the use of these AI technologies for better functioning.

AI has added new dimension to ensure ethical corporate governance including compliances, audit, risk management, data governance and oversight, requiring a blend of technical understanding as well as regulatory expertise. With the rise of AI use in corporate functioning, there is a parallel expansion in compliance and governance-oriented employment opportunities. In order to create more awareness about the AI and latest development in the field amongst the professional fraternity, the ICSI has introduced this "AI Corner" comprising facts, terminology and recent global developments in AI domain. We hope that this initiative will be useful for professionals in exploring opportunities in AI and digital governance.

### AI FACTS AND TERMINOLOGY

AI is a 100-year-old concept, interspersed with long "AI winters." However, the launch of ChatGPT 3.0 (2022) has ignited interest in AI like never before. The world has since been simultaneously gripped by excitement and anxiety. The excitement stems from sudden access to a technology that seems so human-like. That, ironically, is also the root of the anxiety. For the public at large, what started as an attempt to understand how such chatbots and code-completing tools work has quickly evolved into a deeper, worrying question about what AI will do to our lives and our jobs. AI won't replace people, but people who use AI will replace people who don't.<sup>1</sup>

### AI WINTER

AI winter is a period of reduced funding and interest in AI research.

### AI INCIDENT

An event where an AI system malfunctions, produces unintended outcomes, or behaves unpredictably, potentially causing harm or violating legal rights.

### BIAS

Systematic difference in treatment of certain objects, people or groups in comparison to others leading to prejudiced outcomes.

### DEEPMODEL

AI-generated or manipulated image, audio or video content that resembles existing persons, objects, places,

<sup>1</sup> [https://niti.gov.in/sites/default/files/2025-10/Roadmap\\_for\\_Job\\_Creation\\_in\\_the\\_AI\\_Economy.pdf](https://niti.gov.in/sites/default/files/2025-10/Roadmap_for_Job_Creation_in_the_AI_Economy.pdf)

entities or events and would falsely appear to a person to be authentic or truthful.

### HALLUCINATIONS

Made up of data presented as fact in AI generated text that is plausible but are, in fact, inaccurate or incorrect.

### RECENT DEVELOPMENTS IN AI

### INDIA'S AI GOVERNANCE GUIDELINES

The Ministry of Electronics and Information Technology (MeitY), under the IndiaAI Mission, unveiled the India AI Governance Guidelines on 5<sup>th</sup> November, 2025. The guidelines were drafted by a high-level committee including senior officials from the Government of India, NITI Aayog, policy and legal experts.

The guidelines propose a robust governance framework to foster cutting-edge innovation, and safely develop and deploy AI for all while mitigating risks to individuals and society. The framework comprises four key components:

- Seven guiding principles (Sutras) for ethical and responsible AI.
- Key recommendations across six pillars of AI governance.
- An action plan mapped to short, medium, and long-term timelines.
- Practical guidelines for industry, developers, and regulators to ensure transparent and accountable AI deployment.

These are envisioned as a foundational reference for policymakers, researchers, and industry to foster greater national and international cooperation for safe, responsible, and inclusive AI adoption.

**Source:** <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2186639>

### GOVERNMENT NOTIFIES DPDP RULES TO EMPOWER CITIZENS AND PROTECT PRIVACY

The Government of India has notified the Digital Personal Data Protection (DPDP) Rules, 2025, marking the full operationalisation of the DPDP Act, 2023. Together, the Act and Rules create a simple, citizen-focused and innovation-friendly framework for the responsible use of digital personal data.

The DPDP Act establishes a comprehensive framework for protecting digital personal data, setting out the obligations of entities handling such data (*Data Fiduciaries*) and the rights and duties of individuals (*Data Principals*). It follows the SARAL design —**Simple, Accessible, Rational and Actionable**—using plain language and illustrations to support ease of understanding and compliance. The Act is guided by seven core principles including consent

and transparency, purpose limitation, data minimisation, accuracy, storage limitation, security safeguards, and accountability.

The DPDP Rules provide an **18-month phased compliance timeline**, allowing organisations time for smooth transition. They also require Data Fiduciaries to issue standalone, clear and simple consent notices that transparently explain the specific purpose for which personal data is being collected and used. Consent Managers, entities that help individuals manage their permissions, must be Indian companies. In the event of a personal data breach, Data Fiduciaries must promptly inform affected individuals in plain language, explaining the nature and possible consequences of the breach, the steps taken to address it and contact details for assistance.

Data Fiduciaries must display clear contact information such as that of a designated officer or Data Protection Officer to help individuals raise queries about personal data processing. To ensure stronger protection, Data Fiduciaries must obtain verifiable consent before processing the personal data of children, with limited exemptions for essential purposes such as healthcare, education and real-time safety. For persons with disabilities who cannot make legal decisions even with support, consent must come from a lawful guardian verified under applicable laws. The DPDP framework reinforces the rights of individuals to access, correct, update or erase their personal data and to nominate another person to exercise these rights on their behalf. Data Fiduciaries must respond to all such requests within a maximum of 90 days.

A “Data Protection Board” will also be constituted to function as a fully digital institution, enabling citizens to file and track complaints online through a dedicated platform and mobile app, promoting transparency, efficiency and ease of living.

With simplified rules, adequate transition time and a technology-neutral approach, the DPDP Act and Rules aim to strengthen privacy, enhance trust and support responsible innovation. Together, they help position India’s digital economy as secure, resilient and globally competitive.

**Source:** <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2190014>

## AI AT COP30

30<sup>th</sup> United Nations Climate Change Conference (Conference of the Parties) took place in Belém, Brazil, from November 10–21, 2025. On the first day of COP30, “**science, technology and artificial intelligence**” was explicitly listed as one of the key themes. Initiatives included the Green Digital Action Hub, a global platform to drive a greener, more inclusive digital transformation.

Additionally, there was a session introducing the AI Climate Institute. A key goal of the AI Climate Institute is to enable Global South countries to design, adapt and implement their own AI-based climate solutions.

When it comes to AI and climate change, there is a tendency for people to think about the increased environmental and climate change harms that AI will bring. A key issue is the emissions produced by data centres. AI can play a role in reducing emissions by making energy systems more efficient and certain other measures, thus reducing emissions through energy savings. Scientific research has demonstrated that machine learning can assist local governments in their decisions about options for climate adaptation. AI can be an integral part of an early warning system. It can be used to predict floods using sensor data, predict wildfires using satellite and weather data, monitor social media for disaster response and identify areas at risk of landslides.

Principle based development of AI, powered by clean energy sources, has the potential to significantly reduce carbon emissions, provide early warning to communities of climate threats, reduce the costs of adapting to a changing climate and enhance the understanding about climate change.

**Source:** <https://tinyurl.com/AI-at-COP30>

## GOVERNMENT OF INDIA LAUNCHES ‘YUVA AI FOR ALL’

Under the IndiaAI Mission, the Government of India has launched ‘YUVA AI for ALL’, a first-of-its-kind free course that introduces the world of Artificial Intelligence (AI) to all Indians, especially the youth.

This 4.5-hour self-paced course is designed to make students, professionals and other curious learners comfortable with the basics of AI and to show how it’s transforming the world. The course is available on leading learning platforms such as Future Skills Prime and other popular ed-tech portals. Every learner who completes the course will get certificate from the Government of India. During the course, the learners will:

- Discover what AI really is and how it works.
- Learn how AI is changing education, creativity, and work.
- Understand how to use AI tools safely and responsibly.
- Explore cool, real-world AI use cases from India.
- Get a sneak peek into the future of AI and new opportunities ahead.

With this initiative, the Government of India aims to empower 1 crore citizens with foundational AI skills, helping bridge the digital divide, promote ethical AI adoption, and prepare India’s workforce for the future. Organizations, schools, and universities can partner with IndiaAI to make the course reach every corner of the country. Partners can integrate the course, promote it to learners, and co-brand certificates. The course can be accessed at: <https://www.futureskillprime.in/course/yuva-ai-for-all/>

**Source:** <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2191334>

# GIST OF ROC & RD ADJUDICATION ORDERS

## GIST of ROC Adjudication Orders

### 1. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of OM YASH PROJECTS LIMITED

ROC Ahmedabad issued an adjudication order dated 13<sup>th</sup> November, 2025 in the matter of Om Yash Projects Limited for not appointing the Company Secretary on whole time basis as Key Managerial Personnel and violating Section 203(5) of the Companies Act, 2013. The Adjudicating Authority imposed a penalty of ₹5,00,000 on the company and a penalty of ₹4,59,000 on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=CJcw14MrlYoNvymwXZeV0A%3D%3D&type=open>

### 2. Adjudication order for violation of Section 178 of the Companies Act, 2013 in the matter of OM YASH PROJECTS LIMITED

ROC Ahmedabad issued an adjudication order dated 13<sup>th</sup> November, 2025 in the matter of Om Yash Projects Limited for default in constitution of an audit committee thus violating Section 178(8) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2013. The Adjudicating Authority imposed a penalty of ₹5,00,000 on the company and a penalty of ₹1,00,000 on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=WE3cwEhzsEPEO%2FjZiEyCRw%3D%3D&type=open>

### 3. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of OM YASH PROJECTS LIMITED

ROC Ahmedabad issued an adjudication order dated 18<sup>th</sup> November, 2025 in the matter of Om Yash Projects Limited for failing to maintain proper details on letterhead of the company and thus violating Section 12(3) of the Companies Act, 2013. The Adjudicating Authority imposed a penalty of ₹1,00,000 on the company and a penalty of ₹1,00,000 on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=DmMkj5tOrmJR4gXfHTsCQ%3D%3D&type=open>

### 4. Adjudication order for violation of Section 172 of the Companies Act, 2013 in the matter of OM YASH PROJECTS LIMITED

ROC Ahmedabad issued an adjudication order dated 18<sup>th</sup> November, 2025 in the matter of Om Yash Projects Limited for default in appointing independent directors and thus violating Section 172 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors)

Rules, 2013. The Adjudicating Authority imposed a penalty of ₹91,000 each on the company and on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=auwhNkcQXVjopPvZA3FOMg%3D%3D&type=open>

### 5. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of AMAGI MEDIA LABS LIMITED

ROC Bangalore issued an adjudication order dated 13<sup>th</sup> November, 2025 in the matter of Amagi Media Labs Limited for violating Section 203(5) of the Companies Act, 2013 by failing to appoint a Company Secretary within the stipulated time. The Adjudicating Authority imposed a penalty of ₹5,00,000 on the company and a penalty of ₹1,10,000 each on three directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=yApa2UEvZrKmhBrtbgFa5A%3D%3D&type=open>

### 6. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of AMAGI MEDIA LABS LIMITED

ROC Bangalore issued an adjudication order dated 07<sup>th</sup> November, 2025 in the matter of Amagi Media Labs Limited for violating Section 203(5) of the Companies Act, 2013 for failing to appoint a Company Secretary within the stipulated time in the FY 2023. The Adjudicating Authority imposed a penalty of ₹5,00,000 on the company and a penalty of ₹98,000 each on three directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=A8yuhecQ7WLlxqXSpe3Dcg%3D%3D&type=open>

### 7. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of ACUMEN TECHNICAL ADVISORY PRIVATE LIMITED

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Acumen Technical Advisory Private Limited for violating Section 173(1) of the Companies Act, 2013 for failing to convene its 3<sup>rd</sup> board meeting for the FY 2023-24 within the prescribed interval of 120 days. The Adjudicating Authority imposed a penalty of ₹88,000 upon the company and ₹50,000 on two of the directors for his default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=qFayVruLZD0s748Wbu2L4g%3D%3D&type=open>

### 8. Adjudication order for violation of Section 184 of the Companies Act, 2013 in the matter of IQMETRIX SOFTWARE DEVELOPMENT INDIA PRIVATE LIMITED

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Iqmetrix

Software Development India Private Limited for violating Section 184(1) of the Companies Act, 2013 for failing to file Form MBP-1 by the directors of the company for the Financial Year 2023-24. The Adjudicating Authority imposed a penalty of ₹1,00,000 each on the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=dQd96sgZRwom0rrhj4UhKQ%3D%3D&type=open>

**9. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of IQMETRIX SOFTWARE DEVELOPMENT INDIA PRIVATE LIMITED**

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Iqmetrix Software Development India Private Limited for violating Section 173(1) of the Companies Act, 2013 for failing to convene its board meeting for the FY 2022-23. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on three of the directors for default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=RPesPgIc8y9In2u3gms5iA%3D%3D&type=open>

**10. Adjudication order for violation of Section 134 of the Companies Act, 2013 in the matter of IQMETRIX SOFTWARE DEVELOPMENT INDIA PRIVATE LIMITED**

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Iqmetrix Software Development India Private Limited for violating Section 134 of the Companies Act, 2013 due to signing of the financial statements for FY 2022-23 without the Board's approval. The Adjudicating Authority imposed a penalty of ₹3,00,000 upon the company and ₹50,000 each on three of the directors for default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=oW3HQLeWhfbOuTZFeOPQPQ%3D%3D&type=open>

**11. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of GE VERNONA HYDRO POWER INDIA PRIVATE LIMITED**

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of GE Vernona Hydro Power India Private Limited for violating Section 203(5) of the Companies Act, 2013 by failing to appoint a Company Secretary within the stipulated six-month period after the previous one's resignation. The Adjudicating Authority imposed a penalty of ₹5,00,000 on the company and a penalty of ₹5,00,000 each on two directors ₹3,94,000 on one of directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=vn%2FdYomcR3x7CWaqyFTgyg%3D%3D&type=open>

**12. Adjudication order for violation of Section 135 of the Companies Act, 2013 in the matter of NIVEUS SOLUTIONS PRIVATE LIMITED**

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Niveus Solutions Private Limited for violating Section 135 of the Companies Act, 2013 for failing to spend the prescribed CSR amount for the Financial Year 2022-23. The Adjudicating Authority imposed a penalty of ₹9,24,760 upon the company and ₹46,238 each on four of the directors for default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=x95qR7LztlZPMuOavzOivg%3D%3D&type=open>

**13. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of BRAMBLES INDIA SERVICES PRIVATE LIMITED**

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Brambles India Services Private Limited for violating Section 173(1) of the Companies Act, 2013 for failing to convene its board meeting for the FY 2024-25. The Adjudicating Authority imposed a penalty of ₹1,03,000 upon the company and ₹50,000 each on two of the directors for default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=bYE5EpoEOg5JT7SbNv3Chw%3D%3D&type=open>

**14. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of TACTILE EDUCATION SERVICES PRIVATE LIMITED**

ROC Bangalore issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Tactile Education Services Private Limited for violating Section 12(3) of the Companies Act, 2013 for failing to maintain required details of the company on its letterhead during the period 05.01.2023 to 04.09.2023. The Adjudicating Authority imposed a penalty of ₹50,000 each on the company and on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=uUtxBFcIht%2FRW%2F69W7f62g%3D%3D&type=open>

**15. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of BON FRESH FOODS PRIVATE LIMITED**

ROC Chennai issued an adjudication order dated 4<sup>th</sup> November, 2025 in the matter of BON Fresh Foods Private Limited for violation of Section 42(2) of the Companies Act, 2013 for failing to comply with mandatory disclosure requirements related to the private placement of Compulsorily Convertible Preference Shares (CCPS) issued in July 2018. The Adjudicating Authority imposed the penalty of ₹2,00,000 upon the company and ₹50,000 each on the two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=8xWVfoEifu%2F5ZSXWGeG0hQ%3D%3D&type=open>

**16. Adjudication order for violation of Section 62 of the Companies Act, 2013 in the matter of BON FRESH FOODS PRIVATE LIMITED**

ROC Chennai issued an adjudication order dated 4<sup>th</sup> November, 2025 in the matter of BON Fresh Foods Private Limited for violation of Section 42(2) of the Companies Act, 2013 for failing to obtain valuation report related to the private placement of Compulsorily Convertible Preference Shares (CCPS) issued in July 2018. The Adjudicating Authority imposed the penalty of ₹5,000 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=qAITE6VLvkDaE8Eo9hyHaQ%3D%3D&type=open>

**17. Adjudication order for violation of Section 62 of the Companies Act, 2013 in the matter of BON FRESH FOODS PRIVATE LIMITED**

ROC Chennai issued an adjudication order dated 4<sup>th</sup> November, 2025 in the matter of BON Fresh Foods Private Limited for violation of Section 62 of the Companies Act, 2013 for failing to attach the notice of EGM and explanatory statement in the e-form MGT-14. The Adjudicating Authority imposed the penalty of ₹5,000 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=SB5y9x0pMh%2FvDdDmOUzNw%3D%3D&type=open>

**18. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of BON FRESH FOODS PRIVATE LIMITED**

ROC Chennai issued an adjudication order dated 4<sup>th</sup> November, 2025 in the matter of BON Fresh Foods Private Limited for failing to disclose the details of the identified persons in the shareholder resolution to be passed in EGM, which resulted in violation of Section 42(2) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹5,000 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Rb813%2FLNZ0gMLJ7xNI6RjQ%3D%3D&type=open>

**19. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of SOUTH ASIAN FINANCIAL EXCHANGE LIMITED**

ROC Chennai issued an adjudication order dated 4<sup>th</sup> November, 2025 in the matter of South Asian Financial Exchange Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return with the registrar within the prescribed period for the Financial Year 2014-15. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=F2WdTfVe2Ty9w5ditXZnrw%3D%3D&type=open>

**20. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of SRA SYSTEMS LIMITED**

ROC Chennai issued an adjudication order dated 12<sup>th</sup> November, 2025 in the matter of SRA Systems Limited for violating Section 203(5) of the Companies Act, 2013 for not appointing the Key Managerial Persons on whole time basis. The Adjudicating Authority imposed a penalty of ₹5,00,000 each upon the company and three of its directors. Further, a penalty of ₹4,77,000 imposed on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=wZRJGH3D5sx7P9SdL2IWfg%3D%3D&type=open>

**21. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of TAMIL NADU MINERALS LIMITED**

ROC Chennai issued an adjudication order dated 12<sup>th</sup> November, 2025 in the matter of Tamil Nadu Minerals Limited for violating Section 173(1) of the Companies Act, 2013 for failing to convene minimum number of board meetings for the FY 2024-25. The Adjudicating Authority imposed a penalty of ₹10,000 each upon the company and one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=REbqVjK6JTJYFuY9OIHR0g%3D%3D&type=open>

**22. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of VALUEPLUS TECHNOLOGIES PRIVATE LIMITED**

ROC Chennai issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Valueplus Technologies Private Limited for failing to disclose the Permanent Account Number of the allottees in the list of allottees attached along with PAS-3, and thus violated Section 42(2) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹5,000 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=zMMFynDrPfZasNxKXPe%2FvA%3D%3D&type=open>

**23. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of FLUENCE BESS INDIA PRIVATE LIMITED**

ROC Delhi issued an adjudication order dated 13<sup>th</sup> November, 2025 in the matter of Fluence Bess India Private Limited for violation of Section 118 of the Companies Act, 2013 for failing to prepare and keeping the minutes of the Board Meetings in the minutes book within time specified. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 each on four of the directors for their default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=0mPQNLTVW1u3QAQxRf%2FjdA%3D%3D&type=open>

**24. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of FLUENCE BESS INDIA PRIVATE LIMITED**

ROC Delhi issued an adjudication order dated 13<sup>th</sup> November, 2025 in the matter of Fluence Bess India Private Limited for violation of Section 118 of the Companies Act, 2013 as few directors failed to provide disclosure of interest in other companies in prescribed form, for the FY 2022-23 and 2023-24. The Adjudicating Authority imposed a penalty of ₹1,00,000 each upon the company and three of the directors for their default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=zA4PaRTXb1InN9kaVcQjOg%3D%3D&type=open>

**25. Adjudication order for violation of Section 134 of the Companies Act, 2013 in the matter of NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION**

ROC Delhi issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of National Scheduled Castes Finance and Development Corporation for violation of Section 134 of the Companies Act, 2013 for filing the signed financial statements for the FY 2022-23 without the signatures of Company Secretary of the Company. The Adjudicating Authority imposed a penalty of ₹3,00,000 upon the company and ₹50,000 each on three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=sPspVK0Wh4CG%2Fb72qmVYng%3D%3D&type=open>

**26. Adjudication order for violation of Section 10 of the Companies Act, 2013 in the matter of INSTANT SUPPLY CHAIN SOLUTIONS PRIVATE LIMITED**

ROC Delhi issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Instant Supply Chain Solutions Private Limited for violation of Section 10 of the Companies Act, 2013 for failing to file the e-form INC-20A before commencement of the business operations. The Adjudicating Authority imposed a penalty of ₹50,000 upon the company and ₹1,00,000 each on the two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=WHZ3f57zHkgfrjs9zOrdOA%3D%3D&type=open>

**27. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of XTRANET TECHNOLOGIES LIMITED**

ROC Gwalior issued an adjudication order dated 12<sup>th</sup> November, 2025 in the matter of Xtranet Technologies Limited for failing to file return of allotment within 15 days from the date of allotment in the e-Form PAS-3 with the Registrar which resulted in violation of Section 42 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹47,000 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=9CZahhjBAeQYRYEakL1P9g%3D%3D&type=open>

**28. Adjudication order for violation of Section 86 of the Companies Act, 2013 in the matter of NAVJEET INDIA LIMITED**

ROC Jaipur issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Navjeet India Limited for failing to file e-Form CHG-1 which resulted in violation of Section 77 of the Companies Act, 2013. Further, it had also failed to file e-Form CHG-4 for the satisfaction of charge and violated the provisions of Section 82 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹25,000 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=GAAMyE8QGwoTrNzr0yZeHA%3D%3D&type=open>

**29. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of TARU DEALCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Taru Dealcom Private Limited for violating Section 92 of the Companies Act, 2013 for non-filing of Annual Return for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ckHeE3kmGerlezmazw6g0w%3D%3D&type=open>

**30. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of SAHIL VINCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Sahil Vincom Private Limited for violating Section 92 of the Companies Act, 2013 for non-filing of Annual Returns for the Financial Year 2021-22. The Adjudicating Authority imposed a penalty of ₹50,950 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=rtKn%2Fj7PG8dbYk0mV6R8hA%3D%3D&type=open>

**31. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of SAHIL VINCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Sahil Vincom Private Limited for violating Section 92 of the Companies Act, 2013 for non-filing of Annual Returns for the Financial Year 2020-21. The Adjudicating Authority imposed a penalty of ₹69,200 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=TFnVXic7mZuf1GDgT0ARUg%3D%3D&type=open>

**32. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of SAHIL VINCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Sahil Vincom Private Limited for violating Section 92 of the Companies Act, 2013 for non-filing of Annual Returns for the Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹87,450 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=F%2FMxKOIGRU2kG8AEh5PGdA%3D%3D&type=open>

**33. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of SAHIL VINCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Sahil Vincom Private Limited for violating Section 92 of the Companies Act, 2013 for non-filing of Annual Returns for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=kJ13W1dK9g%2FXVcnsgSXW8w%3D%3D&type=open>

**34. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of TARU DEALCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Taru Dealcom Private Limited for violating Section 92 of the Companies Act, 2013 for non-filing of Annual Returns for the Financial Year 2021-22. The Adjudicating Authority imposed a penalty of ₹50,950 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=60K3Xjod3KOVkp91xg%2Fb5g%3D%3D&type=open>

**35. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SAHIL VINCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Sahil Vincom Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2020-21. The Adjudicating Authority imposed a penalty of ₹70,700 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=nNgx0JBMETJSPLNilnsBMQ%3D%3D&type=open>

**36. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SAHIL VINCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Sahil Vincom Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2021-22. The Adjudicating Authority imposed a penalty of ₹52,450 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=tej3Y94zpYzYBKZM7QZBjw%3D%3D&type=open>

**37. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SAHIL VINCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Sahil Vincom Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=WHJEVNN1bK8pdEJoYmcENA%3D%3D&type=open>

**38. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of TOPFLOW SHOPPERS PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Topflow Shoppers Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=FpVRXJfd3EC7ndRPKUnjOw%3D%3D&type=open>

**39. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of TARU DEALCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Taru Dealcom Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹88,950 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=mwTY53NIbYkLjynDQaZMQw%3D%3D&type=open>

**40. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of TOPFLOW SHOPPERS PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Topflow Shoppers Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹86,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=fjBmyZ7vcrf6PvsDN5kLLw%3D%3D&type=open>

**41. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of TARU DEALCOM PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Taru Dealcom Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Aca75Gi7X9kB52wYa5k5IA%3D%3D&type=open>

**42. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of GANPATI FINANCIAL ADVISORY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Ganpati Financial Advisory Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2021-22. The Adjudicating Authority imposed a penalty of ₹52,650 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=JDqjcwAU7BTyyVdBglGaQQ%3D%3D&type=open>

**43. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of GANPATI FINANCIAL ADVISORY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Ganpati Financial Advisory Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=yygBoKgJuR1bC9ayqhaoEw%3D%3D&type=open>

**44. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of GANPATI FINANCIAL ADVISORY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Ganpati Financial Advisory Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹89,150 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=FRxVCAwM6AVCgeT3txCCA%3D%3D&type=open>

**45. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of GANPATI FINANCIAL ADVISORY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Ganpati Financial Advisory Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2016-17. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=vquy11snVsFyx0Fkcmnufg%3D%3D&type=open>

**46. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of MANSAMATA DISTRIBUTORS PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Mansamata Distributors Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2020-21. The Adjudicating Authority imposed a penalty of ₹70,900 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=L%2FTtcr0bkvOaEjKe68sV7w%3D%3D&type=open>

**47. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SHIVKRIPA RESIDENCY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Shivkripa Residency Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=jeNUwyBrQuaSAtaJ137Zbw%3D%3D&type=open>

**48. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of TULSI DEALMARK PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of TulsiDealmark Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹89,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Q7npQ2Yq50YbaF%2FWBsAoVQ%3D%3D&type=open>

**49. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of TULSI DEALMARK PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of TulsiDealmark Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/document?mds=k5zF2Z3dr%2FPsu8iAMTbqkw%3D%3D&type=open>

**50. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SHIVKRIPA RESIDENCY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Shivkripa Residency Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2020-21. The Adjudicating Authority imposed a penalty of ₹70,600 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=vejo4dMlzDcxy4TgkocvTQ%3D%3D&type=open>

**51. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SHIVKRIPA RESIDENCY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Shivkripa Residency Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2021-22. The Adjudicating Authority imposed a penalty of ₹52,500 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=B2ShT14ZAGg4j%2FrShTG7mQ%3D%3D&type=open>

**52. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SHIVKRIPA RESIDENCY PRIVATE LIMITED**

ROC Kolkata issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Shivkripa Residency Private Limited for violating Section 137 of the Companies Act, 2013 for non-filing of financial statements for the Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹89,000 upon the company and ₹25,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=LdBg5hHMt7ORAdImKMEV%2FQ%3D%3D&type=open>

**53. Adjudication order for violation of Section 134 of the Companies Act, 2013 in the matter of TECH SPANNER INFO PRIVATE LIMITED**

ROC Pune issued an adjudication order dated 04<sup>th</sup> November, 2025 in the matter of Tech Spanner Info Private Limited for violating Section 134 of the Companies Act, 2013 for failing to provide the correct details of various meetings held in its Annual Returns filed in form MGT-7 from FY 2015-16 to FY 2019-20. The Adjudicating Authority imposed a penalty of ₹3,00,000 upon the company and ₹50,000 each on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Bdtg649jd5zFV4qdN3Q2hQ%3D%3D&type=open>

**54. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of FILT RED INDIA TECHNOLOGIES PRIVATE LIMITED**

ROC Pune issued an adjudication order dated 11<sup>th</sup> November, 2025 in the matter of FILT Red India Technologies Private Limited for violating Section 203(5) of the Companies Act, 2013 for not appointing the Company Secretary on whole time basis as Key Managerial Person. The Adjudicating Authority imposed a penalty of ₹5,00,000 on the company and a penalty of ₹1,74,000 on three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Jdu8EFK2vIJN4oebb5GKiA%3D%3D&type=open>

**55. Adjudication order for violation of Section 39 of the Companies Act, 2013 in the matter of ZEBION INFOTECH LIMITED**

ROC Pune issued an adjudication order dated 11<sup>th</sup> November, 2025 in the matter of Zebion Infotech Limited for violating Section 39 of the Companies Act, 2013 for inadvertent errors occurred during the filing of e-form PAS-3. The Adjudicating Authority imposed a penalty of ₹10,000 each upon the company and on three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=NNpI09lhKj5Ydj9xzglu8A%3D%3D&type=open>

**56. Adjudication order for violation of Section 204 of the Companies Act, 2013 in the matter of SLICE SMALL FINANCE BANK LIMITED**

ROC Guwahati issued an adjudication order dated 07<sup>th</sup> November, 2025 in the matter of Slice Small Finance Bank Limited for violating Section 204 of the Companies Act, 2013 for failing to file e-form AOC-4 with appropriate and prescribed information. The Adjudicating Authority imposed a penalty of ₹10,000 each upon the company and on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=1f0SrOgc4vvzXLXJivuvgw%3D%3D&type=open>

**57. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of NICCO SECURITIES PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 04<sup>th</sup> November, 2025 in the matter of NICCO Securities Private Limited for failing to mention its CIN on letterheads of the Director report for the FY 2016-17 as well as on the letterheads of the financial statements for FY 2015-16, FY 2016-17 and thus violating the provisions of Section 12(8) of the Companies Act, 2013. The Adjudicating Authority imposed a penalty of ₹1,000 each upon the company and on its two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Hhsn4r8LnCKCqwLHz3OrYA%3D%3D&type=open>

**58. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of PENTIUM HI-TECH PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 04<sup>th</sup> November, 2025 in the matter of Pentium Hi-Tech Private Limited for not maintaining the Registered Office of the company and thus violating the provisions of Section 12(8) of the Companies Act, 2013 for Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹50,000 each upon the company and two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=mxr80AEVK2d2KAKfzIAh6w%3D%3D&type=open>

**59. Adjudication order for violation of Section 196 of the Companies Act, 2013 in the matter of HEXAWARE TECHNOLOGIES LIMITED**

ROC Mumbai issued an adjudication order dated 06<sup>th</sup> November, 2025 in the matter of Hexaware Technologies Limited for violation of Section 196 of the Companies Act, 2013 for non-filing of E-form MR-2 within 90 days. The Adjudicating Authority imposed a penalty of ₹66,000 upon the company and ₹50,000 each on three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Xu2HljsaPepzm3DNkUvdSg%3D%3D&type=open>

**60. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of SWEETELEPHANT INFOTECH PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 07<sup>th</sup> November, 2025 in the matter of Sweetelephant Infotech Private Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return in E-Form MGT 7 within the prescribed period for the Financial Year 2020-21. The Adjudicating Authority imposed a penalty of ₹1,47,800 upon the company and ₹50,000 on its one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=0yKM4KZhAuMAC4hOQ3qXmA%3D%3D&type=open>

**61. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SWEETELEPHANT INFOTECH PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 07<sup>th</sup> November, 2025 in the matter of Sweetelephant Infotech Private Limited for violating Section 137 of the Companies Act, 2013 for default in filing Financial Statements in E-Form AOC 4 for the year ending 31.03.2021. The Adjudicating Authority imposed a penalty of ₹1,50,800 upon the company and ₹50,000 on its one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ols4qlw8SsgLaXR5l1LarA%3D%3D&type=open>

**62. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of GAURIK TRADING PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 10<sup>th</sup> November, 2025 in the matter of Gaurik Trading Private Limited for not maintaining the Registered Office of the company and thus violating the provisions of Section 12 of the Companies Act, 2013. The Adjudicating Authority imposed a penalty of ₹1,00,000 each upon the company on two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=YKUqQc1gquQ18cwPX170Kw%3D%3D&type=open>

**63. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of BLT FLEXITANK LOGISTICS PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 11<sup>th</sup> November, 2025 in the matter of BLT Flexitank Logistics Private Limited for not maintaining the Registered Office of the company and thus violating the

provisions of Section 12 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹50,000 each upon the company and on four directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=no84Q%2FetKNphYnLxNI3L8g%3D%3D&type=open>

**64. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of GUISOL SOLUTIONS PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 11<sup>th</sup> November, 2025 in the matter of Guisol Solutions Private Limited for not maintaining the Registered Office of the company and thus violating the provisions of Section 12(1) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹44,000 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=jA9b0fau6F4KqFZYGkUG4A%3D%3D&type=open>

**65. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of NARAYANI FINANCE LIMITED**

ROC Mumbai issued an adjudication order dated 11<sup>th</sup> November, 2025 in the matter of Narayani Finance Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return in form MGT-7 with the registrar within the prescribed period for the Financial Year 2020-2021. The Adjudicating Authority imposed a penalty of ₹1,48,200 upon the company and ₹50,000 on its one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=PAp8hsbtTXvI3WSr9Itqxg%3D%3D&type=open>

**66. Adjudication order for violation of Section 39 of the Companies Act, 2013 in the matter of WELLNESS FOREVER MEDICARE LIMITED**

ROC Mumbai issued an adjudication order dated 12<sup>th</sup> November, 2025 in the matter of Wellness Forever Medicare Limited for violating Section 39(4) of the Companies Act, 2013 for failing to file Form PAS-3 for return of allotment of shares within due time. The Adjudicating Authority imposed a penalty of ₹20,000 each upon the company and its four of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=FA8rXSiw9dUbj6qxPZFSQ%3D%3D&type=open>

**67. Adjudication order for violation of Section 15 of the Companies Act, 2013 in the matter of CAPCHEM ELECTRICALS LIMITED**

ROC Mumbai issued an adjudication order dated 20<sup>th</sup> November, 2025 in the matter of Capchem Electricals

Limited for violating Section 15 (1) of the Companies Act, 2013 for not mentioning a note of the alteration made in the memorandum or articles of a company in each copy while filing E-form MGT 14. The Adjudicating Authority imposed a penalty of ₹1,000 each upon the company and its three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=mwE9gIpGdfOD1AfjGwQ9hw%3D%3D&type=open>

**68. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of MARKOLINES PAVEMENT TECHNOLOGIES LIMITED**

ROC Mumbai issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of Markolines Pavement Technologies Limited for not maintaining the Registered Office of the company and thus violating the provisions of Section 12(3)(c) & 12(8) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹1,000 each upon the company and its one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=1batprh7lYZyHcX6kNtz4Q%3D%3D&type=open>

**69. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of SKEXXA TECHNOLOGY PRIVATE LIMITED**

ROC Mumbai issued an adjudication order dated 22<sup>nd</sup> November, 2025 in the matter of SKEXXA Technology Private Limited for violating Section 137 of the Companies Act, 2013 for default in filing financial statements with the registrar within the prescribed period for the Financial Year 2019-20. The Adjudicating Authority imposed a penalty of ₹1,55,800 upon the company and ₹50,000 each on its two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=tAR57rfI5tlyIcIqo5CQRA%3D%3D&type=open>

**70. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of SUNWODA ELECTRONIC INDIA PRIVATE LIMITED**

ROC Kanpur issued an adjudication order dated 10<sup>th</sup> November, 2025 in the matter of Sunwoda Electronic India Private Limited for violation of Secretarial Standard-1 r/w Section 118(10) of the Companies Act, 2013, for failing to maintain minutes books of Board Meetings in orderly manner with serial numbers. The

Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 on six of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=JTuEEQBi06lRjlX7kSFycg%3D%3D&type=open>

**71. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 27<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return in form MGT-7 with the registrar within the prescribed period for the year ending 31.03.2019. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=qgZS%2FpJnd2q9myfxWZ71Jg%3D%3D&type=open>

**72. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 27<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return with the registrar within the prescribed period for the year ending 31.03.2018. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=lFAfBxFG6osKyPX9QvDEGA%3D%3D&type=open>

**73. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 27<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return with the registrar within the prescribed period for the year ending 31.03.2017. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=tYVHhVyLkeEO%2Fxh3VH%2FSAg%3D%3D&type=open>

**74. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 27<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return with the registrar within the prescribed period for the year ending 31.03.2016. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=DKnI3lRqEbd9M5%2Fesm01cA%3D%3D&type=open>

**75. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 27<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return with the registrar within the prescribed period for the year ending 31.03.2014. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Pxp0XyoWeL80xhF82NJwg%3D%3D&type=open>

**76. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 137 of the Companies Act, 2013 for default in filing financial statements with the registrar within the prescribed period for the year ending 31.03.2021. The Adjudicating Authority imposed a penalty of ₹1,44,100 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=qK%2F0BMDXjpXkW2Bey%2FQATQ%3D%3D&type=open>

**77. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Evergreen

Infrazone India Limited for violating Section 137 of the Companies Act, 2013 for default in filing financial statements with the registrar within the prescribed period for the year ending 31.03.2020. The Adjudicating Authority imposed a penalty of ₹1,80,600 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=a%2FRs8MPegSnwdpuuwlji%2FQ%3D%3D&type=open>

**78. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 137 of the Companies Act, 2013 for default in filing financial statements with the registrar within the prescribed period for the year ending 31.03.2019. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=r%2F0jjgXcyPkp0NnRxEZ0mQ%3D%3D&type=open>

**79. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of EVERGREEN INFRAZONE INDIA LIMITED**

ROC Kanpur issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Evergreen Infrazone India Limited for violating Section 137 of the Companies Act, 2013 for default in filing financial statements with the registrar within the prescribed period for the Financial Year 2018-19. The Adjudicating Authority imposed a penalty of ₹2,00,000 upon the company and ₹50,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=r%2F0jjgXcyPkp0NnRxEZ0mQ%3D%3D&type=open>

**80. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of EVERGREEN CSC VIDHI FARMER PRODUCER COMPANY LIMITED**

ROC Kanpur issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Evergreen CSC Vidhi Farmer Producer Company Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return with the registrar within the prescribed period for the year ending 31.03.2022. The

Adjudicating Authority imposed a penalty of ₹49,700 upon the company and ₹25,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=m%2FHR49z4vL7DJ8s3zVAkEw%3D%3D&type=open>

**81. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of EVERGREEN CSC VIDHI FARMER PRODUCER COMPANY LIMITED**

ROC Kanpur issued an adjudication order dated 28<sup>th</sup> November, 2025 in the matter of Evergreen CSC Vidhi Farmer Producer Company Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Return with the registrar within the prescribed period for the year ending 31.03.2023. The Adjudicating Authority imposed a penalty of ₹31,450 upon the company and ₹25,000 each on its five of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=iUhg%2FsUvc6Pg1P6SnebyKg%3D%3D&type=open>

**Gist of RD Adjudication orders**

**1. Adjudication Order for violation of Section 454 of the Companies Act, 2013 in the matter of PRATAP RAISONS TEXTILES PRIVATE LIMITED**

In the matter of *Pratap Raisons Textiles Private Limited*, the RD (Ahmedabad) vide order dated 27<sup>th</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Jaipur to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=2wbQ4I162h%2FPWetRpICc5A%3D%3D&type=open>

**2. Adjudication Order for violation of Section 92 of the Companies Act, 2013 in the matter of CHANDRA SWAJAN NIDHI LIMITED**

In the matter of *Chandra Swajan Nidhi Limited*, the RD (Ahmedabad) vide order dated 27<sup>th</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Chhattisgarh to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=T2f4whfCQ9FtFYtIUULoZw%3D%3D&type=open>

**3. Adjudication Order for violation of Section 135 of the Companies Act, 2013 in the matter of GA-NESH GREEN BHARAT LIMITED**

In the matter of *Ganesh Green Bharat Limited*, the RD (Ahmedabad) vide order dated 27<sup>th</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Kanpur to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=11Ft6ZRArcf78CRLo0rlUg%3D%3D&type=open>

**4. Adjudication Order for violation of Section 135 of the Companies Act, 2013 in the matter of CARE DETERGENTS PRIVATE LIMITED**

In the matter of *Care Detergents Private Limited*, the RD (Noida) vide order dated 18<sup>th</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Kanpur to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=9GHHGi2Cn8o5wHZIICnIA%3D%3D&type=open>

**5. Adjudication Order for violation of Section 454 of the Companies Act, 2013 in the matter of KANORIA PLASCHEM LIMITED**

In the matter of *Kanoria Plaschem Limited*, the RD (Hyderabad) vide order dated 20<sup>th</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Bangalore to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=H6VKf1AUOZFFbRR2R9Tajw%3D%3D&type=open>

**6. Adjudication Order for violation of Section 159 of the Companies Act, 2013 in the matter of VELVET HOPES & FASHIONS PRIVATE LIMITED**

In the matter of *Velvet Hopes & Fashions Private Limited*, the RD (Kolkata) vide order dated 22<sup>nd</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Kolkata to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=VonTa53c8TwWZYnJzpiDMQ%3D%3D&type=open>

**7. Adjudication Order for violation of Section 159 of the Companies Act, 2013 in the matter of ARCHLINE COMMERCIAL PRIVATE LIMITED**

In the matter of *Archline Commercial Private Limited*, the RD (Kolkata) vide order dated 22<sup>nd</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Kolkata to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=hubM4UzoP67w3dTak2Qzg%3D%3D&type=open>

**8. Adjudication Order for violation of Section 12(8) of the Companies Act, 2013 in the matter of ZENITH DRILLING PRIVATE LIMITED**

In the matter of *Zenith Drilling Private Limited*, the RD (Kolkata) vide order dated 22<sup>nd</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Kolkata to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=iCyQ3jfYITX8kD5EutFTKA%3D%3D&type=open>

**9. Adjudication Order for violation of Section 450 of the Companies Act, 2013 in the matter of MAHEEP MARKETING PRIVATE LIMITED**

In the matter of *Maheep Marketing Private Limited*, the RD (Kolkata) vide order dated 22<sup>nd</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Kolkata to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=EDwXL5eMeakda%2Fh0p6PrpA%3D%3D&type=open>

**10. Adjudication Order for violation of Section 450 of the Companies Act, 2013 in the matter of GIRDHAR TRACOM PRIVATE LIMITED**

In the matter of *Girdhar Tracom Private Limited*, the RD (Kolkata) vide order dated 22<sup>nd</sup> November 2025, after considering the facts of the case *dismissed* the appeal against RoC order and directed ROC Kolkata to initiate action in accordance with the provisions of section 454(8) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=AD03SOVgtXicQ9fn4xhyag%3D%3D&type=open>

# 8

# 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](mailto:cs.journal@icsi.edu) latest by the 25<sup>th</sup> 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.

## Crossword

'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](mailto:cs.journal@icsi.edu) latest by 25<sup>th</sup> 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.

## National/International Reports: Analysis

A new Section on 'National/International Reports: Analysis' from the March 2025 covering reports on the recent policy initiatives and insights at National and International level is introduced. The purpose is to communicate information amongst professionals on various reports released by National/International organisations, having an impact on the profession.

## Book Review

A new Section on 'Book Review' is inserted from June 2025 issue onwards of Chartered Secretary Journal for creating awareness on books of latest titles related to profession. This section will cover a brief summary on the contents and central theme of the book.



**Outline of the case study:** The MSME seeks to refer the dispute that it has with the buyer regarding payment of its dues to the Facilitation Council for arbitration under Section 18 of the Act, which provides that "any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council". The appellant opposes this prayer by contending that 'any party' can only be a 'supplier' and that supplier should have been registered under Section 8 of the Act even before execution of the contract, if not, the reference is impermissible. The buyer is in appeal before the Apex Court raising the same question w.r.t. jurisdiction of the Facilitation Council.

IN THE SUPREME COURT OF INDIA (CIVIL APPELLATE JURISDICTION)

CIVIL APPEAL NO. of 2024

ABC (INDIA) LTD. ...APPELLANT

VERSUS

SID PRIVATE LIMITED. ...RESPONDENT

#### Facts of the Case

1. The appellant ABC (INDIA) LTD, granted four work orders between July 2015 to August 2016 to M/s SID Private Limited (hereinafter referred as Enterprise), respondent for undertaking construction work at different places in West Bengal. Pursuant to the work orders, contracts were executed on 27.08.2015, 17.11.2015, 28.07.2016 and 20.08.2016. The Enterprise filed a memorandum under Section 8 of the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred as "the Act") on 19.11.2016 as a 'small enterprise'. Thereafter, on 15.09.2017, the appellant also executed a fifth contract in favour of the Enterprise.
2. Work is said to have commenced on various dates, supplies continued, and bills were raised from time

to time by the Enterprise, even after filing of the memorandum under Section 8 of the Act.

3. During the subsistence of the contract, disputes arose between the parties in connection with all five contracts.
4. Seeking resolution of disputes, on 28.03.2019, the Enterprise made a reference under Section 18 of the Act for recovery of the amounts due to it to the West Bengal State Micro and Small Enterprises Facilitation Council. The Facilitation Council initiated action, and with the failure of the conciliation proceedings under section 18(2) of the Act, the dispute was referred to arbitration under Section 18(3) on 19.01.2021. A further notice of the arbitral proceedings was also issued, and it was received by the appellant on 30.09.2021.
5. The appellant objected to the Facilitation Council entertaining the reference, on the ground that the Enterprise was not registered under the Act before the execution of the contracts and, as such, the Facilitation Council does not have jurisdiction under Section 18.

*Carrying these objections further, the appellant filed a Writ Petition under Article 226 of the Constitution of India before the High Court of Calcutta, raising the jurisdictional question of the Facilitation Council entertaining the reference. The High Court did not answer this question. Instead, it permitted the parties to raise such objections before the Arbitral Tribunal. The buyer is in appeal before the Apex Court raising the same question.*

The question of law for consideration before the Apex Court are:

- Q. Whether an MSME cannot make a reference to the Facilitation Council for dispute resolution under Section 18 of the Act if it is not registered under Section 8 of the Act before the execution of the contract with the buyer?

*Now decide the said legal issues in view of above facts and submissions.*

*Disclaimer: The case study has been framed from the facts and figures available in the public domain with some modifications/assumptions so as to enable members to apply their professional skills to answer the same and hide the identity of the case. Author is not to be held liable for any resemblance of the facts and figures with any case.*

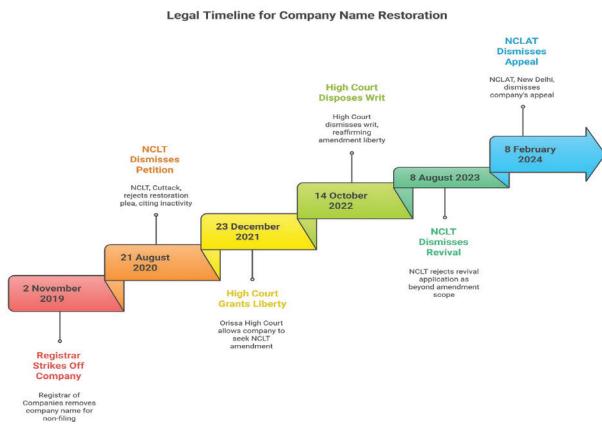
Winner of Case Study – November 2025

CS Suman Goyal - ACS 60194

# BEST ANSWER - CASE STUDY - NOVEMBER, 2025

Decide the above issue considering the grounds on which a company's name can be struck off from the Register of Companies i.e. whether failure to file annual returns justifies striking off under Section 248 of the Companies Act, 2013.

## Litigation Journey before Appeal to the Supreme Court



1) This Case Study is based on the applicability of certain provision of Section 248(1) of the Companies Act, 2013 ("Act"). Extracts of the Section 248(1) are as follows:

**248. Power of Registrar to remove name of company from register of companies:—**

- Where the Registrar has reasonable cause to believe that—
  - a company has failed to commence its business within one year of its incorporation; or
  - \*\*\*\*\* [Omitted]
  - a company is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company under section 455; or
  - the subscribers to the memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation of a company and a declaration to this effect has not been filed within one hundred and eighty days of its incorporation under sub-section (1) of section 10A; or
  - the company is not carrying on any business or operations, as revealed after the physical verification carried out under sub-section (9) of section 12.

*he shall send a notice to the company and all the directors of the company, of his intention to remove the name of the company from the register of companies and requesting them to send their representations along with copies of the relevant documents, if any, within a period of thirty days from the date of the notice.*

2) It means section 248(1) empowers the Registrar of Companies to remove a company's name from the Register if it has reasonable cause to believe that—

- the company has failed to commence its business within one year of incorporation; or
- the company is not carrying on any business or operation for a period of two immediately preceding financial years and has not applied for the status of a dormant company under Section 455; or
- the subscribers to the MOA have not paid their subscription money and a declaration to this effect has not been filed within 180 days of incorporation as required under Section 10A(1) of the Act; or
- the company is not carrying on business or operations as revealed during physical verification under Section 12(9) of the Act.

3) Non-filing of annual returns and financial statements may indicate a lapse in statutory compliance, but such default by itself does not conclusively establish that the company is not carrying on any business. The legislative intent is that striking off should be invoked only where there is clear evidence of dormancy or abandonment of business operations and not as a punitive response to non-compliance.

4) The Supreme Court, in *M/s. AKL Enterprise Pvt. Ltd. v. Registrar of Companies, Odisha* (Civil Appeal No. 6109 of 2024), held that mere non-filing of annual returns for certain years cannot be a sufficient ground for striking off a company's name. The Supreme Court observed that:

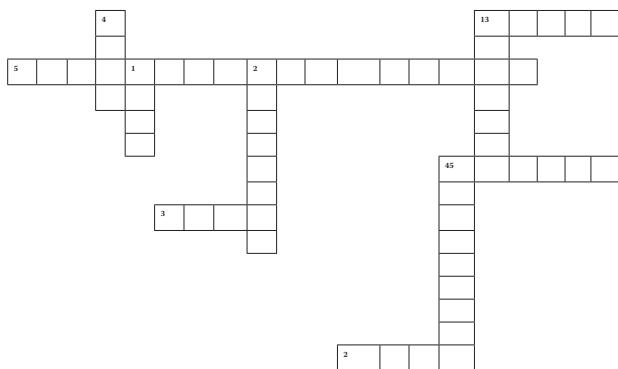
- There was no material evidence proving that the company had ceased to carry on business;
- The Registrar had not alleged that the company was a shell entity or engaged in unlawful activities; and
- Striking off should not be used as a punitive measure when the company is genuine and willing to regularize its defaults.

Consequently, the Supreme Court directed restoration of the company's name, subject to compliance with legal formalities and payment of compounding fees.

5) Applying the above principles, it is evident that the failure to file financial statements and annual returns with the Registrar, though a statutory default, does not by itself meet the requirement under Section 248(1) (c) to justify striking off. Unless the Registrar can establish that the company had indeed discontinued its operations or was non-functional for two continuous years, the extreme step of striking off would be unjustified. The appropriate course in such cases is to initiate adjudication proceedings for non-filing, rather than extinguishing the company's corporate existence.

6) Therefore, in view of the legal framework provided under the Companies Act, 2013 and the Supreme Court Order cited in point no. 4 above, it can be concluded that the mere failure to file financial statements and annual returns with the Registrar does not, by itself, justify the striking off of a company under Section 248 of the Companies Act, 2013. Such an action must be supported by concrete evidence indicating that the company is not carrying on any business or operations. Accordingly, restoration of the company's name would be justified, subject to the fulfilment of compliance requirements and the payment of prescribed penalties or compounding fees.

# CROSSWORD PUZZLE – COMPANY LAW - DECEMBER 2025



## ACROSS

- Under the Companies Act, 2013, a trust deed in Form No. SH.12 or as near thereto as possible shall be executed by the company issuing debentures in favour of the debenture trustees within \_\_\_\_\_ months of closure of the issue or offer.
- Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, The top 100 listed entities by market capitalization, determined as on March 31<sup>st</sup> of every financial year, shall hold their annual general meetings within a period of \_\_\_\_\_ months from the date of closing of the financial year.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 – The resolution professional shall, within \_\_\_\_\_ days of the date of issue of the final list under sub-regulation (12) of regulation 36A, issue the information memorandum, evaluation matrix and a request for resolution plans to every resolution applicant in the final list.
- Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, The listed entity shall ensure the time gap of at least \_\_\_\_\_ days between two record dates.
- Under Companies Act, 2013, the issue of debentures with an option to convert such debentures into shares, wholly or partly, shall be approved by a \_\_\_\_\_ passed at a general meeting.

## DOWNTOWARDS

- Under Companies Act, 2013, The One Person company shall file an application in e-Form No. \_\_\_\_\_ for its conversion into Private or Public Company, other than under section 8 of the Act.
- Under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2018, An issuer shall not issue convertible debt instruments for financing or for providing loans to or for acquiring shares of any person who is part of the promoter group or group companies: Provided that an issuer shall be eligible to issue fully convertible debt instruments for these purposes if the period of conversion of such debt instruments is less than \_\_\_\_\_ months from the date of issue of such debt instruments.

- Under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, 'small shareholder' means a shareholder of a company, who holds shares or other specified securities whose market value, on the basis of closing price of shares or other specified securities, on the recognised stock exchange in which highest trading volume in respect of such securities, as on record date is not more than \_\_\_\_\_ rupee.
- A dormant company shall file a "Return of Dormant Company" annually, *inter-alia*, indicating financial position duly audited by a chartered accountant in practice in Form \_\_\_\_\_ within a period of thirty days from the end of each financial year.
- Under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, The issuer shall send a notice regarding recall or redemption of non-convertible securities, prior to maturity, to all the eligible holders of such securities and the debenture trustee(s), at least \_\_\_\_\_ days before the date from which such right is exercisable.

## Winners - Crossword November 2025

**1<sup>ST</sup>** CS Somi Khemsara - ACS 71129

**2<sup>ND</sup>** CS Archie Hitesh Shah - ACS 61555

**3<sup>RD</sup>** CS Shreya Aruna Kamath - ACS 63008

## Crossword Puzzle – November 2025 Answers

### ACROSS

- FORTY-FIVE
- TEN
- EIGHT
- FIFTEEN
- SIX

### DOWNTOWARDS

- TWO
- TWENTY-ONE
- FIVE
- THIRTY
- SEVEN

## NATIONAL/INTERNATIONAL REPORTS: ANALYSIS

### World Trade Report 2025: Making Trade and AI work together to the benefit of all

**Organisation:** World Trade Organisation

**Year:** September 2025

**Source:** [https://www.wto.org/english/res\\_e/publications\\_e/wtr25\\_e.htm](https://www.wto.org/english/res_e/publications_e/wtr25_e.htm)

(Please refer the link for complete report)

#### INTRODUCTION

The World Trade Report 2025 explores ways in which AI could promote inclusive trade and growth, and how trade could contribute to the development and deployment of AI, even against a backdrop of increasing geopolitical tension and rising protectionist measures.

While AI could open new paths for exports in digitally delivered services or allow firms to leapfrog traditional infrastructure bottlenecks, it could also displace labour-intensive production or reduce incentives to offshore certain tasks. These trends raise critical questions: will AI reduce or reinforce the advantages of scale and agglomeration? Will it create new entry points for developing economies or fortify the dominance of current market leaders? How can policies ensure that gains from AI-driven trade are more widely distributed? These questions are crucial yet remain underexplored in current research and policy debates.

#### Structure of the Report

Chapter A refers to, AI systems that process data to perform tasks, often with various degrees of autonomy and adaptability. Although there is no universally accepted definition of AI, a common understanding is that AI systems generate outputs – such as recommendations, content or decisions – based on data inputs, with varying levels of human involvement. These systems are designed to learn, adapt and evolve over time, making them distinct from traditional programmed software (OECD, 2024).

Throughout this report, a clear distinction has been drawn between AI development and AI adoption. In this context, the report distinguishes between the terms “AI-enabling” and “AI-enabled”.

Inclusive growth refers to strong and sustainable economic growth that benefits a broad range of economies and that is widely shared within economies. It encompasses two key dimensions: reducing disparities between economies and ensuring that the gains from growth are shared broadly within societies. Inclusive growth therefore involves expanding market opportunities and enabling greater participation in global trade, particularly for lower-income economies and smaller firms. At the same time, it requires addressing adjustment challenges and protecting workers who may be displaced or disadvantaged by structural change.

Chapter B explores the economic characteristics of AI and the conditions under which it might generate trade-led growth opportunities that could be more widely shared. It presents simulation results illustrating the potential impact of AI on trade and global growth and highlights the role of trade in improving access to AI technologies and services.

Chapter C provides an overview of the evolving policy landscape, focusing on both trade policies and complementary trade-related policies that influence the inclusiveness of AI adoption.

Chapter D turns to international cooperation, examining opportunities for collective action and the role of the multilateral trading system in fostering a more open and trustworthy AI-enabled global economy.

#### OBJECTIVES OF THE STUDY

1. To contribute to a better understanding of the mechanisms by which the benefits of trade and AI can be broadly disseminated both across and within economies.
2. To examine the types of domestic, regional, and multilateral policies needed to foster inclusive development, enable the diffusion of AI, and support trade-led inclusive growth, while addressing the challenges that AI presents.

#### METHODOLOGY

This report is a conceptual analysis of the secondary data collected from the WTO reports, OECD reports and other online sources. It captures a detailed economic analysis of the transformative potential of AI, focusing on its impact on trade and inclusive growth. Further the report adopts a scenario-based approach, using simulations to illustrate potential outcomes under different assumptions about AI adoption and global diffusion.

#### CONCEPTUAL ANALYSIS

##### AI, Trade and Inclusive Growth

AI can influence trade by reducing trade costs and increasing productivity. While placing a stronger emphasis on the inclusive growth potential of AI the report draws

on new evidence from a growing body of literature on the economic impact of AI, offers fresh insights through a business survey on firms' use of AI in trade, an analysis of trade in AI-enabling goods, and an examination of the diffusion of AI innovation.

Trade costs include transportation costs, tariffs and non-tariff barriers, costs incurred due to time spent, and information and compliance costs. Global trade costs declined by 15 per cent between 2000 and 2018, although trade costs for services are higher than those for agricultural or manufactured goods (Egger et al., 2021). In recent years, trade costs have been increasing due to factors like tariffs and supply chain disruptions (WTO, 2025). By automating tasks like contract drafting, review, negotiation and monitoring, AI-powered legal tools can lower costs, shorten enforcement timelines and minimize errors.

AI can support the real-time validation of electronic certificates. For instance, machine learning models can be trained to identify inconsistencies in sanitary and phytosanitary (SPS) certificates based on origin, type of product or past non-compliance history. This facilitates the automatic verification of documentation and improves the efficiency and integrity of border processes (Turchetto, 2025).

Differences in regulations and unclear processes for recognizing qualifications and standards continue to present significant obstacles to trade in services, particularly for professional and other regulated services. A study of eBay's Machine Translation (eMT) programme found that eMT increased US exports to Spanish-speaking Latin American countries by 17.5 per cent in terms of quantity and 13.1 per cent in terms of revenue. The trade effect was equivalent to reducing the distance between economies by 37.3 per cent (Brynjolfsson, Hui and Liu, 2019). AI tools used in predictive maintenance and just-in-time delivery systems can substantially lower the costs associated with participation in GVCs and help cut carbon emissions through more efficient vehicle deployment and charge schedules (Falck, 2025).

The recent survey, developed and circulated by the International Chamber of Commerce (ICC) and the WTO in March 2025, gathered responses from 158 businesses across major regions, capturing their perspectives on the current and potential impact of AI on trade. Over 70 percent of firms anticipate that using AI can lead to trade cost savings, with MSMEs generally more optimistic than larger firms.

Firms surveyed by the WTO and ICC reported a range of positive effects from adopting AI in their trade activities. Nearly 90 per cent of firms using AI reported benefits in trade-related activities. The most commonly cited benefit is improved trade efficiency (22 per cent of responses), followed by optimized trade decision-making (14 per cent). Other reported benefits include expanding the foreign customer base (10 per cent), enhanced supply chain management (9 per cent), and broader import and export product ranges (9 per cent and 8 per cent, respectively).

Larger firms primarily use AI for compliance with trade regulations, contract analysis and trade finance. Smaller firms, in contrast, tend to focus on market intelligence and improving communication. The survey revealed over 60 per cent of firms with more than 250 employees report using AI or AI-based systems, compared to just 41 per cent of smaller firms. Firms make use of a variety of AI tools, including proprietary systems developed in-house, subscription-based solutions and freely available applications. AI adoption is also more common in high-income economies, where two-thirds of firms use AI, versus less than one-third in low-income economies. Sectoral differences are pronounced as well; fewer than one-quarter of manufacturing firms use AI, compared to 52 per cent in finance and insurance and 61 per cent in other service sectors. These patterns suggest that firms with greater resources – whether due to size or location – are more likely to adopt AI, highlighting the untapped potential for broader diffusion.

The survey shows how AI may help firms to navigate complex trade rules and benefit from trade agreements. Three-quarters of firms that currently use AI responded that they were using AI for customs-related applications. The findings suggest that AI could help to increase the participation of firms from low-income and lower middle-income economies in global trade.

Four scenarios are explored to capture different degrees of policy and technological catch-up between economies, based on projections of operational trade cost reductions, shifts in tasks from labour to AI across a variety of sectors, economies and skill types based on task data, productivity increases associated with the shift in tasks, and increased production of AI services.

- a. Scenario 1: Technology divergence within and between economies.
- b. Scenario 2: Policy catch-up between economies and technology synergies within economies.
- c. Scenario 3: Technological and policy catch-up between economies.
- d. Scenario 4: AI technological catch-up between economies.

Many of the trends described in this report are evaluated quantitatively using **scenario analysis** with the **WTO Global Trade Model** that is extended with a new sector: "AI services".

### Domestic Trade Policies: Reshaping the Trade and AI Relationship

There is a large body of theoretical and empirical literature that shows how trade policy can affect incentives for innovation and learning. The policies that reduce the extent of international trade strengthen the undersupply of innovation. Consequently the economy grows too slow for both reasons. In fact, some trade promoting policies reduce the harmful effects of the innovation externality, they accelerate growth and raise national welfare. Grossman and Helpman, (1991).

The distinguishing feature of the technology as an input is that it is neither a conventional good nor a public good; it is a non-rival, partially excludable good (Romer, 1990).

Empirical work shows that open trade policies can magnify the positive impact of foreign research and development (R&D) on domestic productivity (Coe and Helpman, 1995; Keller, 2004; Nishioka and Ripoll, 2012). Moreover, trade policies that give access to cheaper, higher-quality or more varied inputs boost profitability and incentives to invest in R&D (Bøler, Moxnes and Ulltveit-Moe, 2015). They also enhance firm-level productivity and promote technology diffusion (Amiti and Konings, 2007; Bloom, Draca and Van Reenen, 2016; Harding and Javorcik, 2012). Importantly, the link between trade policy and innovation is not limited to advanced economies. In developing economies, trade openness and participation in global value chains can support technological catch-up and capability-building (UNCTAD, 2021; Pietrobelli and Rabellotti, 2011; Rodrik, 2004).

A growing body of firm-level evidence shows that trade opening can foster innovation by improving access to foreign inputs. For example, tariff reforms in India in the early 1990s enabled domestic firms to access a larger variety of inputs, accounting for 31 per cent of new product introductions (Goldberg et al., 2010). Trade-opening in services sectors can have similar effects, improving the productivity of downstream manufacturing firms by raising service quality and reducing input costs (Arnold et al., 2015; Arnold, Javorcik and Mattoo, 2011).

Moreover, evidence relating to critical minerals and rare earths suggests that export restrictions can trigger unintended effects by stimulating innovation abroad. For example, China's rare earth export restrictions in the early 2010s led to a global surge in innovation and exports in rare-earth-intensive downstream sectors outside of China, driving down demand for Chinese rare earths permanently (Alfaro et al., 2025).

Emerging evidence suggests that overly restrictive controls can produce the opposite effect. Rather than curbing technological advancement, they may incentivize greater self-reliance in targeted economies by accelerating domestic R&D and investment abroad (Clayton et al., 2025). The broader literature on sanctions finds that unilateral measures often underperform, especially in more recent years, as complex supply chains increasingly complicate enforcement (Felbermayr et al., 2020). Coordinated sanctions by a coalition may reduce the average welfare loss for each coalition member and amplify the impact of sanctions. Yet sustaining such coalitions remains politically and economically costly, as the burden is often unevenly distributed among its members (Chowdhry et al., 2024).

Overall, the effectiveness of trade policy in fostering innovation and sectoral development depends on its alignment with domestic capabilities and institutional contexts. There is no one-size-fits-all model, as successful trade policies for innovation and technology diffusion tend to be adaptive, targeted and embedded within broader national development strategies (Lee, 2013). For example,

coordinated trade and industrial policies can enable firms to gradually integrate into global value chains while building local technological capabilities (Rodrik, 2004; Hausmann, Hwang and Rodrik, 2007). This is particularly relevant in the context of AI, as economies must simultaneously integrate into global digital markets and develop domestic capacities to ensure inclusive benefits from technological progress.

Tariffs are the most prevalent tool for policymakers, and applied duties on AI-enabling goods are generally low. Trade remedies can have restrictive effects on AI-enabling goods in economies with low tariffs. The Digital Trade Integration Index (DTI), an indicator assessing the restrictiveness to digital trade of different policies, compiled by the Digital Trade Integration Project (see Ferracane, Ugarte and Rogaler, 2025), suggests that such measures are mainly used by economies with low tariffs. In fact, trade remedies are strongly negatively correlated with tariffs, according to the DTI. As a result, they partly offset the market access provided by low tariffs. These measures are almost exclusively used by the high-income group, so the overall level of protection is higher than what might be concluded from tariffs alone.

A growing set of quantitative restrictions, such as import and export quotas, licensing requirements, and even bans, are increasingly shaping trade in AI-related products. QRs applied to AI-enabling goods have climbed sharply over time, reaching nearly 500 in 2024. In relative terms, the share in total QRs applied to AI-enabling goods has also shown an increase since 2015, reaching almost 18 per cent in 2024. However, gaps in the notification of these measures to the WTO remain significant, with only about half of WTO members complying with the obligation to notify their QRs, meaning the true number of restrictions could be considerably higher.

QRs are typically, but not exclusively, applied to dual-use goods, reflecting the fact that these goods may potentially have both a civil and a military use. If the share of QRs that is export-related is examined, the proportion of AI-related QRs is consistently higher than other types of QRs.

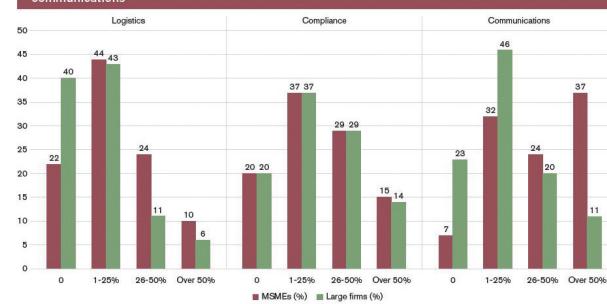
Under the WTO Agreement on Technical Barriers to Trade (TBT), members are encouraged to ensure that technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to international trade. Although such measures may be justified on legitimate grounds, they must be non-discriminatory, transparent and based on international standards where available. According to the WTO's ePing database, the number of TBT notifications for AI-enabling goods has slightly increased since 2012. However, overall numbers remain small in terms of TBT measures for these goods when compared to other goods. This suggests that, while awareness and regulation of AI are on the rise, AI-specific TBT measures still represent a niche area within the broader framework of technical regulation and trade policy.

Trade in services is key both to leverage the benefits of AI and to accelerate its global development and diffusion, but restrictive regulations limit this potential. Trade in services growth has been outpacing the growth of trade in goods for at least two decades. AI is expected to accelerate this divergence, as it is likely to increase the productivity and tradability of services (see Figure B.1). However, the potential for AI-driven

services trade is not without friction. Despite technological readiness, many of the sectors most exposed to AI face persistent regulatory and policy barriers.

Combining the World Bank-WTO Services Trade Restrictions Index with the classification of AI-intensive sectors by Calvino et al. (2024) reveals high barriers across key AI service sectors. In the context of General Agreement on Trade in Services (GATS) mode 1 of supplying services (i.e., the cross-border supply of services), sectors such as accounting, auditing, television services, insurance, telecommunications and commercial banking exhibit some of the highest levels of restrictions. In the case of services trade through GATS mode 3 (i.e., when a foreign company establishes a presence in another economy to provide services), the most restricted sectors are accounting, auditing, legal services and television services. Potential reasons for higher trade restrictions on certain services can be regulatory oversight, consumer protection or national security.

Figure B.1: Firms expect AI to reduce trade costs related to logistics, compliance and communications



Source: WTO Secretariat calculations based on WTO-ICC business survey (2025).

The level of services restrictions in different economies differs according to income and across modes of supply. Fragmented regulation of cross-border data flows is a risk to inclusive AI development. At the same time, concerns around privacy and security have led to increased scrutiny of how data are collected, transferred and used. Disputes on the unauthorized use of copyrighted data to train AI models are frequent. Hence, regulatory choices on data use play a central role in shaping not only how economies benefit from AI, but also in balancing this benefit with the need for trust and accountability in digital systems.

Even well-intended and well-crafted data regulation can hinder AI diffusion if rules are fragmented rather than coordinated across jurisdictions. A multiplicity of diverging data regimes leads to an increasingly complex and fragmented regulatory landscape for cross-border data flows (OECD, 2023a). This can make it difficult to import or export data, which is especially problematic for firms in low-income and lower middle-income economies (Chander and Le, 2015; Casalini and López-González, 2019). Without access to global data, these firms are often excluded from collaborative R&D, cloud-based AI tools or real-time analytics that drive innovation (Schweitzer, Saccomanno and Saika, 2024; Cui, 2025). Moreover, complex or fragmented data governance frameworks can impose high compliance costs. For small firms with limited legal and technical resources, this can act as a disincentive to adopt AI technologies (Aaronson, 2024; van der Marel and Ferracane, 2021). Data localization can be particularly counterproductive in economies where insufficient data infrastructure undermines the intended benefits of domestic control of data,

and this may, in turn, slow AI deployment. A recent study finds that AI-powered apps reach substantially more foreign users than apps without AI, but that the effects are halved in economies with strict limitations on cross-border data flows (Sun and Trefler, 2023). Simulations by the Organisation for Economic Co-operation and Development (OECD) and the WTO suggest that, in a scenario in which all economies fully restricted cross-border data flows, global gross domestic product (GDP) losses would reach 4.5 per cent, and reductions in exports would amount to 8.5 per cent (OECD and WTO, 2025).

An absence of data regulation would be equally costly because it would undermine trust in economic transactions requiring data-sharing. Fragmented approaches to data regulation are costly, but so is a lack of regulations. Consumers and businesses need to trust their counterparts in economic transactions if they are to send their data and grant authorization to use those data for AI applications. To enable the scale that is needed to fully exploit the benefits of AI for trade, and vice versa, such trust must extend beyond national borders. Concerns about unauthorized data use tend to be particularly prevalent where foreign jurisdictions are concerned. Hence, policymakers are tasked to develop data regulation that provides for the movement of data across jurisdictions, but also guarantees that those data are protected and safeguarded. In fact, the simulations by the OECD and WTO also suggest that, in a scenario where all economies removed their data flow regulations, global GDP would fall by nearly 1 per cent and global exports by just over 2 per cent. In these scenarios, the negative impact on trust would outweigh reductions in compliance costs (OECD and WTO, 2025).

Overall, it appears that the evolving regulatory landscape of cross-border data flows is necessary to instil trust, but that, in its current form, it is dominated by unilateral measures that prevent equal access to data. The evidence reviewed shows that there is a growing number of restrictive measures for cross-border data flows in place. This is particularly costly for low-income economies and micro, small and medium-sized enterprises (MSMEs) that typically lack access to large high-quality datasets. Given the importance of such datasets for AI, this implies a significant inequality in opportunities to benefit from AI due to trade measures. However, since such measures might serve legitimate objectives, the challenge is to design them in a way that minimizes barriers to inclusiveness. As Chapter D will discuss, this can be best achieved through international cooperation.

### Trade and International Co-operation

The General Agreement on Tariffs and Trade (GATT) promotes non-discriminatory trade in AI-related goods, including the raw materials used to produce them. The GATT's non-discrimination principles – most-favoured-nation (MFN) and national treatment – help to make access to AI-related goods more inclusive by promoting equal treatment of imports from all WTO members. The GATT further commits WTO members to reduce their tariffs on AI-related goods, including by binding them at agreed maximum levels. Predictable tariffs reduce uncertainty and lower risks and costs for firms of all sizes, including micro, small and medium-sized enterprises (MSMEs), making it easier for them to trade and invest in AI. This helps to broaden access to AI-related goods in all economies, including developing economies.

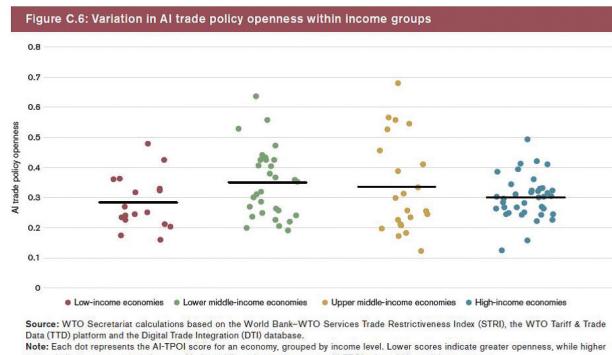
The WTO's Information Technology Agreement (ITA) further supports AI by making ICT that is key for the development and application of AI more affordable. This plurilateral agreement builds on the GATT by binding and eliminating customs duties on a wide range of IT goods, including many that are essential for AI, such as semiconductors and computer equipment (WTO, 2018). As of 2025, 82 WTO members, representing about 97 per cent of world trade in IT goods, are parties to the ITA.

The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) can support AI development and deployment by encouraging innovation. IP rights provide the legal certainty and exclusive, time-limited control over the innovation that can incentivize investment in AI research and development (R&D). This, in turn, encourages innovators to take risks that advance AI-related technologies (WTO, 2020). Domestic IP systems based on TRIPS standards provide the basis for AI innovators to also license their inventions, often subject to a fee, which can attract investment and accelerate the commercialization of new AI-related products. Other AI developers may adopt open source licences that let others freely use, modify and share AI innovations, potentially fostering broader collaboration. The WTO's plurilateral Government Procurement Agreement 2012 (GPA 2012) can help promote open, transparent and competitive innovation procurement in AI technology. The TRIPS Agreement requires developed members to provide incentives to their enterprises and institutions to promote and encourage technology transfer, which may include AI-related technologies, to least-developed countries (LDCs) (Fernández, 2025).

The WTO's Agreement on Subsidies and Countervailing Measures (SCM) can help to support more inclusive AI development by limiting the risks of subsidy competition. The WTO's Agreement on Safeguards allows the temporary restriction of imports of AI-related goods to shield domestic industries from damaging import spikes.

The TBT Agreement further requires members to use relevant international standards when developing domestic regulations on AI-related goods, on the premise that this avoids duplicative testing of AI models and devices, lowers compliance costs and shortens regulatory cycles.

## MAJOR FINDINGS



- Patterns of openness across economies suggest that overall policy openness to AI-related trade is not solely determined by income levels. On average, lower middle-income and upper middle-income economies exhibit

the highest restrictiveness, while high-income and low-income economies tend to be more open (see Figure C.6).

- Upper middle-income economies, in particular, show considerable dispersion, pointing to divergent regulatory approaches. For instance, Costa Rica, Jamaica, Namibia and Peru belong to the most open economies. Moreover, low-income economies generally record lower AI-TPOI scores, but this lower number of formal barriers also reflects the fact that low-income economies often have limited governance capacity and underdeveloped digital infrastructure.
- Clearer patterns across income groups emerge when disaggregating the AI-TPOI into its three components.
- High-income economies exhibit higher restrictiveness in goods-related trade measures, despite generally applying lower average tariffs. This may reflect the use of non-tariff barriers and recent export control measures targeting advanced technology products, particularly along semiconductor value chains. In contrast, lower middle-income economies and upper middle-income economies tend to exhibit greater restrictiveness in services trade and cross-border data flows, driven by localization requirements, data sovereignty concerns and efforts to promote domestic digital industries.
- Substantial variation within each income group also highlights the diverse strategic priorities and institutional approaches shaping AI-related trade policies across economies.

## CONCLUSION

Several challenges that shape the inclusiveness of AI lie partly outside the WTO's mandate, highlighting the need for greater policy coherence and collaboration. Addressing these challenges requires a "trade and" approach. In that context, enhanced cooperation between the WTO and other international organizations and initiatives could help to ensure that the growing role of AI, and the trade it enables, benefits more people. Closing the digital divide, managing AI-related labour market adjustments, aligning trade with environmental goals and addressing market concentration are some of the key areas in which international cooperation can help to ensure that AI-related trade contributes to more inclusive and sustainable outcomes. While some initiatives already exist, enhanced international cooperation is still needed to help close digital divides by supporting sustained investment in digital infrastructure, AI skills development and regulatory capacity. Greater collaboration among international organizations working on AI, labour and trade could promote complementary policies that preserve the benefits of open trade, while managing AI-led labour market adjustments. More international cooperation could also promote more environmentally sustainable AI value chains by addressing the risk of trade tensions arising from uncoordinated trade-and-environment-related policies relevant to AI and enabling benefits for economies stemming from production specializations related to green comparative advantages. Finally, improved coordination between trade and competition policies could help to address market concentration in AI-related sectors and support more inclusive participation in AI-driven growth.

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# Mergers Acquisitions & Corporate Restructuring: Strategies & Practices

<b>Author</b>	Rabi Narayan Kar & Minakshi
<b>Publisher Name:</b>	Taxmann Publications (Pvt.) Ltd.
<b>Edition:</b>	2026 (4 <sup>th</sup> Edition)
<b>Price:</b>	INR 795
<b>Pages:</b>	570



## INTRODUCTION

The globalisation, deregulation and rapid technological advancements have created a need for corporates to realign their strategies to include approaches towards corporate restructuring and mergers. In view of the competitive pressures faced by corporates, this topic has gained popularity as a distinct field of study that necessitates genuine and high-quality research. This fourth edition of the book has been updated and revised based on inputs from various stakeholders. Several chapters, particularly chapter 11 on the Insolvency and Bankruptcy Code, 2016 have been entirely rewritten to reflect advancements in literature, market trends, and regulatory changes. The uniqueness of the book is in incorporating aspects of the Indian Knowledge System (IKS) to align with the National Education Policy 2020.

## DETAILED REVIEW

Chapter 1 on the Overview covers the forms of Corporate Restructuring, and its importance in the expansion and growth of the corporates with focus on the journey of evolution of M&As in India. The theories of M&A and applications of Portfolio Analysis using BCG Matrix, GE Nine Cell Planning Grid, Product/Market Evolution Matrix, Directional Policy Matrix, Strategic Position and Action Evaluation are explained in Chapter 2. The Indian experiences from the Pre and Post Independence era featuring the growth trajectory of corporates along with recent trends and developments are covered in Chapter 3. The secondary research findings on the international experiences of M&A deals in developed economies of USA, Europe and Japan in relation with corporate performance and integration aspects are explained in Chapter 4.

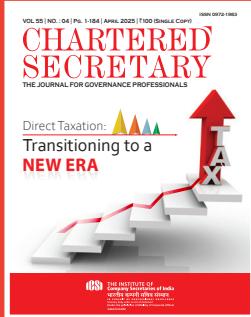
The legal dimensions for executing M&A deals in India, substantiated with case laws, are covered in Chapter 5. Chapter 6 provides insights on Takeover Strategies and Practices, its process, legal & financial implications with specific reference to takeover of listed companies while Chapter 7 focuses on defense strategies against takeover. These are the warning signs that companies should identify and respond to. The alternatives to Corporate Restructuring such as Demerger, Reverse Merger, Merger of Foreign Company with Indian company, and Buy-back of Shares are highlighted in chapter 8 while Chapter 9 describes meaning and type of strategic alliances, its structure and problems of execution faced in the Indian context. Chapter 10 enumerates the strategy of Leveraged Buy-Out. Chapter 11 covers regulatory framework and procedural aspects of restructuring of sick companies underlining the role of Insolvency and Bankruptcy Code, 2016. Valuation, Evaluation, Financing options, and Accounting aspects of M&A deals are covered under Chapters 12 to 15. Chapter 16 exclusively deals with tax implications of M&As. The post-merger process of integration is elaborated in Chapter 17 outlining the human aspects of merger failures. Chapter 18 discusses the dimensions of economic, cultural, political, & corporate environment, and traditions & customs in Cross-Border M&A deals. The trends and patterns of global deals in FY 2021-22 is depicted through graphs and pie charts. Chapter 19 serves as a practical guide for readers to understand the process of deal making covering the stages of negotiations, due diligence, consequences of non-compliance and closure of deal. Chapter 20 outlines the Corporate Governance issues in M&As highlighting current trends, and guidelines for best practices in Corporate Governance during M&As.

Chapter 21 on Indian Knowledge System (IKS): Perspectives of Corporate Governance & M&As signifies, imbibing learnings from Dharmashastra, Mahabharata, Bhagavad Gita and Arthashastra in collective decision making for M&As and provides comparison with western governance models. Chapter 22 is dedicated to corporate case studies on assessing the impact of M&As on various measures of performance post execution of the deals.

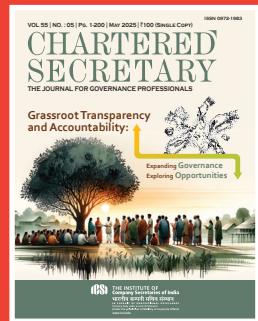
## CONCLUSION

At the beginning of the book, the authors provide a list of abbreviations, with their full forms that are used throughout the book. The vast review of literature is specifically useful for researchers and academicians interested in developing new knowledge for future research. The book contains MCQs and descriptive questions at the end of each chapter that provides the reader a self-check on their knowledge. The case studies in each chapter provides real corporate applications of MACR. Further the summary and notes at the end of each chapter provide a quick revision to the readers. Throughout the book the concepts are illustrated with case studies for application-oriented learning. The book is structured in a textbook format and written in lucid manner. The book includes, latest regulatory changes and amendments in the law, substantiated with case laws for enhanced understanding of the readers on the subject. The book concludes with chapter-wise list of references arranged in alphabetical order.

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Posting Date : 10<sup>th</sup> and 11<sup>th</sup> of Every Month

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