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THE JOURNAL FOR GOVERNANCE PROFESSIONALS

ARTIFICIAL INTELLIGENCE :

Reshaping Governance Fundamentally



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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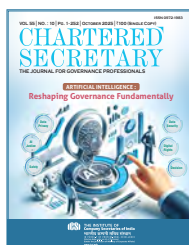


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EDITORIAL

The month of October signifies the onset of the festive season, for the people of India. Amidst this joyful time, the ICSI celebrated its 57th Foundation Day on 4th October and is gearing up for its biggest Annual Event, the 53rd National Convention of Company Secretaries, themed 'Progressive, Inclusive and Sustainable Bharat', in the tranquil city of Kochi, Kerala. I am pleased to invite members, students and other professionals to wholeheartedly participate in the convention and seize the opportunity to collaborate with distinguished dignitaries and speakers for mutual learning.

With the intent to further reflect on the perspectives of members and other professionals on Artificial Intelligence, and encourage knowledge sharing, this month's theme of the Journal is devoted to **'Artificial Intelligence: Reshaping Governance Fundamentally'**. Artificial Intelligence is transforming the roles and responsibilities of governance professionals worldwide, enabling Company Secretaries to expand their traditional compliance duties to become essential contributors to organisational resilience, transparency, and strategic value creation.

The theme based articles on, **'Artificial Intelligence: Reshaping Governance Fundamentally'**, **'Artificial Intelligence: Significance for Governance Professionals'**, **'AI Bias, Liability and Corporate Accountability: A Governance Perspective'**, **'The Intelligent Governance Professional: Embracing AI for future ready Corporate Stewardship'**, **'Artificial Intelligence: Inclusivity, Cohesiveness, Transformation'**, **'AI-Driven Digital Transformation in Corporate Governance: Opportunities, Risks and the Emerging Role of Company Secretaries'**, and **'Prompting for Productivity: A Guide for Company Secretaries in AI Era'** capture the varied views of the authors on evolution and growth of Artificial Intelligence in India and globally, concepts, tools and techniques, regulatory mechanism, applicability and the integration of Artificial Intelligence in reshaping the role of Company Secretaries as Compliance advisors and Corporate Governance specialist.

Additionally the Journal also includes articles titled, **'Mandatory requirement of Retirement of Directors by Rotation under Section 152(6) of the Companies Act, 2013: The conundrum that it is especially for listed Entities-A study'**, **'An Analytical Takeaway on Structured Digital Database'**, **'Position of Insider: A Tight Rope Walk [SEBI (PIT) Regulations, 2015]'**, **'The emergence of 'Demerger Strategy' in India's Corporate Sector: Significant Impacts and Major Challenges'**, **'Governance Landscape for Unlisted Entities Approaching Listing on Stock Exchanges: A Perspective for Company Secretaries'**, **'Practical Perspectives on the RPT Industry Standards'**, and **'NEP 2020: A Shift Away from Colonial Education Policies and the Revival of IKS based Holistic Learning towards Viksit Bharat'**, which explicate the practical applications and interpretation with specific reference to various provisions under SEBI laws and Companies Act, 2013, analysis of National Education Policy 2020 and its future outlook.

The Research Corner covers research paper on **'Legal, Taxation & Accounting Aspects of Reduction of Share Capital'** containing a detailed analysis of the various sub-sections under Section 66 of the Companies Act, 2013 corresponding to Section 100 of the erstwhile Companies Act, 1956, supported with case laws.

The article on **'IFSCA (TechFin and Ancillary Services) Regulations, 2025: A Progressive Regulatory Model for building a Resilient Global Financial Hub'** in the Global Connect section, enumerates recent key reforms and developments in the regulatory framework governing the functioning of IFSCA for unlocking global opportunities.

Happy Reading!

CS Asish Mohan
(Editor - Chartered Secretary)

Celebrations of 57th Foundation Day of ICSI held on October 4, 2025 at New Delhi

Distinguished Guest : **Dr. Sudhanshu Trivedi**, Hon'ble Member, Rajya Sabha & National Spokesperson, Bharatiya Janta Party

Keynote Speaker : **Shri Sanjay Sanyal**, Member, Prime Minister's Economic Advisory Council

Special Guest : **Ms. Sniti Mishra**, Renowned Classical Vocalist





Felicitation Ceremony of Former Presidents and Former Vice-President of The ICSI



CS R. Krishnan, Former President, The ICSI (1970-73)



CS (Dr.) G. B. Rao, Former President, The ICSI (1984-85)



CS Mahesh Shah, Former President, The ICSI (1993)



CS Om Prakash Dani, Former President, The ICSI (1994)



CS Virender Ganda, Former President, The ICSI (1999)



CS Pavan Kumar Vijay, Former President, The ICSI (2003)



CS (Ms.) Preeti Malhotra, Former President, The ICSI (2007)



CS Nesar Ahmad, Former President, The ICSI (2012)



CS (Dr.) Shyam Agrawal, Former President, The ICSI (2017)



CS Ranjeet Pandey, Former President, The ICSI (2019)



CS Manish Gupta, Former President, The ICSI (2023)



CS B. Narasimhan, Former President, The ICSI (2024)



CS Harish K. Vaid
Former Vice-President,
The ICSI (2013)

Felicitations Ceremony of Former Secretaries of The ICSI



CS (Dr.) S.P. Narang
Former Secretary,
The ICSI (1994-2002)



CS N. K. Jain, Former Secretary, The ICSI (2003-12)



CS Dinesh C. Arora, Former Secretary, The ICSI (2016-18)





ICSI Releases

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BI-ANNUAL PROGRESS REPORT
(January-July, 2025)

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under Indian Technical and Economic Cooperation (ITEC) Programme
Ministry of External Affairs, Government of India

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HIGHLIGHTS

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Industry benchmarks.
Actionable insights and detailed feedback.
Follow-up support to drive improvement.

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ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Bhupender Yadav, Hon'ble Minister for Environment, Forest & Climate Change, to apprise him about ICSI's initiatives taken towards fostering Sustainable Business Practices in India Inc.



ICSI delegation led by CS Manoj Kumar Purbey, Central Council Member, The ICSI met with Shri Gajendra Singh Shekhawat, Hon'ble Minister of Culture and Tourism to discuss avenues of collaboration and the role of CS in Nation Building.



CS Dhananjay Shukla, President, The ICSI and CS Pawan G. Chandak, Vice-President, The ICSI met with Former Cabinet Minister, Smt. Smriti Z. Irani to discuss the role of ICSI and CS in realising the vision of Viksit Bharat.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri K Rajaraman, Chairperson, Shri Praveen Trivedi, ED and CS Dipesh Shah, ED, IFSCA and discussed opportunities for CS in the finance domain.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI, participated in Chintan Shivir organised by Shri K Rajaraman, Chairperson, IFSCA.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Mr. Andrew Harding, Chief Executive, CIMA to explore avenues for collaboration in Governance, Accounting, and Finance.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Dr. Arvind Menon, National Secretary, BJP.



CS Asish Mohan, Secretary, The ICSI alongwith representatives from ICAI and ICMAI, signed a Memorandum of Understanding with Central Facility Centres, MCA in the presence of Mr Sanjay Shorey, Director General, MCA.



The Investor Education and Protection Fund Authority (IEPFA) organised its 9th Foundation Day in collaboration with The ICSI and National Council of Applied Economic Research (NCAER) on September 8, 2025 at India International Centre, New Delhi on the theme "Claiming the Unclaimed: Unlocking the Potential of Idle Financial Assets in India". CS Pawan G. Chandak, Vice-President, The ICSI and CS B. Narasimhan, Chairman, Financial Services Committee of The ICSI & Former Immediate President, The ICSI graced the occasion.



CS Asish Mohan, Secretary, The ICSI met with Shri Santanu Mitra, IES, Sr. Economic Advisor, Ministry of Corporate Affairs and apprised him about the role of Company Secretaries in Nation Building.



CS B. Srikumar, the Registrar of Companies (ROC), Chennai visited the SIRC of The ICSI to deliver a session as part of the Executive Development Programme (EDP) on September 29, 2025.



WIRC of The ICSI in association with International Financial Services Centres Authority (IFSCA) organized a pioneering outreach session on the theme “Opportunities for Professionals & Technology Services Providers at GIFT-IFSC” on September 19, 2025 at NSE, Mumbai in the presence of CS Praveen Soni, Central Council Member, The ICSI.



Indore Chapter of WIRC of The ICSI jointly with ICSI-CCGRT, Mumbai organized the 3rd Edition of the Two Days Joint Workshop on Research on Critical Issues under the Companies Act, 2013 at Ujjain on September 19-20, 2025.



WIRC of The ICSI organised Compliance Insights 2025 – Annual Filings & Listing Compliances Demystified on September 13, 2025. Ms. Aparna Mudiam, Deputy Director, Western Region, MCA addressed the gathering.

GLIMPSES FROM ICSI CCGRTs



National Conference on the topic 'Corp Con -2025: National Conference on Environmental, Social & Governance and Insolvency and Bankruptcy Code' was jointly organized by ICSI-CCGRT, Hyderabad with NALSAR University at Hyderabad on September 12, 2025. Shri Gyaneshwar Kumar Singh, Director General and CEO, IICA was the Chief Guest in the inaugural session and Shri Jishnu Dev Varma, Honourable Governor of Telangana was the Chief Guest in the valedictory session under the Chairmanship of Prof. Srikrishna Deva Rao, Vice-Chancellor of NALSAR. CS Ranjit Pandey, Former President, The ICSI, CS B. Narsimhan, Immediate Former President & Central Council Member, The ICSI and CS Venkata Ramana R., Central Council Member, The ICSI graced the Conference.



5th Non-Residential CLDP was organised by ICSI-CCGRT, Mumbai from August 19 - September 3, 2025. The valedictory session was graced by Dr. Anjali Kalse, Director, Bharati Vidyapeeth's Institute of Management Studies and Research & CS Rajesh Tarpara, Central Council Member, The ICSI.



6th Non-Residential CLDP was conducted by ICSI-CCGRT, Mumbai from September 9 - 23, 2025. The Valedictory Session was graced by Chief Guest, CS Shyam Lata, professional and legal consultant.



ICSI-CCGRT, Kolkata concluded its 12th batch of the Residential CLDP from September 11-25, 2025. CS S. K. Agrawala, Former Central Council Member of The ICSI graced the occasion as the distinguished Guest.



ICSI-CCGRT, Hyderabad organized the inaugural session of its 23rd batch of the Residential CLDP on September 15, 2025. CS R. Venkata Ramana, Central Council Member, The ICSI and Convenor of ICSI-CCGRT, Hyderabad graced the session.



ICSI-CCGRT, Hyderabad organised an Outreach session on 'Opportunities for Professional & Technology Services Providers at GIFT-IFSC' under IFSCA(BATF) Regulations, 2024 and IFSCA (TechFin and Ancillary Services) Regulations, 2025 on October 1, 2025 at ICSI-CCGRT, Hyderabad. Mr. K. Mahipal Reddy, Executive Director, IFSCA, Mr. Sathyaraj CM, General Manager, IFSCA, Mr. Nayan Saboo, Director, International Tax and Transaction Services, E&Y, India, Mr. Harshavardhan Vallabaneni Assistant Vice President, KFin Technologies Limited and CS Venkata Ramana R., Central Council Member, The ICSI & Convenor, ICSI-CCGRT, Hyderabad graced the occasion.



13th Three Days Orientation Programme was organised by EIRC of The ICSI at ICSI-CCGRT, Kolkata from September 8-10, 2025.



14th Three Days Orientation Programme was organised by EIRC of The ICSI at ICSI-CCGRT, Kolkata from September 18-20, 2025.



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Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टं कुरु तृप्तये, अवैतेन कुरु तृप्तये।

Mission

"To develop high calibre professionals facilitating good corporate governance"



CONTINUING THE LEGACY OF GOVERNANCE EXCELLENCE

ICSI PRESIDENT CS DHANANJAY SHUKLA

ELECTED AS CSIA VICE PRESIDENT FOR THE YEAR 2026

ICSI proudly informs you that CS Dhananjay Shukla, President, ICSI, has been unanimously elected as the Vice President of Corporate Secretaries International Association (CSIA), for the year 2026.

This is yet another milestone achieved by ICSI in the direction of its vision "To be a global leader in promoting good corporate governance".

We firmly believe that under his able leadership and guidance, the Company Secretary profession is sure to scale newer heights.

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**National Convention of
Company Secretaries**

Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टार्कं तेन त्वांतेः अविदेहं तेन तेन।

Mission

"To develop high calibre
professionals facilitating
good corporate governance"

REGISTRATIONS OPEN

**10 CPE Credits (Structured)
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National Convention of Company Secretaries

**Avail Early
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The ICSI

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Vice President
The ICSI

CS Dwarakanath Chennur
Council Member, The ICSI
& Programme Director

CS Asish Mohan
Secretary
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ॐ जयन्ती, मङ्गला, काली, भद्रकाली, कपालिनी।
दुर्गा, क्षमा, शिवा, धात्री, स्वाहा, स्वधा नमोऽस्तुते॥

*She Who Conquers Over All, All-Auspicious,
The Remover of Darkness, The Excellent One Beyond Time,
The Bearer of the Skulls of impure thought, The Reliever of difficulties,
Loving, Forgiveness, Supporter of the Universe,
May You accept the oblations of the devotee, the oblations of ancestral praise,
We bow to You.*

- Durga Saptashati Argala Stotram



Dear Professional Colleagues,

The twilight period between the months of September and October were marked by the homecoming of Maa Durga with the onset of Navratri festival and with her of tremendously zealous energy. While the air was filled with reverence towards the mother goddess, the days found us preparing for it and the nights, relishing in the gaiety of Dandiya, Garba and Durga Puja.

Each of the nine days, signified a different form of Devi, and with that a different trait, a different feature, a different characteristic and a different emotion. As we felt her endearing motherly love, each day was a reminder of the victory of good, of truth, of courage and strength, of knowledge and wisdom, and of right over everything else.

The celebration concluded with Vijayadashami or Dusshera, which coincided with the birth anniversaries of two great leaders that the Indian motherland had cherished with all her heart – Mahatma Gandhi – the Father of the nation and Shri Lal Bahadur Shastri – the Former Prime Minister of the nation. The beauty of this nation lies in the fact that even after decades having been passed since our leaders left us – we look for guidance in their words and verses and hold them close to our heart, as we take the biggest decisions for the nation.

And just as we revere our former leaders of the nation, the Institute of Company Secretaries of India, fondly remembers, cherishes, adores and admires the untiring

efforts of its Former Presidents, Vice-Presidents, Secretaries, Employees and most importantly the Founding parents of this Institution on the occasion of its Foundation Day.

57TH FOUNDATION DAY: SCRIPTING GOOD GOVERNANCE: SHAPING VIKSIT BHARAT

अप्राप्यं नाम नेहास्ति धीरस्य व्यवसायिनः।

There is nothing unattainable to the one who has courage and who works hard.

- Kathasaritsagara 12.20.23

Even though I was tempted to share the shloka regarding the significance of keeping on the path no matter what the pace, I chose to switch my course and pick this one instead. The reason being the fact that at the foundational level, both these shlokas communicate the same feeling and fervor.

The Foundation Day of the Institute of Company Secretaries of India, indeed, is a celebration of the courage to think the unthinkable and to work hard towards that goal untiringly. The 57th Foundation Day is a grand moment for each one of us, as it marks our entry into a New Year – our beliefs are rekindled, commitment renewed and enthusiasm rejuvenated.

The Day is also a reminder that the ICSI Family is not just its 78000 members, 2.5 lakh students, and employees but all Ministries, Regulators, and their Heads & Officials who are and have been a part of our journey, corporates and business entities who have been the front runners holding our governance batons, and all the stakeholders whose lives we have been able to touch, who has been impacted by our decisions...

And it fills me with a sense of gratitude that we found some new additions to this family in Dr. Sudhanshu Trivedi ji, Hon'ble Member, Rajya Sabha & National Spokesperson of Bharatiya Janata Party and Shri Sanjeev Sanyal ji, Member, Prime Minister Narendra Modi's Economic Advisory Council as we celebrated the 57th Foundation Day of our alma mater in the heart of the capital city New Delhi on October 04, 2025. If the Institute has aligned itself with the Government of India's agenda to make the nation Viksit Bharat, the theme Scripting good governance : Shaping Viksit Bharat resonated this thought, completely, totally... Our aim of picking this theme was to build a national understanding that the core foundational structures of a Viksit Bharat shall unquestionably be the iron rods, brick and mortar of transparency, accountability and compliance.

It is quite humbling that our Guests for the day not only shared our thought but commended us on a job well done.

I am highly appreciative of the presence of Ms. Sniti Mishra, who with her seasoned voice and kind demeanour lent a unique flavor of serenity as well as warmth to the event. Our good wishes to you for your extremely bright future.

I would also take this opportunity to thank from the bottom of my heart, all those men and women of grandeur who enlivened their own journeys as the Presidents, Vice Presidents and Secretaries of ICSI and took this Institution forward in their own unique ways. Your presence lent far greater weight to the celebration as well as the legacy that we take forward.

As I extend my congratulations to each one of you, and each one of us, I am extremely sure that given the heightening responsibilities with each passing day coupled with our renewed sense of vigour, the nation would be witnessing this Institute rising to the occasion, standing shoulder to shoulder with every Ministry and Regulatory organization and realizing the dream of scripting good governance and SHAPING VIKSIT BHARAT...!

ASPIRATIONAL EAST : ASPIRING, ADMIRING, ACHIEVING

“Aspire to do anything, Start Something and
Stop at Nothing.”

-Kayambila Mpulamasaka

Yes, it was something that the Government of India was pursuing with fervent passion...

But, who said governance could be limited to only one part and not be spread to the entire nation...?

The idea, thought and ideology of having a National Seminar on Startups, FPO and Agri-Business under the aegis of Aspirational East was not only well appreciated by the Council but fully supported as well. And what better way to begin this journey than from the state which is known for being the central root of ancient intellect and wisdom – Bihar.

तेजस की मैं उड़ान हूँ,
गणतंत्र की मैं पहचान हूँ।
कूटनीति का मैं प्रमाण हूँ।
हाँ! मैं बिहार हूँ।

What made the event, even more glittering was the gracious presence of Shri Satish Chandra Dubey, Hon'ble Minister of State for Coal and Mines, as the Chief Guest, and Shri Upendra Kushwaha, Hon'ble Member of Parliament, Rajya Sabha, as the Guest of Honour on September 12, 2025 at Patna.

The theme, the deliberations, the guidance of the eminent guests, the thoughts and opinions shared by the experts have truly set the narrative for the future course of events in this arena. If Startups, FPOs and Agri-Businesses are defining the very nature of the Indian Economy, it is imperative for us that we take it upon us to build and strengthen the governance frameworks within these entities.

ICSI 4TH INTERNATIONAL CONFERENCE : EMBRACING INNOVATION, ENHANCING GOOD GOVERNANCE

अयं निजः परो वेति गणना लघुचेतसाम्।
उदारचरितानां तु वसुधैव कुटुम्बकम्॥

This is mine, that is another's—such is the calculation of the narrow-minded. For those of magnanimous heart, however, the entire world is but one family.

- Maha Upanishad

The Institute, keeping in sight, its vision “to be a global leader in promoting good corporate governance”, has firmly believed and imbibed the thought and ideology of “Vasudhaiva Kutumbakam”. We not only believe that the whole world is our family – but we treat it as such – and express it in our actions. The six Overseas Centres of ICSI in different countries and continents are a portrayal of our global commitment.

The annual deliberations held in various cities, countries and continents is our way of strengthening governance – one destination at a time. But what truly brought us to Sydney, Australia for the 4th International Conference during September 03-05, 2025 is the ever growing economic, social and educational ties.

The Australia-India trade, investment and economic relationship is growing faster than ever. The economies of these countries are highly complementary. Australia has that India needs, while India's Science, Technology, Engineering and Mathematics (STEM) graduates offer a source of talent and innovation for Australian companies.

Both nations are collaborating – be it for raw commodities and resources, or for the skills and technologies, the advancement of renewable energy technologies, or creation of new economic opportunities, or reduction of global emissions. And it is this synergy that rendered Australia the perfect choice for the 4th edition of the ICSI International Conference.

Our heartfelt gratitude towards Dr. S. Janakiraman, Consul General of India in Sydney, Australia for gracing the inaugural session as the Chief Guest and towards all the Governance Professionals hailing from Australia as well as the members who joined in from India as well. As much as we commend the efforts of the entire Team of ICSI Overseas Centre Australia Inc. under the chairmanship of CS Joginder Sharma, we equally appreciate the support extended by our Knowledge Partners – the Australia India Chamber of Commerce and Services Export Promotion Council.

The event was rendered successful by the thoughtful presence, and the explorations, ponderances and the pearls of practical solutions offered by the expert speakers on some of the most pressing topics of our time.

Hoping to Embracing Innovation and Enhancing Good Governance together in the times ahead !!!

ICSI BOARD MENTORSHIP PROGRAMME : SCALING THE EASTERN MOUNTAINS

सह वीर्यं कर्वावहे ।
तेजस्विनावधीतमस्तु मा विद्विषावहे ॥

May we work together with vigor, May our study be illuminating.
May we be free from discord.

If the International Conferences are meant to create global synergies, there are synergies required to be formed and established at all levels. When it comes to corporate governance, the task of strengthening governance frameworks in corporate entities of all forms, structures and sizes cannot be accomplished by the Company Secretary alone – but hinges on the support of various other key role players. The Board of Directors, including the Independent Directors, the Women Directors, the CEOs, the CFOs, the senior management and so on...

The ICSI Board Mentorship Programme conducted by the Institute of Governance Professionals was initiated with the intent of imbibing the thought of compliance, transparency and accountability amongst this brigade – the ones holding leadership roles.

The 4th edition of the ICSI Board Mentorship Programme held in the eastern panel of the nation, at Kalimpong was not just a retreat into the lap of nature but an opportunity for the corporate and industry leaders from across the nation to share their real-life challenges and find solutions through interaction – both amongst themselves and with the experts as well.

As an Institute focusing on governance with a 360-degree approach, our intent is to change the very manner in which the tale of governance is told.

If the role of Company Secretaries involves coaxing the Boards on the matters of compliance, CSR, ESG and sustainable action, we would very much want the future Boards to themselves ask the Company Secretaries as to whether they are doing the things right. Indeed, it would be a massive development and success for us, if the Boards were to question the CS beforehand as to the compliance implications, the governance adherence, and the long-term impacts of their decisions, so as to undertake actions sustainably.

The presence of 30 leaders from various parts of the country representing the varied industries made us realize the true goal of the 3-day programme – interactive mentoring for a sustainable tomorrow.

Going forward, I am delighted to share that the next edition of this Programme is being scheduled at the Golden city of Jaisalmer (Rajasthan).

Looking forward to a humungous participation !!!

WHAT LIES AHEAD : THE JOURNEY OF SUSTAINABLE ACTION : 53RD NATIONAL CONVENTION

If the month of October has begun on a high note, it must end on a higher one... And what better way than to host the biggest congregation of Company Secretaries in one of the most scenically blessed cities. Even though I have been repeating the invite and many of you would have heeded as well, yet there are still many of you who would still be contemplating as to whether you should register or not...

My suggestion, register not just for yourself – but for your dearest friends as well. Trust me when I say this, that it is these ICSI events that all of us, not only learn the nuances on the contemporary topics – but find the time to share laughter, giggles, inside jokes, and relive old memories...

Yes, the theme of the 53rd National Convention of Company Secretaries is “Progressive, Inclusive and Sustainable Bharat” but the underlying thought is also to create a “Progressive, Inclusive and Sustainable Profession”. And both these aims and goals cannot be achieved without your wholehearted presence...

The city of Kochi awaits you !!!

Yours Sincerely



CS Dhananjay Shukla
President, ICSI

Glorious Journey of ICSI

Inauguration of First Institute of Company Secretaries



Dr. B.C. Roy, Chief Minister of West Bengal, inaugurating the first Institute of Company Secretaries in Calcutta on 20 January 1957

Incorporation of the ICSI as Section 25 Company



The Institute of Company Secretaries of India was set up and registered as a Company on 4 October 1968, under Section 25 of the Companies Act, 1956 with its registered office in New Delhi.

The First Examination

The first examination leading to the Associate Membership of the Institute was conducted in April 1969.

Glorious Journey of ICSI

The First Annual General Meeting

The First Annual General Meeting of the Institute as a Company was held on 31 March 1970



Group Photo After AGM

First Elections

First election of the Council was held in September 1970. The then Chairman Company Law Board, late Shri R Prasad, was the President until 1970.

First All India Conference of Company Secretaries



Shri R. Prasad, ICS, Chairman, Company Law Board, inaugurating the first All India Conference of Company Secretaries held in Madras on 21 May 1971. On his left, Shri R. Krishnan and on his right, Shri D.L. Mazumdar.

Glorious Journey of ICSI

First Issue of Chartered Secretary Journal

The First Issue of Chartered Secretary (July 1971)



The first issue of Chartered Secretary was launched on July 1971 as a quarterly Journal to build up and construct a communication platform between Institute and its stakeholders. This issue covered the proceedings of the first conference of the Institute, articles of professional interest such as Company Secretaries Audit, need for professionalization of Company Secretaries, Wider Responsibilities of Company Secretaries, News and Notifications, Book review etc.

The First Content page of Chartered Secretary July 1971



Edited and Published by Mr. T.P. Subbaraman for the Institute of Company Secretaries of India

Some Cover Pages



Glorious Journey of ICSI

Inauguration of Library at ICSI HQ and Inauguration of NIRC of ICSI



31 July 1971

First National Convention of Company Secretaries



Inaugrated by the then Hon'ble President of India, Shri V.V. Giri on 22 September 1972.
(L to R) Sarvashri K.V. Raghunatha Reddy, V.V. Giri, R. Krishnan and Bedabrata Barua
(Dy. Minister for Company Affairs)



Glorious Journey of ICSI

Foundation Stone Laying of ICSI HQ



Shri Neelam Sanjiva Reddy, the then President of India, laying foundation stone of the 'ICSI House' on 21 March 1978, in the presence of Sarvashri Shanti Bhushan, Minister for Law, Justice & Company Affairs and C.R. Shah, President, ICSI.

Inauguration of ICSI HQ at Lodi Road



Shri M. Hidayatulla, the then Vice President of India, cutting the ribbon to mark the opening of 'ICSI House' in the presence of Shri P.R. Roy, President, ICSI, on 31 October 1981

CSBF



The ICSI Members Benevolent Fund renamed as **Company Secretaries Benevolent Fund**

PCS authorised to certify Annual Returns

Companies Amendment Act, 1988 defined Company Secretary in Practice and on 15 June 1988, the Company Secretaries in Practice were accorded recognition for certifying the Annual Returns under the erstwhile Companies Act, 1956.

First PCS Conference

First National Conference of Company Secretaries in Practice organised in Hyderabad in 1999.

Glorious Journey of ICSI

Issue of Secretarial Standards

For the first time draft Secretarial Standards was introduced on transfer/transmission of shares in 1989 for members comments and was issued in 1990 after receiving the comments.



First meeting of SSB

Secretarial Standards Board was constituted in 2000.

PCS authorised to conduct Secretarial Audit [Section 204(1) of Companies Act, 2013]

Pursuant to the provisions of section 204 of the Companies Act 2013, every listed company and company belonging to class of companies as prescribed is required to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in Practice. Companies which are not covered under section 204 may obtain Secretarial Audit Report voluntarily as it provides an independent assurance of the compliances in the company.

Only a member of the Institute of Company Secretaries of India holding certificate of practice (Company Secretary in Practice) can conduct Secretarial Audit and furnish the Secretarial Audit Report to the company.

Companies Act 2013 mandates, ICSI "SS-1" & "SS-2"



Section 118(10) of the Companies Act, 2013 mandates the observance of Secretarial Standards on General and Board Meetings specified by The Institute of Company Secretaries of India and approved by the Central Government.

Accordingly, the Secretarial Standards on Meetings of the Board of Directors ("SS-1") and Secretarial Standards on General Meetings ("SS-2"), as approved by the Central Government, have been issued by the ICSI for observance by all companies (except exempted class of companies).

Glorious Journey of ICSI

CS Foundation Course introduced



Foundation course was introduced in 1993 replacing the prelim examination.

CCGRT Navi Mumbai inaugurated

Inauguration of the Centre for Corporate Research and Training (CCGRT) on 16 May 1999, in Navi Mumbai by prominent dignitaries, including the Chief Justice of India (Dr. A S Anand) and Justice M.N. Venkatachaliah, Chairperson of the National Human Rights Commission.



ICSI Vision & Mission adopted in 2003

Vision

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

Mission

"To develop high calibre professionals facilitating good corporate governance"

ICSI Symposium on 'Vision India 2020'



Dr. A P J Abdul Kalam, the then President of India, addressing the gathering in 2003

Glorious Journey of ICSI

ICSI National Awards for Excellence in Corporate Governance introduced

1st ICSI National Awards for Excellence in Corporate Governance
On November 19, 2001 at Vigyan Bhawan, New Delhi

Presented by
His Excellency Shri Krishan Kant,
Hon'ble Vice-President of India

Benign Presence of
Honble Justice Shri M N Venkatachaliah
Chairman of the Jury and Former Chief Justice of India

Shri Arun Jaitley
Hon'ble Union Minister of Law, Justice and Company Affairs

Best Governed Company Infosys Technologies Limited	Second Best Governed Company BSES Limited
Life Time Achievement Award Dr. Verghese Kurien, Chairman, Emeritus National Dairy Development Board & Shri Rai Bahadur Mohan Singh Oberoi, Chairman, The Oberoi Group	



Glorious Journey of ICSI

New ICSI Logo adopted

A new Logo of ICSI & Logo for Members was unveiled by Shri M. Hamid Ansari, Hon'ble Vice President of India on 20th December 2008 at Vigyan Bhawan, New Delhi, on the occasion of the "ICSI National Award for Excellence in Corporate Governance 2008 function.

ICSI Logo



The Institute adopted a new logo which is indicative of the locale that is stationary, stable and solid and yet which is going, on the move, flying and scaling high. In order to be in line with the modern times that require one to be simple, clear, eye-appealing and articulate, the new logo adopted by the Council of the Institute represents contemporary professional outlook and proactive approach in delivery of services.

This change is a reflection of our inner growth and empowerment as the new identity of the Institute stands for stability and integrity. The core of the new identity "connecting for collective growth" is epitomized by four alphabets signifying a mature and multifaceted profession. The words CS in the centre of the identity integrate to form an upward arrow embodying the Institute's vision of growth and excellence in corporate governance. Set in a deep blue colour, the bold and elegant masthead lends it an air of authority and leadership. The letters 'CS' being used by the members shares a direct and umbilical relationship with the new identity of the Institute, and represents stability and integrity, which are hallmarks of our profession.



CS Logo was registered under section 23(2), Rule 62(1) of the Trade Marks Act, 1999 in the name of the Institute of Company Secretaries of India in 2011

Glorious Journey of ICSI

ICSI recieved Excellence Award

EXCELLENCE AWARD



The Institute received Excellence Award at the India Corporate week organised by MCA on 21 December 2009 for its initiative towards the growth of profession and corporate governance.

1st ICSI Convocation



ICSI CONVOCATION

To award Associate and Honorary Membership of the Institute, the Council of the Institute has approved holding of ICSI convocation (Region-wise) for every six months, since the second half of 2012. The first convocation for the Eastern Region was held on 09 November 2012 in Kolkata, the 2nd Convocation for Western Region was held in Mumbai on 19 November 2012, the 3rd Convocation for Northern Region was held on 24 November 2012 in New Delhi and the 4th Convocation for Southern Region was held on 30 November 2012 in Chennai.

Glorious Journey of ICSI

ICSI CSR Award introduced



1st CSR Excellence Award, 2016 - In Continuation to its endeavour of endorsing the Government's effort of promoting CSR amongst Indian corporate, the Institute of Company Secretaries of India instituted the 'ICSI CSR Excellence Awards' in 2016. The awards aim to promote the Corporate Social Responsibility in the Indian corporate.

1st PCS Day Celebrated



1st PCS Day was celebrated on 15 June 2016

1st CS Olympiad Award



The ICSI initiated CS Olympiad for students of Class 11 & 12, in association with Science Olympiad Foundation.

The 1st International Company Secretaries Olympiad Awards Ceremony was held on 4 June 2017 at India Habitat Centre, New Delhi, to felicitate the toppers.

Glorious Journey of ICSI

Hon'ble Prime Minister inaugurates the ICSI Golden Jubilee Year



ICSI Motto and Motto Song adopted



Glorious Journey of ICSI

Udin Launched



eCSin introduced



ICSI 51st Foundation Day graced by the then Hon'ble President of India



Glorious Journey of ICSI

ICSI documents accessible from DigiLocker

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 on 5 October 2019.



DigiLocker

Your documents anytime, anywhere

CS Auditing Standards issued

The Institute of Company Secretaries of India (ICSI), recognizing the need to provide support to its members in developing auditing acumen, techniques and tools and for inculcation of best auditing practices among its members, issued the following Auditing Standards on 6th May, 2019:



**CSAS-1 :
Auditing
Standard
on the
Audit
Engagement**



**CSAS-2 :
Auditing
Standard
on Audit
Process
and
Documentation**



**CSAS-3 :
Auditing
Standard
on
Forming
of
Opinion**



**CSAS-4 :
Auditing
Standard
on
Secretarial
Audit**

Above Standards are mandatory from 1st April, 2021 and will bring substantial impact on the quality of audits performed by Company Secretaries and also bring consistency.

The ICSI has also issued Guidance Notes on CSAS-1 to CSAS-4 to facilitate the stakeholders to understand the Standards in its true spirit.

**Mandatory
w.e.f
1st April,
2021**

Glorious Journey of ICSI

CS Connect App Launched



Launch of Mobile APP "CS CONNECT"

The Samadhan Initiative Launched



The Samadhan is an initiative by the ICSI towards on the spot solution of the grievances of the trainees and trainers. It was launched on 27 February 2021

Hon'ble Home Minister graces 20th ICSI National Awards for Excellence in Corporate Governance



Shri Amit Shah, Hon'ble Home Minister & Minister of Cooperation, giving away the awards

Glorious Journey of ICSI

1st Leadership Development Programme



ICSI Azadi Ka Amrit Mahotsav Programme



Glorious Journey of ICSI

1ST ICSI GURUSHRESHTHA AWARDS 2022

Award Ceremony - 1st ICSI GuruShreshtha Awards

Category - Commerce



Category - Management



Category - Law



Glorious Journey of ICSI

1st National Women's Conference

1st National Women's Conference
Held on 23-24 March, 2023 at Kolkata

Theme- Empowered Women: Inspiring a better Tomorrow

INAUGURAL SESSION



Hon'ble Former Vice President of India graces 51st National Convention of Company Secretaries

Chief Guest: Shri Jagdeep Dhankhar, Hon'ble Former Vice President of India

Guest: Smt. Anandiben Patel, Hon'ble Governor, Uttar Pradesh

51st National Convention of Company Secretaries
held on November 2-4, 2023, at Varanasi



Glorious Journey of ICSI

Inauguration of ICSI Centre for Corporate Governance Research and Training (CCGRT), Kolkata

Dr. C.V. Ananada Bose

Hon'ble Governor of West Bengal

inaugurates CCGRT Kolkata campus on 6 December 2023



Glorious Journey of ICSI

1st ICSI Board Mentorship Programme



1st ICSI Board Mentorship Programme
held in Ooty, Tamil Nadu on 12-13-14 September 2024

1st ICSI International ADR Centre



Inauguration of First ICSI International ADR Centre in Noida
on 29 February 2024

Glorious Journey of ICSI

ICSI National Sustainability Conference 2025

Dr. Prem Chand Bairwa,
Hon'ble Deputy Chief Minister of Rajasthan
inaugurates the ICSI National Sustainability Conference 2025,
held in Udaipur, Rajasthan on 26-27 July 2025



Aspirational East National Seminar on Start-ups, FPO and Agri Business

Shri Satish Chandra Dubey
Hon'ble MoS for Coal & Mines
graced the occasion on 12 September 2025



Glorious Journey of ICSI

ICSI Key Publications



And many more...

Glorious Journey of ICSI

Honorary Fellow Membership Conferred by ICSI

HFCS No.	Name	Designation
1	K.V. Raghunatha Reddy*	Hon'ble Minister for Labour Employment & Rehabilitation
2	R.C. Dutt*	Chairman Iron Ore Board
3	S.K. Dutta*	
4	Bedabrata Barua*	Hon'ble Deputy Minister for Law, Justice & Company Affairs
5	P.B. Menon	Joint Secretary, Department of Company Affairs
6	K.K. Ray*	Secretary, Department of Company Affairs & Chairman, Company Law Board
7	P. Krishnamurti*	Secretary, Department of Company Affairs & Chairman, Company Law Board
8	N.K. Sengupta (Dr.)*	Director General of Tourism
9	K.S. Bhatnagar*	Controller of Capital Issues and Joint Secretary to Government of India
10	H.R. Bhardwaj*	Hon'ble Minister of State for Law, Justice & Company Affairs
11	Arun Jaitley*	Hon'ble Union Minister of Law, Justice & Company Affairs
12	P.P. Chaudhary	Hon'ble Minister of State for Law & Justice and Corporate Affairs
13	Arjun Ram Meghwal	Hon'ble Minister, Ministry of Parliamentary Affairs
14	Injeti Srinivas	Secretary, MCA
15	Kumar Mangalam Birla	Chairperson, Aditya Birla Group
16	Anurag Singh Thakur	Hon'ble Minister of State for Finance and Corporate Affairs
*Deceased		

Glorious Journey of ICSI

ICSI GLOBAL FOOTPRINTS



Constitution of CSIA Corporate Secretaries International Association (CSIA) was formed on 22 March 2010 in Paris



CS Anil Murarka, President ICSI elected as President of CSIA w.e.f. 1 January 2012 at the Council Meeting of CSIA in Sanghai in September 2011



Group Photo after Inaugural Ceremony of ICSI Middle East (DIFC) NPIO Dubai



MACS launched Secretarial Practice Guide on meetings of the Board of Directors by adopting ICSI Secretarial Standard (SS-1)

Glorious Journey of ICSI

1st International Conference of ICSI Overseas Centre

Hosted by: ICSI Middle East (DIFC) NPIO



Special Panel Discussion at India Pavilion – Dubai Expo 2020



Glorious Journey of ICSI

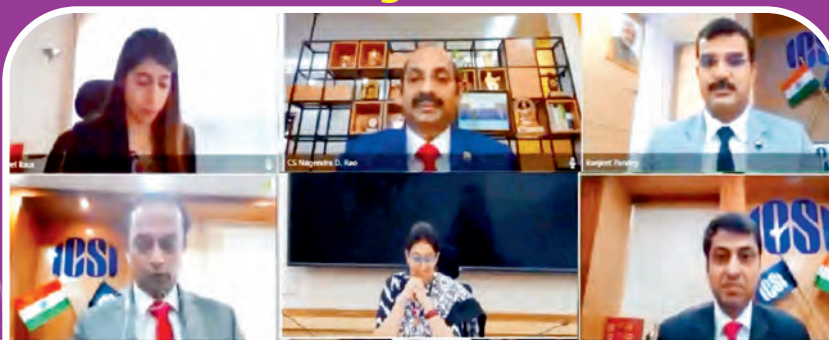
**Opening of ICSI Overseas Centre, USA
12 October 2019**



**Incorporation of ICSI Middle East (DIFC) NPIO
10 December 2019**



**Inauguration of ICSI Overseas Centre,
United Kingdom (UK)
24 August 2020**



Glorious Journey of ICSI

**Inauguration of ICSI Overseas
Centre, Singapore
19 December 2020**



**Inuguration of ICSI Overseas Centre, Australia
4 October 2021**



**Inuguration of ICSI Overseas Centre, Canada
1 September 2022**



Glorious Journey of ICSI

Presidents of the Institute of Company Secretaries of India



Glorious Journey of ICSI

Secretaries of the Institute of Company Secretaries of India



Saharia P.B.
(1968-1970)



CS Subbaraman T.P.
(1971-1993)



CS Narang S.P.
(Dr.) (1994-2002)



CS Jain N. K.
(2003-2012)



CS Sahoo M.S.
(Dr.) (2013-2014)



CS Arora Dinesh C
(2016-2018)



CS Mohan Asish
(Present)

Recognitions for CS Qualification

Benchmarking of ICSI Qualifications by UK ENIC (2018)

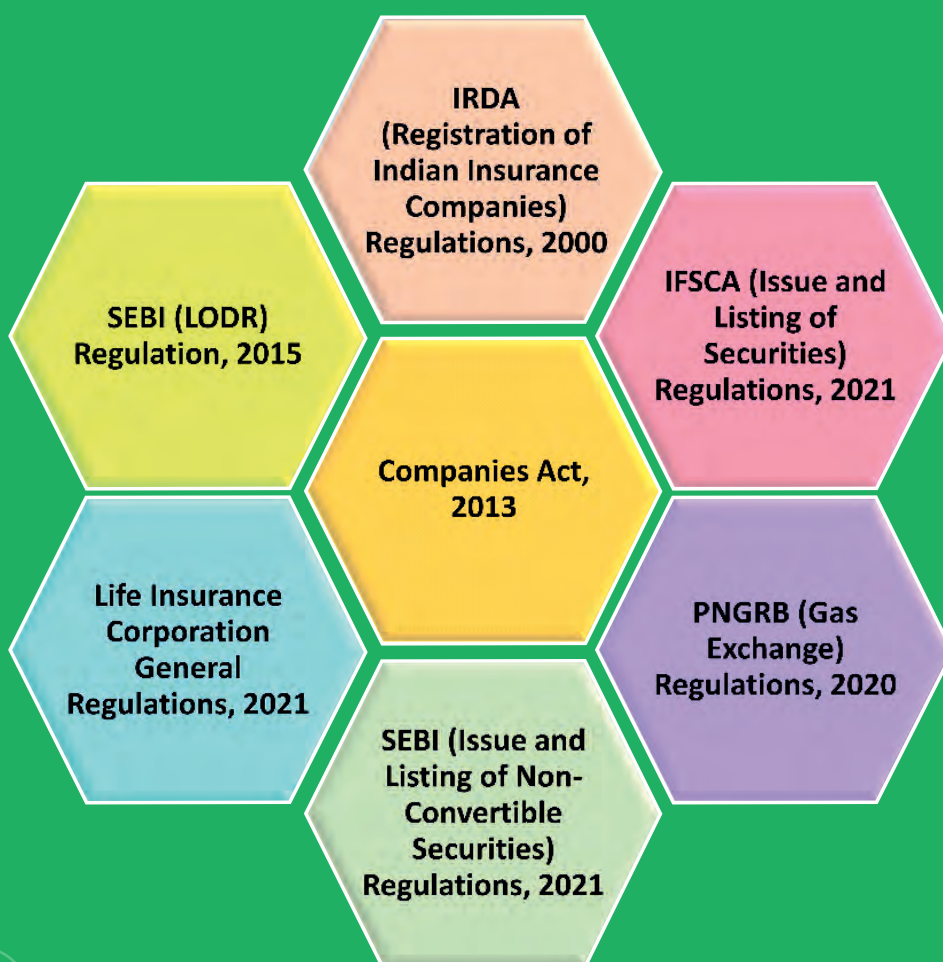
The ICSI qualification has been benchmarked as equivalent to a Master's degree in UAE and UK by UK NARIC (now UK ENIC), UK's National Agency responsible for providing informed advice and guidance on vocational, academic and professional qualifications in the year 2018.

University Grants Commission recognizes Company Secretary Qualification as equivalent to Post Graduate Degree

The University Grants Commission has recognized Company Secretary Qualification as equivalent to Post Graduate Degree. This recognition provides members of the Institute an opportunity to pursue Ph.D. in Commerce and Allied Disciplines.

Glorious Journey of ICSI

Recognitions for Company Secretary Profession



And many more...

Glorious Journey of ICSI

Section 8 Companies

INSTITUTE OF INSOLVENCY PROFESSIONALS (Subsidiary of ICSI and Insolvency Professional Agency of IBBI)

ICSI Institute of Insolvency Professionals (ICSI IIP) is a frontline regulator registered with the Insolvency and Bankruptcy Board of India (IBBI) under the Insolvency and Bankruptcy Code, 2016. ICSI IIP is registered under section 8 of the Companies Act, 2013 and is a wholly owned subsidiary of Institute of Company Secretaries of India (ICSI).

REGISTERED VALUERS ORGANISATION (A wholly owned subsidiary of ICSI and registered with IBBI)

In order to enable the members of ICSI, other professionals and eligible persons to register as Registered Valuers, ICSI has on November 22, 2017 incorporated a not-for-profit private limited company under Section 8 of the Companies Act, 2013, by the name ICSI Registered Valuers Organisation (ICSI RVO). ICSI RVO intends to enrol, educate, train and promote the profession of Registered Valuers as per the Companies (Registered Valuers and Valuation) Rules, 2017.

INTERNATIONAL ADR CENTRE

The ICSI Institute of Social Auditors (ICSI-ISA) has been established as a Company limited by shares under Section 8 of the Companies Act, 2013, under the aegis of the Institute of Company Secretaries of India. It represents a significant advancement in the governance of social impact assessment. Recognized by the Securities and Exchange Board of India (SEBI) through its circular dated May 27, 2024, ICSI-ISA has been designated as a self-regulatory organization (SRO) for Social Impact Assessors, in accordance with Regulation 292A of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

INSTITUTE OF SOCIAL AUDITORS

With the intent to facilitate Arbitration and Mediation at National and International level, the Institute of Company Secretaries of India (ICSI) established its first ICSI International ADR Centre at Noida (U.P.). Hon'ble Mr. Justice P. Sathasivam, former Chief Justice of India and former Governor of Kerala inaugurated the ICSI International ADR Centre at ICSI House, C-36, Institutional Area, Sector - 62, Noida (U.P.) on 29th of February, 2024.

Institute of Governance Professionals of India (An ICSI initiative for nurturing governance and sustainability)

INSTITUTE OF GOVERNANCE PROFESSIONALS OF INDIA (Formerly ICSI Governance Research and Knowledge Foundation) is a company promoted by the Institute of Company Secretaries of India (ICSI), which is registered under erstwhile Section 25 of the Companies Act, 1956 (now section 8 under the Companies Act, 2013). It was incorporated on September 23, 2013.

ICSI NCLT PRACTITIONERS ASSOCIATION

"The ICSI NCLT Practitioners Association is a Section 8 Company, established under the Companies Act, 2013, specifically for practicing company secretaries who appears before the National Company Law Tribunal (NCLT).

Glorious Journey of ICSI

ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE (2001)



1st ICSI National Award for Excellence in Corporate Governance were presented by His Excellency Mr. Krishnan Kant, the then Hon'ble Vice- President of India in the benign Presence of Hon'ble Justice M N Venkatachaliah, Chairman of the Jury and Former Chief Justice of India, Shri Arun Jaitley, Hon'ble Union Minister of Law, Justice and Company Affairs, Mr. Vinod Dhall, IAS, Secretary, Department of Company Affairs, Member of Jury, Senior Government officials in Year 2001.

1st ICSI CSR Excellence Awards (2016)



1st Best Secretarial Audit Report Award (2019)



1st ICSI Best PCS Firm Award (2021)



1st Business Responsibility and Sustainability Award (2022)



Glorious Journey of ICSI

ICSI Golden Jubilee Year Foundation Day Celebration

Chief Guest : Shri Narendra Modi, Hon'ble Prime Minister of India
Guest of Honour: Shri P P Chaudhary Hon'ble MoS for Corporate Affairs and Law & Justice



4 October 2017

Glorious Journey of ICSI

51st Foundation Day Celebration

Chief Guest: Shri Ram Nath Kovind, Hon'ble Former President of India

Guests: Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance & Corporate Affairs

Shri Arjun Ram Meghwal, Union Minister of State for Parliamentary Affairs and Heavy Industries & Public Enterprises

Shri Injeti Srinivas, Secretary, Ministry of Corporate Affairs



5 October 2019

Glorious Journey of ICSI

52nd Foundation Day Celebration



Shri Arjun Ram Meghwal
Hon'ble Minister of State for Parliamentary
Affairs and Heavy Industries &
Public Enterprises, Government of India



Mr. Upendra Tripathy
DG, International Solar Alliance



Mr. Manoj Pandey, IRS
Joint Secretary, Ministry of Corporate Affairs,
Government of India



Mr. Amitabh Soni
Founder, Abhedya



Ms. Chhavi Rajawat
Sarpanch, Soda Village



CS (Dr.) Shyam Agarwal
Member, Appellate Authority
& Past President, ICSI



CS Ashish Garg
President, ICSI



CS Nagendra D Rao
Vice President, ICSI

4 October 2020

Glorious Journey of ICSI

53rd Foundation Day Celebration

Chief Guest: Smt. Nirmala Sitharaman, Hon'ble Minister of Finance and Corporate Affairs

Guests: Dr. T.V. Somanathan, Secretary, Ministry of Finance
Shri Rajesh Verma, Secretary, Ministry of Corporate Affairs



4 October 2021

Glorious Journey of ICSI

54th Foundation Day Celebration

Chief Guest: Dr. Bhagwat Kishanrao Karad, Hon'ble Minister of State for Finance

Guest: Shri Amarjeet Sinha, IAS (Retd.), Member Public Enterprises Selection Board & Former Advisor to Prime Minister of India



4 October 2022

Glorious Journey of ICSI

55th Foundation Day Celebration

Chief Guest: Smt. Droupadi Murmu, Hon'ble President of India

Guest: Smt. Nirmala Sitharaman, Hon'ble Minister of Finance and Corporate Affairs
Shri Manoj Govil, Secretary, Ministry of Corporate Affairs
BK Shivani



4 October 2023

Glorious Journey of ICSI

56th Foundation Day Celebration

Chief Guest: Smt. Anupriya Patel, Hon'ble Minister of State for Health & Family Welfare and Chemicals & Fertilizers



4 October 2024

Activity Highlights of September, 2025

MEETINGS WITH DIGNITARIES

- Shri Bhupender Yadav, Hon'ble Minister for Environment, Forest & Climate Change
- Shri Gajendra Singh Shekhawat, Hon'ble Minister of Culture and Tourism
- Smt. Smriti Z. Irani, Former Cabinet Minister
- Shri K Rajaraman, Chairperson, IFSCA
- Shri Praveen Trivedi, Executive Director, IFSCA
- CS Dipesh Shah, Executive Director, IFSCA
- Mr. Andrew Harding, Chief Executive, CIMA
- Shri Santanu Mitra, IES, Sr. Economic Advisor, Ministry of Corporate Affairs
- Dr. Arvind Menon, National Secretary, BJP

GLOBAL FOOTPRINT

CS DHANANJAY SHUKLA, PRESIDENT, THE ICSI, ELECTED AS CSIA VICE PRESIDENT FOR THE YEAR 2026

ICSI President, CS Dhananjay Shukla, has been unanimously elected as the Vice President of Corporate Secretaries International Association (CSIA), for the year 2026. CSIA represents more than 1,00,000 Corporate Secretaries and Governance Professionals in over 100 countries in the world.

ICSI 4TH INTERNATIONAL CONFERENCE AT SYDNEY (AUSTRALIA)

ICSI organised its 4th International Conference, hosted by ICSI Overseas Centre Australia Inc., in Sydney, Australia, on 3-4-5 September 2025. The event was graced by Dr. S. Janakiraman, Consul General of India in Sydney. Organised on the theme, Embracing Innovation, Enhancing Good Governance, the three-day Conference concluded with a Study Tour of University of Wollongong on 5 September 2025. Special Guest, Shri K. Rajaraman, Chairperson, IFSCA joined the Special Session on Business Opportunities in India's maiden IFSC at GIFT City spotlighting its fintech and global trade potential.

ICSI MEMBERS

53RD NATIONAL CONVENTION OF COMPANY SECRETARIES – REGISTRATIONS OPEN

The Institute is delighted to announce the much-awaited mega event i.e., the 53rd National Convention of Company Secretaries, to be held during October 31 & November 1-2,

2025 at Hotel Grand Hyatt Kochi Bolgatty at scenic coastal city of Kochi, Kerala on the theme "Progressive, Inclusive, and Sustainable Bharat". This year's theme reflects a forward-looking vision for India, emphasizing growth that embraces inclusion and sustainability—perfectly aligned with the evolving role of Company Secretaries in nation-building. All are requested to mark your calendars and register at <https://tinyurl.com/53NCCS>

9TH FOUNDATION DAY OF IEPFA

The Investor Education and Protection Fund Authority (IEPFA) organised its 9th Foundation Day in collaboration with the ICSI and National Council of Applied Economic Research (NCAER) on September 8, 2025 at India International Centre, New Delhi on the theme "Claiming the Unclaimed: Unlocking the Potential of Idle Financial Assets in India".

Inaugural Session	Shri Sanjeev Sanyal, Member, Prime Minister's Economic Advisory Council, GoI; Smt. Anita Shah Akella, CEO, IEPFA and Joint Secretary, MCA; CS Pawan G Chandak, Vice-President, The ICSI; Lt. Col. Aditya Sinha, General Manager, IEPFA Shri Shobhit Srivastava, General Manager, IEPFA
Technical Session	Claiming the Unclaimed: Unlocking the Potential of Idle Financial Assets in India
Managing Unclaimed Financial Assets in India	Shri Sanjeev Sanyal, Member, PM's Economic Advisory Council, Smt. Anita Shah Akella, CEO, IEPFA & JS, MCA
Capital Market and Banking Sector	Shri Sunil Kadam, ED, SEBI, Shri Sunil Nair, CGM, RBI, CS B Narasimhan, Chairman, Financial Services Committee & Former President, ICSI,
Insurance, Pension, and Provident Funds	Smt. Sumeet Kaur Kapoor, ED, PFRDA Shri R K Nair, Former Member, IRDAI
Paradigm Shift: Unlocking potential of Idle Assets & Efficient Service Delivery	Shri Dharendra Kumar, Board Member, IEPFA & CEO, Value Research Shri Sashi Krishnan, Director NISM, CS Savithri Parekh, Nodal Officer, Reliance Industries Ltd.
Moderator:	Dr. C. S. Mohapatra, IEPF Chair Professor at NCAER

WEBINAR ON NEXT-GENERATION GST REFORMS

The Institute organised a webinar on **Next-Generation GST Reforms (Recommendations of the 56th Meeting of the GST Council)** on September 11, 2025 with a view to guide the members about the recent changes in the GST. CS Bimal Jain, Founder, A2Z Taxcorp LLP, New Delhi was the guest speaker and CS Rajesh Tarpara, Central Council Member, ICSI moderated the session.

ASPIRATIONAL EAST: NATIONAL SEMINAR ON STARTUPS, FPO AND AGRI-BUSINESS

The ICSI organised Aspirational East, a National Seminar on Startups, FPO and Agri-Business in Patna, Bihar, on September 12, 2025. Hon'ble Minister of State for Coal and Mines, Shri Satish Chandra Dubey, graced the occasion as the Chief Guest, while Hon'ble Member of Parliament, Rajya Sabha, Shri Upendra Kushwaha, was the Guest of Honour. The event was attended by a total of 250 participants.

The discussions spanned over following topics:

- Overview of Agribusiness and FPO Ecosystem and Value Creation by Strengthening Governance in FPOs - Opportunities for CS
- Access to Finance and Policy Support - Empowering the FPOs & Role of CS
- Digitalization of Agri-Ecosystem– Start-up & Technology Penetration in Agri-Business

IFSCA-ICSI OUTREACH PROGRAMME ON “OPPORTUNITIES FOR PROFESSIONAL & TECHNOLOGY SERVICES PROVIDERS AT GIFT-IFSC

In pursuance of the MoU with GIFT IFSC & IFSCA to facilitate Corporate Governance, Compliance Audit in IFSCs, ICSI-IFSCA conducted outreach programmes for Company Secretaries on the theme “Opportunities for Professionals & Technology Services Providers at GIFT-IFSC” as follows:

Date	Host	Guest/Speaker
19.09.2025	ICSI-WIRO	Mr. K. Mahipal Reddy, Executive Director, IFSCA; Mr. Sathyaraj CM, General Manager, IFSCA; Ms. Bahroze Kamdin, Partner, Deloitte, India; Shri Satyendra Shrivastava, Senior Partner, Consortia Legal; Shri Jugal Kajaria, Partner, E&Y, India; Shri Neeraj Aggarwal, Head of Commercial India, Mauritius & Middle East, Apex Group; Mr. Kalpesh Mehta, AGM, IFSCA; CS Praveen Soni, Council Member, ICSI; CS Hrishikesh Wagh, Chairman, WIRC-ICSI.
01.10.2025	ICSI CCGRT – Hyderabad	Mr. K. Mahipal Reddy, Executive Director, IFSCA; Mr. Sathyaraj CM, General Manager, IFSCA; Mr. Nayan Saboo, Director, International Tax and Transaction Services, E&Y, India; Mr. Harshavardhan Vallabaneni Assistant Vice President, Kfin Technologies Limited; CS R. Venkata Ramana, Council Member, ICSI & Convenor, ICSI CCGRT, Hyderabad.

CAPACITY BUILDING SERIES ON IPR

	Date	Topic	Faculty
Session-5	08.09.2025	Patent Litigation & Enforcement	Dr. Niti Dewan, Head, Patents & Business Development, R K Dewan & Co.
Session-6	15.09.2025	Design, GI Practice & Procedure and Commercial Transactions & Professional Practice	CS Nayan Rawal, Advocate, Patent & Trademark Attorney
Session-7	22.09.2025	International IPR Practices & Procedures	Prof. (Adv.) Deepak G Parmar, IP Strategist & Attorney
Session-8	29.09.2025	IP Valuation & Audit	CS Preeti Garg, RV & IP

EEE 5.0: MASTER KNOWLEDGE SERIES

Date	Topic	Faculty	Link
03.09.2025	Reporting Entity and Company Secretaries: Navigating AML/CFT Guidelines	Sh. Illancheliyan V, Joint Director, FIU-IND Sh. Bharat Chugh, Advocate and Former Judge	<a href="https://youtube.com/live/FreG3h6X-
ezs?si=ibCJW6_VnBJ0ByD3">youtube.com/live/FreG3h6X- ezs?si=ibCJW6_VnBJ0ByD3
10.09.2025	Art of Advocacy, Pleadings and Appearances	Dr K S Ravichandran, Founder and Managing Partner of KSR & Co Company Secretaries LLP	<a href="https://youtube.com/live/CdF8uonKH-
J8?si=qF2ZXnSpW2H7bDGY">youtube.com/live/CdF8uonKH- J8?si=qF2ZXnSpW2H7bDGY
17.09.2025	NCLT Jurisdiction under Companies Act, 2013 and IBC	Dr. Pundala Bhaskara Mohan, Advocate, HC of Telangana, Arbitrator & Conciliator	<a href="https://youtube.com/live/nyQzRf7uOc?
si=_iWwoqBtwWAwHUTm">youtube.com/live/nyQzRf7uOc? si=_iWwoqBtwWAwHUTm
24.09.2025	Recent amendments in provisions of RPT	CS Narayan Shankar, Former Executive VP and CS, Mahindra & Mahindra Limited	<a href="https://youtube.com/live/QRBBifpjS-
d4?si=QVSNiBfhJku02t-2">youtube.com/live/QRBBifpjS- d4?si=QVSNiBfhJku02t-2

REPRESENTATIONS SUBMITTED

Date	Purpose	Authority
01.09.2025	Request for modification in layout of e-form MGT-8	MCA
01.09.2025	Request for relaxation in the requirement of mobile OTP verification at the time of DIR-3 KYC for Foreign Directors	MCA
12.09.2025	Request for extension of time limit for holding AGMs through VC or OAVM and EGMs through VC or OAVM or transacting items through postal ballot - Reg.	MCA
23.09.2025	Request for inclusion of Company Secretaries as eligible professionals for certification of shareholding and other non- financial certifications	MCA
26.09.2025	Request to process applications of Company Secretaries to act as Trade Marks Agent under the Trade Marks Act, 1999 and Rules made thereunder	Shri Sunil Barthwal (IAS), Secretary Dept. of Commerce Ministry of Commerce & Industry
30.09.2025	Functioning of MCA- 21 V3 Portal - Issues and Challenges faced by stakeholders	MCA

JOINT PROGRAMMES

- The ICSI joined as an Institutional Partner with the Women's Collective Forum (WCF) for the SPARK – The 100K Collective, an initiative to empower women-led SMEs with early-stage legal clarity, compliance literacy, and enterprise governance through masterclasses. The ICSI will deploy resource persons at WCF identified locations for conducting these masterclasses. The inaugural masterclass was conducted on “Legal Literacy and Compliance Essentials: Understanding Business Structures, Registrations & Corporate Governance” on 24th September, 2025 at New Delhi.
- The ICSI joined as an Institutional Partner in the Seminar on ‘SEBI (LODR) & PIT Regulations: Strengthening Corporate Governance & Safeguarding Investors’ organized by PHD Chamber of Commerce & Industry at PHD House, New Delhi on September 19, 2025.

PEER REVIEW CERTIFICATES ISSUED

During the month September 2025, Peer Review of around 125 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

ONLINE SESSIONS

Online Sessions of following Courses were organized during the month:

Certificate Course	PMQ Course	Crash Course
- Valuation of Securities/Financial Assets - Batch 4 - IBC - Batch 6 - ESG - Batch 2 - Corporate Restructuring - Batch 6 - Independent director - Batch 9 - Forensic Audit - Batch 9 - CSR – Batch 12 - IFSCA - Batch 2	- Corporate Governance - Internal Audit - Arbitration - Direct Tax	- Artificial Intelligence and IT Tools - Batch 2 - Decoding Financial Statements - Batch 3

E-ACADEMIC CELL

In preparation for the December 2025 examination cycle, online **Pre-Examination Test** was offered to all eligible students, with over **60,000 students successfully completing enrollment** after fulfilling the prerequisites on the LMS portal. A **Capacity Building Series on GST** was launched to strengthen students' understanding of indirect taxation. The **Quarterfinal Round of the All India Company Law Quiz** was conducted successfully through the LMS platform, showcasing nationwide participation. Additionally, **training programs such as E-EDP and E-CLDP** were made available to eligible students.

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.

(September 2025)

No. of entities that Posted Jobs on the ICSI Placement Portal	167
No. of Openings available on the ICSI Placement Portal	286

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

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on September 30, 2025)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
21,483	33,008	7,893	37,529

ICSI SECTION 8 COMPANIES

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

Workshops

Date	Subject	Speaker(s)	YouTube link
03.09.2025	Analysing Recent IBC Amendments (Part-I)	CS and IP Vinod Kothari CS Neha Malu	youtube.com/watch?v=jjJ2_Utx-9E
04.09.2025	Analysing Recent IBC Amendments (Part-II)	IP Ravi Prakash Ganti	youtube.com/watch?v=DSGfTeCGib8
12.09.2025	Interplay of IBC with Different Laws (Part-I)	IP Ashish Rath	youtube.com/watch?v=lyIwBPBGy3A
12.09.2025	Interplay of IBC with Different Laws (Part-II)	CS and IP Anagha Anasingaraju	youtube.com/watch?v=EamfUSjiVrA

20.09.2025	Intersection of IBC with other Laws (Part-I)	CS and IP Amit Gupta	youtube.com/watch?v=9LH1vIJNPc4
20.09.2025	Intersection of IBC with other Laws (Part-II)	CS and IP Partha Kamal Sen	youtube.com/watch?v=HK38kBP-GU8c
Perspectives on IBC - An Array (Series - XVII)			
22.09.2025	Practical Intricacies involved in CIRP Process	CS and IP Amit Gupta	youtube.com/watch?v=URvWf3h-vGWw
23.09.2025	Practical Intricacies in Liquidation Process	CS and IP Shravan Kumar Vishnoi	youtube.com/watch?v=toQxsr7q5Jg
24.09.2025	Role of AI in Strengthening Insolvency Proceedings	IP Ashish Rathi Ms. Zeenath Jahaan	youtube.com/watch?v=A_GJegZTl_E
25.09.2025	Drafting, Pleadings & Arguments before NCLT & NCLAT	IP Manish Paliwal	youtube.com/watch?v=y0LGO9EjD5g
26.09.2025	Managerial Skills of IP in CIRP	IP Avil Menezes	youtube.com/watch?v=IAGGKTSd4SI

- Webinar Series**

Date	Subject	Speaker(s)	YouTube link
06.09.2025	Stakeholders Consultation Committee and Liquidation Estate	CS and IP Chaya Gupta	youtube.com/watch?v=sdDkCMXgr00
13.09.2025	Anatomy of IBC Case laws - 22	CS Prachi Wazalwar	youtube.com/watch?v=GSMNbUXH-fU
18.09.2025	Filing of CP Forms	CS and IP Prakul Thadi	youtube.com/watch?v=8G_iT_XZhqc

- Joint Programmes**

ICSI IIP jointly with ICSI conducted Certificate Course on IBC on

02-09-2025	09-09-2025	16-09-2025	23-09-2025	30-09-2025
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ICSI REGISTERED VALUERS ORGANISATION

- CPE (Continuing Professional Education) Programmes**

Date	Topic	Faculty
13.09.2025	Valuation of Distressed Assets and Insolvency Situations	RV Naveen Khandelwal
25.09.2025	Understanding ESG & Its Impact on Valuation	CS Rajesh Mittal

- 50 Hours Online Educational Course**

September 09-15, 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

- 4TH ICSI BOARD MENTORSHIP PROGRAMME CONDUCTED**

The IGPI conducts ICSI Board Mentorship Programme for Directors, including Independent Directors, KMPs, and Senior Management, 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 conducted its 4th ICSI Board Mentorship Programme, in Kalimpong, West Bengal, during September 18-21, 2025. The event witnessed a participation of nearly 30 delegates.

Inaugural Session	CS Dhananjay Shukla, President, ICSI CS Pawan Chandak, Vice President, ICSI CS Manish Gupta, Former President, ICSI	
Module I	Environmental, Social and Governance (ESG): Way to Corporate Sustainability	CS Ravi Varma Company Secretary and Compliance Officer, Emami Ltd.
Module II	Accounting & Taxation Aspects of CSR	CA Sanjay Goyal Partner, Anand Sanjay & Associates
Module III	Related Party Transactions / Regulatory Framework for Insider Trading Regulations	CS Manoj Banthia Managing Partner MKB & Associates
Module IV	Conceptual Understanding: Corporate Governance & Regulatory Framework	CS Rajesh Poddar Deputy Company Secretary, ITC Limited

ICSI CCGRTs

ICSI-CCGRT MUMBAI

- **5th Non-Residential CLDP concluded**

5th Non-Residential CLDP concluded on September 03, 2025 at ICSI-CCGRT, Mumbai. The program brought together 27 participants from across the country. The valedictory session was graced by Dr. Anjali Kalse, Director, Bharati Vidyapeeth's Institute of Management Studies and Research & CS Rajesh Tarpara, Central Council Member, ICSI.

- **02 Days Joint Workshop on Research on Critical Issues under the Companies Act, 2013 (3rd Edition) at Ujjain**

ICSI-CCGRT, Mumbai jointly with Indore Chapter organised the 3rd Edition of 2-Day Joint Workshop on Research on Critical Issues under the Companies Act, 2013 at Ujjain during September 19-20, 2025. Guest Speaker: CS Makarand Joshi; Number of Participants: 47.

- **6th Non-Residential Corporate Leadership Development Program (CLDP)**

ICSI-CCGRT, Mumbai conducted 6th Non-Residential CLDP during September 09-23, 2025. The programme brought together 26 participants from across the country. The Valedictory Session was graced by Chief Guest, CS Shyam Lata, a renowned professional and legal consultant. CS Ashish Karodia, Central Council Member, ICSI also interacted with participants through VC during valedictory session.

- **14th session of Debating Society of ICSI-CCGRT, Mumbai**

Debating Society of ICSI-CCGRT, Mumbai held the 14th Session on September 20, 2025, on the topic "Hostile Takeovers – A Threat to Corporate Governance or a Catalyst for Efficiency?" CS Shilpa Bhatia moderated the session.

ICSI-CCGRT HYDERABAD

- **Corp Con-2025: National Conference on ESG and IBC jointly with NALSAR University of Law, Hyderabad**

A National Conference was jointly organized by ICSI with NALSAR University at Hyderabad during September 12-13, 2025 on the theme Environmental, Social and Governance (ESG) and the Insolvency and Bankruptcy Code (IBC), at the SAARC Law Hall, NALSAR University of Law.

Inauguration Session	Chief Guest: Shri Gyaneshwar Kumar Singh, DG & CEO, IICA Chairman: Prof. Srikrishna Deva Rao, Vice-Chancellor of NALSAR University of Law Guests: CS P. S. Rao, Company Secretary in Practice Shri Inderjit Shaw, Vice-President, CBRE CS Ranjeet Pandey, Former President, ICSI & Chairman ESG Committee, ICSI
Valedictory Session	Chief Guest: Sri Jishnu Dev Varma, Hon'ble Governor of Telangana Key address: Prof. Srikrishna Deva Rao, Vice-Chancellor of NALSAR University of Law CS B. Narasimhan, Immediate Former President, ICSI CS R Venkata Ramana, Central Council Member, ICSI & Convenor, ICSI-CCGRT, Hyderabad Prof. P. Srinvasa Subba Rao, HoD, DoMS, NALSAR University Prof. N. Vasanthi, Registrar, NALSAR University of Law

- **23rd Batch of Corporate Leadership Development Program (CLDP)**

The ICSI-CCGRT, Hyderabad, successfully organized the inaugural session of its 23rd batch of Residential CLDP on September 15, 2025, at the ICSI-CCGRT campus. The program was inaugurated by Dr. Ramakrishna Aradhyula, COO, Gencleus Pharma Pvt. Ltd, Hyderabad and CS R. Venkata Ramana, Council Member of ICSI and Convenor of CCGRT Hyderabad also addressed the participants. Shri DVNS Sarma, Director, ICSI CCGRT, Hyderabad proposed vote of thanks.

ICSI-CCGRT KOLKATA

- **12th batch of Residential Corporate Leadership Development Programme (CLDP)**

CCGRT Kolkata successfully conducted 12th batch of Residential Corporate Leadership Development Programme (CLDP) during September 11-25, 2025. The Valedictory Session was honored by the presence of CS S. K. Agrawala, Past Council Member of the ICSI, who graced the occasion as the distinguished Guest. Dr. S. K. Jena, Director and Head of CCGRT Kolkata, also attended the event and extended his best wishes to all the participants.

- **Virtual Programme of Debating Society of CCGRT Kolkata**

The Debating Society of CCGRT Kolkata organized a virtual event on September 24, 2025, centered around: "Happiness is More Important Than Success." The debate was skillfully moderated by CS Ketan Madia, Mentor of the Debating Society. A total of 14 mentees participated, gaining valuable debating experience.

ICSI REGIONAL OFFICES

ICSI-EIRO

- **Students' Programmes**

Date	Event / Activity
04-20.09.2025	11 th Batch of 15-day Online CLDP
06.09.2025	Regional Round of 24 th All India Debate Competition
06.09.2025	2 nd Programme of Students on Debating Society
08-10.09.2025	13 th Batch of TDOP
12.09.2025	23 rd All India Moot Court Competition-Regional Round
18-20.09.2025	14 th Batch of TDOP
19.09.2025	Student Workshop-Winspire

- **Member's Programmes : Study Circle Meetings**

Date	Study Circle	Topic
06.09.2025	Tollygunge	An Insight into Secretarial Standards and its Compliances & RPT-Industry Standard and its Practical Aspects
20.09.2025	Madhya Kolkata	Fast Track Mergers – Amendments Delisting of Shares – A Practical Approach

- **Other Programmes**

Date	Event / Activity
01.09.2025	Meeting with Prof. Gautam Dutta, Mother Teresa Chair Professor of Peace at St. Xavier's University, Kolkata
10.09.2025	Teachers Conference for School Teachers
11.09.2025	Meeting with Officials of Regional Capacity Building & Knowledge Institute, Kolkata under the aegis of CAG India
15.09.2025	Teachers Conference for College Teachers

ICSI-SIRO

- **Members' Programmes**

Date	Event / Activity
18.09.2025	Study Circle Meeting on "Corporate Social Responsibility"
26.09.2025	ICSI Debating Society for Members and Students

- **Students' Programmes**

Date	Event / Activity
02-04.09.2025	8 th Batch of TDOP
10-12.09.2025	9 th Batch of TDOP
13.09.2025	23 rd All India Moot Court Competition – Regional Round
15.09.2025	24 th All India Debate Competition – Regional Round
16-30.09.2025	7 th Batch of Webinar CLDP
16-30.09.2025	22 nd Batch of EDP
24-26.09.2025	10 th Batch of TDOP
25.09.2025	Trainee Drive for the students of ICSI
29.09.2025	Felicitation Function to All India Rank Holders of June 2025 examination

- **Other Activity**

Date	Event/ Activity
11.09.2025	ICSI School Teachers' Conference
12.09.2025	ICSI College Teachers' Conference

ICSI WIRO

- MEMBERS' PROGRAMMES

Date	Event/ Activity	Guest / Speaker	Participants
13.09.2025	Compliance Insights 2025 – Annual Filings & Listing Compliances Demystified	Ms. Aparna Mudiam, DD (WR), MCA; CS Narayan Shankar, Former, Executive VP & CS, Mahindra & Mahindra Ltd.; CS Deepti Joshi, Partner, MMJC	184

- STUDENTS' PROGRAMMES

Date	Event / Activity
15.09.2025	11 th Batch of 15 days CLDP (Webinar Mode) concluded
01.09.2025	23 rd All India Moot Court Competition – 2025 - Chapter Round (Mumbai Level)
02-04.09.2025	5 th Batch of TDOP
02-04.09.2025	6 th Batch of TDOP
05-07.09.2025	7 th Batch of TDOP
05-07.09.2025	8 th Batch of TDOP
08-10.09.2025	9 th Batch of TDOP
08-10.09.2025	10 th Batch of TDOP
10.09.2025	'Debate (Elocution) Competition 2025- Regional Round
10-24.09.2025	63 rd Batch of 15 Days Classroom Mode EDP
13.09.2025	“परिणाम मंथन 2.0” for queries on Training, Exam preparation, Career as a CS and other queries
15-29.09.2025	33 rd Batch of 15 days Classroom Mode NR CLDP
18.09.2025	23 rd 'All India Moot Court Competition – 2025' - Regional Round
23-25.09.2025	11 th Batch of TDOP
26.09.2025	34 th Batch of 15 days Classroom Mode NR CLDP commenced

- STUDY CIRCLE MEETINGS

Date	Study Circle	Topic
01.09.2025	Aditya Birla Group (Corporate)	Related Party Transactions: Can Corporates ever meet SEBI's expectations?
02.09.2025	Reliance Industries Ltd. (Corporate)	Recent Amendments to the Securities and Exchange Board of India (LODR) Regulations, 2015
07.09.2025	Kandivali	Road Map to IPO & Beyond
09.09.2025	Sangli	Annual Filing of Companies under V3
15.09.2025	Adani (Corporate)	Recent Amendments: Companies Act, 2013 & SEBI Listing Regulations
21.09.2025	Jamnagar	Filing of AOC-4 Variants & Annual Return (MGT-7/7A) under MCA V3
26.09.2025	L&T (Corporate)	Chief Governance Officer – Need of the hour, Secretarial Audit Report – Transitioning to a Strategic Governance Report
28.09.2025	Kandivali	Role of Artificial Intelligence in scaling up Industries reconnect
29.09.2025	H. T. Parekh Marg (Corporate)	Untraceable Shareholders” - time to flex and reconnect

- Other Activity

Date	Name of Event/Activity	Venue
11.09.2025	ICSI Teachers' Conference - Degree College	ICFAI Business School (IBS) Mumbai
15.09.2025	ICSI Teachers' Conference - Junior College	Sonpant Dandekar Shikshan Mandal, Junior College, Palghar (W)

ICSI-NIRO

• MEMBERS' PROGRAMMES

Date	Event/ Activity	Guest / Speaker
12.09.2025		CS Placement Drive of 2025
13.09.2025	ज्ञान वृद्धि – Pivotal Role of PCS under IBC 2016	CS Harish Taneja, Insolvency Professional
27.09.2025	General Counsel Conclave on <i>Redefining Leadership: Company Secretaries as General Counsel and Global Compliance Architects</i>	- Technical Sessions - Mr. Manish Lamba, General Counsel, DLF Cybercity Developers Ltd. - CS (Dr) Akhil Prasad, Group General Counsel & Company Secretary, Boeing India - Panel Discussion-I: - CS Pravesh Khetarpal, Ampyr Energy - CS (Dr.) Mukul Shastry, Cube Highways - CS Tarun Srivastava, Uno Minda Ltd. - Panel Discussion-II: - CS Rajiv Mallik, LG Electronics India - CS G P Madaan, Madaan Law Offices - CS Ashish Chandra, Junglee Games India Pvt. Ltd. - CS Jitesh Dhingra, Bridgestone South West Asia - Special Session: Mr. Sumit Saxena, VP (Listing & SME), BSE Ltd.

• STUDENTS' PROGRAMMES

Dates	Activity
03.09.2025	CS Trainee Drive
02-04, 2025	14 th Batch of TDOP
02-19.09.2025	22nd Batch of Online CLDP Webinar Mode
09-11.09.2025	15 th Batch of TDOP
11.09.2025	24 th All India Debate Competition – 2025 (Regional Round)
11-27.09.2025	23 rd Batch of Online CLDP Webinar Mode
13.09.2025	23 rd All India Moot Court Competition – 2025 (Regional Level Round)
17.09.2025	60 th Batch of 15 Days Classroom EDP commenced
16-18.09.2025	16 th Batch of TDOP
22.09.2025	24 th Batch of Online CLDP Webinar Mode commenced
22.09.2025	40 th Batch of 15 Days Classroom Mode Non-Residential CLDP commenced
23.09.2025	Class 3 of ICSI-NIRC Debating Society
23-25.09.2025	17 th Batch of TDOP
26.09.2025	41 st Batch of 15 Days Classroom Mode Non-Residential CLDP commenced
29.09.2025	25 th Batch of Online CLDP Webinar Mode commenced

♦ Other Activity

Date	Name of Event/ Activity
06.09.2025	ICSI School Teachers' Conference
15.09.2025	ICSI College Teachers' Conference

ICSI EMPLOYEES

- **Training on “Soft Skills and Interpersonal Skills” on 04 & 06 September, 2025**

Two days training programme was conducted for employees of the level of Executive to Junior Executive Assistant on the topic “Soft Skills and Interpersonal Skills”. The training was conducted in two batches; one for the employee of the level of Junior Executive Assistant to Senior Executive Assistant and second for the employee of the level of Executive at Noida Office. Mr. Suneel Keswani, Corporate Trainer undertook the session and a total of 82 employees participated in the training programme. The session was intended to enhance the Communication Skills, Team Work, Interpersonal Skills and Professional Excellence of employees of the ICSI.

- **Wellness Webinar on “Prostate Health” organized on September 18, 2025**

A webinar was organized on September 18, 2025 on the topic “Prostate Health” by Dr Reddy’s Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Saptarshi Mukherjee, Urologist.

- **Health Talk on “Healthy Heart & Lifestyle Diseases” organized on September 29, 2025**

Health talk on the topic “Healthy Heart and Lifestyle Diseases” was organized on September 29, 2025 for the employees posted at HQ, Lodi Road. The session was presented by Dr. Vishal Rastogi, Director, Interventional Cardiology, Fortis Hospital, Okhla. All the employees posted at HQ, Lodi Road participated for the health talk.

- **Webinar on “Female health awareness” organized on September 29, 2025**

A webinar in association with Dr. Reddy’s Foundation under the “Swasth Nari, Sashakt Parivar Abhiyaan” was organized on September 29, 2025 covering all aspects of “Women’s Health”. All the female employees/veterans participated in the webinar presented by Dr. Arati Adhe Rojekar, Consultant Gynaecologist.

ICSI STUDENTS

CAPACITY BUILDING

- **Capacity Building Webinar Series For Students**

ICSI has launched a webinar series to equip CS students with essential, future-ready skills that complement their academic and professional journey. During the month, following webinars were conducted:

07.09.2025	Basic Accounting and how to read and understand Financial Statements
14.09.2025	Artificial Intelligence (Session II)

21.09.2025	Research Ability, Drafting and Court Crafting Skills / Interpretation Skills
28.09.2025	Corporate Etiquette

- **Capacity Building Certificate Course**

Approved by the Council in its 318th 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 Quarter Final Round was conducted on September 12, 2025.

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#

- **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**

The Institute has introduced a special scheme for 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. Such students can continue their study from Professional Programme, eliminating the need to repeat the Executive level. As a result, 717 students registered in Professional Programme since May 2014. The detailed information is available at: 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, 15252 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**

59th Samadhan Diwas was organised on September 10, 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.

- **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. 1st 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, 15 Transcripts were issued. Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, 04 Education Verification requests of CS students were processed.

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

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

- **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
- ♦ *Professional Switchover to New Syllabus*: 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, Class Room 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 candidate 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.

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	180
No. of Training/Semi qualified Opportunities available on the ICSI Placement Portal	214

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

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

- **Centralized online Classes of CSEET**

ICSI conducts online Centralized classes for the students registered for the upcoming Session of CSEET. Faculties with vast experience take these classes.

- **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

- **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

- **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/

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 **September, 2025** are available at: www.icsi.edu/e-journals/

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

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

- **Info Capsule**

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

CAREER AWARENESS

- Career Awareness Programmes conducted across the country*

S. No.	Region	Name of Institution	Date	Venue
1.	SIRC	Shri Krishnaswamy Matriculation Hr. Sec. School	02.09.2025	Chennai
2.	SIRC	Bishop Heber College	06.09.2025	Tiruchirapalli
3.	SIRC	Vallal P.T.Lee Chengalvarayan Naicker College	09.09.2025	Chennai
4.	SIRC	Kanchi Mamunivar Centre for PG Studies	10.09.2025	Pondicherry
5.	SIRC	Idhaya College of Arts & Science	10.09.2025	Pondicherry
6.	SIRC	Tagore Govt. Arts & Science College	10.09.2025	Pondicherry
7.	SIRC	Bharathidasan Govt. College for Women	11.09.2025	Pondicherry
8.	SIRC	Saradha Gangadharan College	11.09.2025	Pondicherry
9.	SIRC	Pondicherry University	11.09.2025	Pondicherry
10.	SIRC	Acharya Arts & Science College	11.09.2025	Pondicherry
11.	SIRC	Jesus Christ College	11.09.2025	Pondicherry
12.	SIRC	Saradha Gangadharan College	11.09.2025	Pondicherry
13.	SIRC	Raak Arts and Science College	12.09.2025	Pondicherry
14.	SIRC	Indira Gandhi College of Arts and Science	12.09.2025	Pondicherry
15.	SIRC	Sri Manakula Vinayagar School of Arts & Science	12.09.2025	Pondicherry
16.	SIRC	GSS Jain College for Women	12.09.2025	Chennai
17.	SIRC	Patrician College of Arts and Science	13.09.2025	Chennai
18.	SIRC	S.A. College of Engineering	18.09.2025	Chennai
19.	SIRC	Saveetha University	18.09.2025	Chennai
20.	SIRC	The Tamil Nadu Dr. Ambedkar Law University	19.09.2025	Chennai
21.	SIRC	Mohamed Sathak College of Arts and Science	19.09.2025	Chennai
22.	SIRC	Chevalier T. Thomas Elizabeth College for Women	19.09.2025	Chennai
23.	SIRC	Olive Public School	22.09.2025	Chennai
24.	SIRC	A.M. Jain College	23.09.2025	Chennai
25.	SIRC	Thiruthangal Nadar College	23.09.2025	Chennai
26.	SIRC	S.S.K.V Matriculation Higher Secondary School	26.09.2025	Kanchipuram
27.	SIRC	Sri Sankara Arts and Science college (UG)	26.09.2025	Kanchipuram
28.	SIRC	Sri Sankara Arts and Science college (PG)	26.09.2025	Kanchipuram
29.	SIRC	S.S.K.V college of arts and science for women	26.09.2025	Kanchipuram
30.	SIRC	Ethiraj College for Women	27.09.2025	Chennai
31.	SIRC	Hindustan College of Arts and Science College	30.09.2025	Chennai
32.	NIRC	SKV, Rani Garden	23.09.2025	Delhi
33.	NIRC	Darbari Lal D.A.V Model School	25.09.2025	Delhi
34.	NIRC	Carmel Convent School, Chanakyapuri	29.09.2025	Delhi
35.	EIRC	Delhi Public School	08.09.2025	Barasat
36.	EIRC	Heramba Chandra College	13.09.2025	Kolkata
37.	EIRC	Brainware University, Commerce Dept.	15.09.2025	CCGRT-Kolkata

38.	EIRC	St. Augustine's Day School	22.09.2025	Barrackpore
39.	EIRC	Calcutta Girls' College	22.09.2025	Kolkata
40.	WIRC	Maniben Nanavati Women's College	09.09.2025	Mumbai
41.	WIRC	Thakur College of Science & Commerce	12.09.2025	Mumbai
42.	WIRC	Viva College of Arts, Commerce and Science	23.09.2025	Palghar

• **Career guidance sessions in North Eastern Region**

To create Awareness about Company Secretaries Course in all North-Eastern (NE) States, the ICSI in association with District Education Officer, Dte of School Education, Govt of Mizoram conducted Weeklong ICSI Career Awareness Campaigns at 11 different Schools and the Dept of Commerce, Mizoram University (Central) during September 08-15, 2025. Apart from Awareness Campaigns, meetings were held with Director, Dte. of School Education; Dean, School of Economics, Management & Information Sciences (SEMIS) and HOD, Dept of Commerce, Mizoram University (Central) for exploring the scope of reaching all eligible students of state of Mizoram. Almost all awareness sessions were translated and delivered in Mizo language by the faculties of respective schools to turn the campaign more acceptable among Mizo Student community.

• **Career Fairs Participation by ICSI-HQ**

ICSI-HQ through its chapters participated in Career Fairs at:

Region	Event Name	Date	Venue
WIRC	Thakur College of Science & Commerce	12.09.2025	Mumbai

• **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 ICSI's 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 GK Quiz**

The Institute conducts All India Online GK Quiz for students of Class 11th and 12th. Students passed 12th, 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.

• **Constitution Day Online Quiz**

Each year on 26th November, ICSI organizes an online quiz to mark Constitution Day, aiming to enhance constitutional awareness among students at various academic levels. The quiz is accessible online and open to broad participation, with certificates and prizes awarded to top performers.

DIGITAL ICSI

- Implementation of Faculty Empanelment Module for Student's Training under STIMULATE portal.
- Implementation of facility to make 'List of Members' available online in read only mode on payment under STIMULATE portal.

ICSI Aspirational East - National Seminar on Startups, FPO and Agri-Business on September 12, 2025 at Patna, Bihar

Chief Guest: **Shri Satish Chandra Dubey**, Hon'ble Minister of State for Coal and Mines

Guest of Honour: **Shri Upendra Kushwaha**, Hon'ble Member of Parliament, Rajya Sabha

INAUGURAL SESSION



SESSION - I



SESSION - II



SESSION - III



IGPI's 4th ICSI Board Mentorship Programme held from September 18-21, 2025 at Kalimpong, West Bengal



Fit India - Fit ICSI Event organised Pan India on the occasion of 57th Foundation Day of ICSI on October 4, 2025





Srinagar



Kozhikode



Indore



Noida



Ghaziabad



Nagpur



Bhillwara



Lucknow



Thane



Prayagraj

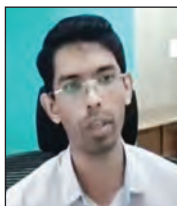
Teachers' Conference



EEE 5.0: Master Knowledge Series

WEBINAR ON

Reporting Entity and Company Secretaries: Navigating AML/CFT Guidelines held on September 3, 2025



Faculty:
Sh. Illancheliyan V
Joint Director, FIU-IND



Faculty:
Sh. Bharat Chugh
Advocate and Former Judge



Moderator:
CS Praveen Soni
Central Council Member, The ICSI

WEBINAR ON

Art of Advocacy, Pleadings and Appearances held on September 10, 2025



Faculty:
Dr. K S Ravichandran
Founder and Managing Partner of
KSR & Co Company Secretaries LLP



Moderator:
CS Pradeep Chandra Joshi
The ICSI

WEBINAR ON

NCLT Jurisdiction under Companies Act, 2013 and IBC held on September 17, 2025



Faculty:
Dr. Pundala Bhaskara Mohan
Advocate, High Court of Telangana,
Arbitrator and Conciliator



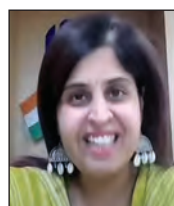
Moderator:
Dr. Pratap Kumar Manne
The ICSI

WEBINAR ON

Recent amendments in provisions of RPT held on September 24, 2025



Faculty:
CS Narayan Shankar
Former Executive Vice President and
Company Secretary,
Mahindra & Mahindra Limited



Moderator:
CS (Dr.) Pooja Rahi
The ICSI

GST Webinar

WEBINAR ON

Next-Generation GST Reforms (Recommendations of the 56th Meeting of the GST Council) held on September 11, 2025



Faculty:
CS Bimal Jain
Founder, A2Z Taxcorp LLP,
New Delhi

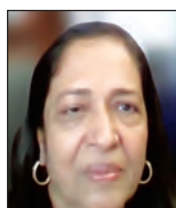


Moderator:
CS Rajesh Tarpara
Central Council Member,
The ICSI

Capacity Building Series on IPR

WEBINAR ON

Session-5: Patent Litigation & Enforcement
held on September 08, 2025



Faculty:
Dr. Niti Dewan
Head, Patents & Business
Development, R K Dewan & Co.



Moderator:
CS Suruchi Verma
The ICSI

WEBINAR ON

Session-6: Design, GI Practice &
Procedure and Commercial Transactions &
Professional Practice
held on September 15, 2025



Faculty:
CS Nayan Rawal
Advocate, Patent & Trademark
Attorney



Moderator:
CS Kanika
The ICSI

WEBINAR ON

Session-7: International IPR Practices &
Procedures held on September 22, 2025



Faculty:
Prof. (Adv.) Deepak G Parmar
IP Strategist & Attorney



Moderator:
CS Surbhi
The ICSI

WEBINAR ON

Session-8: IP Valuation & Audit
held on September 29, 2025



Faculty:
CS Preeti Garg
Registered Valuer & Insolvency
Professional



Moderator:
CS Nikita Dutta
The ICSI

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GLOBAL CONNECT



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- Highlights - ICSI 4th International Conference
 - IFSCA (TechFin and Ancillary Services) Regulations, 2025: A Progressive Regulatory Model for building a Resilient Global Financial Hub
-



**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)

Vision

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

Motto

सत्यं वद। धर्मं चर। *इष्टं कुरु। श्रेयं च त्वत्पुत्रः। श्रेयं च त्वत्पुत्रः।*

Mission

"To develop high calibre professionals
facilitating good corporate governance"

#IntlGovCon

HIGHLIGHTS

ICSI 4th International Conference

Theme: Embracing Innovation, Enhancing Good Governance

3-5 September 2025 | Crowne Plaza - Sydney, Australia

Hosted by: ICSI Overseas Centre Australia Inc



HIGHLIGHTS OF THE CONFERENCE

The ICSI 4th International Conference 2025, held in **Sydney, Australia**, showcased the dynamic intersection of innovation and governance in a rapidly evolving global ecosystem. With the central theme “Embracing Innovation, Enhancing Good Governance,” the conference brought together governance professionals, industry leaders, and subject matter experts to explore forward-looking strategies and collaborative solutions. The Conference was hosted by ICSI Overseas Centre Australia Inc., and supported by knowledge partners, Australia India Chamber of Commerce and Services Export Promotion Council (SEPC) India.

During the Conference, the Institute of Company Secretaries of India (ICSI) launched the **“Handbook on Business Responsibility and Sustainability – Version 3.0”** and **“ICSI ASCEND”**, at the hands of the Chief Guest, Dr. S. Janakiraman, Consul General of India in Sydney. The event witnessed enthusiastic participation, of over 90 delegates attending in person and around 1000 delegates joining virtually.

The Conference was a significant step towards fostering international cooperation. To enhance cross-border business opportunities and boost bilateral trade & investments, the ICSI also unveiled the **India–Australia Facilitation Centre** at the Conference.

This Centre will help companies of both countries establish offices & subsidiaries across them. Thanking the ICSI for this initiative, **Dr. S. Janakiraman** invited Company Secretaries to make use of the Consulate's existing Business Centre as a one-stop concierge for office space, meetings, and business promotion in Australia.



Opening Plenary



Appreciating the ICSI for standing as a sentinel of Good Governance for over 5 decades, Dr. S. Janakiraman stated, "Company Secretaries have evolved into a strategic advisor to boards today, shaping decision-making, culture, and purpose across organizations, and guiding them through complexity".

Chief Guest

Dr. S. Janakiraman

Consul General of India in Sydney

Plenary II - Governance in Focus- Making Boards Future Ready



The session underscored the vital contribution of governance professionals in building boards that are future-ready and capable of navigating complexity. It focused on resilience during uncertain times, managing geopolitical and trade risks, strengthening crisis preparedness and response, and applying strategic foresight through scenario planning.

Mr. Dhawal Gadani, Head of Governance & CS, HSBC Australia and New Zealand

Dr. Sudheendhra Putty, Associate Vice President & CS, Cyient Limited

Ms. Lucinda McCann, Partner, Norton Rose Fulbright Australia

CS Dinesh Makani, Founder & Director, IBS Group

Plenary III - Circular Economy and ESG



The session explored how circular economy principles can drive sustainable innovation and long-term value. Experts shared strategies for overcoming operational and regulatory hurdles, while discussing ESG's growing impact on corporate accountability, investor expectations, and stakeholder engagement.

Mr. Hemant Chaudhary, Founder & Managing Director, Circular Economy Alliance Australia

Ms. Janet Salem, Co-Founder, FootprintLab

Ms. Alison Osborne, Chief Sustainability Officer, Rabobank Australia

Plenary IV - Data Privacy and Cyber Security



The session focused on the growing significance of data privacy and cybersecurity in today's digital governance landscape. It addressed the complexities of navigating data privacy laws across borders, underscoring the need for harmonized global standards and proactive governance to ensure secure and ethical data management.

CS Shivprasad Laud, Advisory Board Member, Fourteenth Degree Azimuth (India) Advisory

Dr. Aastha Gupta, Co-Founder & CEO, ViCyber

CS Ashwini Arveti, Agile Coach

Ms. Fiona Chan, Group Privacy Officer, APA Group

Plenary V - Managing Risk Oversight through Stewardship



The session explored the evolving role of corporate stewardship in enhancing risk oversight and sustainable governance. It emphasized aligning governance with long-term value and responsible leadership, guided by the ICSI Guiding Principles on Stewardship (IGPS). Discussions highlighted how boards can embed stewardship into strategy to build resilience, trust, and sustainable growth in a dynamic global environment.

Mr. Russ Martin, CEO, Global Product Stewardship Council

CS Asish Mohan, Secretary, The ICSI

Mr. Peeyush Gautam, Head of Operational Risk, DBS Bank

CS Malcolm Shroff, Engagement Director- Consulting, Tata Consultancy Services

Plenary VI - India-Australia: Governance & Investment Ties



The session highlighted the deepening India–Australia strategic partnership, showcasing Investment NSW's role in improving Ease of Doing Business and fostering bilateral investment. Discussions covered emerging trends, global governance practices, and the impact of trade agreements on regulatory alignment and investor confidence.

Mr. Sudhir Basavaraju, Acting Associate Director, Investment NSW

Ms. Nikita Kaur Chopra, CEO, Australia India Chamber of Commerce

Dr. Rohit Mehtani, Professor, Indian Institute of Foreign Trade

Plenary VII - Leveraging Human Capital by Steering Diversity, Equity, and Inclusion (DE&I)



The session emphasized DE&I as a catalyst for unlocking human potential and driving organizational excellence. It focused on ethical leadership, inclusive culture, and emotional intelligence in the digital era. Discussions highlighted equitable decision-making and how DE&I fosters innovation, engagement, and long-term sustainability.

Dr. Rebekah Schulz, Lecturer, University of Wollongong

Mr. Robert Agati, Company Secretary, Qudos Bank

Dr. Isabelle Kingsley, Director- Loupe Consulting & Director- Science in Australia Gender Equity

Plenary VIII - Evaluating the Efficacy of Governance in Generative AI



The session explored the intersection of governance and emerging technologies, spotlighting generative AI's potential and the need for responsible oversight. The dialogue urged organizations to adopt governance models that balance innovation with accountability and compliance in a fast-evolving digital landscape.

Mr. Shalabh Narain, Strategic Pursuits Leader Asia Pacific, Lenovo Global

Mr. Aubrey Joachim, Past Global President, CIMA, UK

Dr. Aditya Narvekar, Director, SP Jain School of Global Management

Plenary IX - Special Session on Business Opportunities in India's maiden IFSC at GIFT City



The session emphasized GIFT City's role in driving innovation, fintech growth, and cross-border trade, encouraging stakeholders to leverage its infrastructure for sustainable and future-ready business expansion. It featured a special address by Special Guest, Shri K. Rajaraman, Chairperson, IFSCA.

SPECIAL GUEST

Shri K. Rajaraman, Chairperson, IFSCA

Group Photograph



Study Tour at University of Wollongong (Wollongong Campus)



The three-day conference concluded with a Study Tour of the University of Wollongong (Wollongong Campus) on 5 September 2025, aimed at providing insights into global governance education and fostering opportunities for international collaboration and professional growth.

IFSCA (TechFin and Ancillary Services) Regulations, 2025: A Progressive Regulatory Model for building a Resilient Global Financial Hub

The IFSCA oversees a comprehensive spectrum of financial activities including Banking, Capital Markets, Insurance, Pension and a wide range of support services. Its principle-based regulatory approach promotes a healthy balance between innovation and regulatory oversight, making GIFT-IFSC an attractive and preferred destination for international financial services to thrive with secure environment. This article throws light on the key reforms in IFSC and its growth in the last 5 years. The introduction of the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (TAS Regulations) marks a significant milestone in this journey.



K. Mahipal Reddy

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INTRODUCTION

The International Financial Services Centres Authority (IFSCA), established on 27th April 2020, under the IFSCA Act, 2019, serves as the unified authority for India's International Financial Services Centres (IFSCs) with the mandate of developing and regulating financial products, financial services and financial institutions within IFSC. At present, GIFT-IFSC has emerged as India's first true global financial hub, strategically positioned to bridge India's vast economic potential with international financial markets.

The IFSCA oversees a comprehensive spectrum of financial activities including Banking, Capital Markets, Insurance, Pension and a wide range of support services. Its principle-based regulatory approach promotes a healthy balance between innovation and regulatory oversight, making GIFT-IFSC an attractive and preferred destination for international financial services to thrive with secure environment.

To further promote ease of doing business and provide for dedicated regulatory intervention, Government of India through an Act of Parliament in 2019 set up the International Financial Services Centres Authority (IFSCA) as a unified regulator for development and regulation of financial markets in the IFSCs in India. From 1st October 2020, IFSCA assumed powers of four domestic financial

sector regulators in so far as development and regulation of financial products, financial institutions and financial services within the IFSCs is concerned.

GIFT IFSC in the last 5 years has witnessed substantial growth across entire spectrum of financial services activities including Banking, Capital Markets, Insurance, Funds Industry, Aircraft Leasing, Ship Leasing, FinTech, Foreign Universities etc. With internationally aligned regulatory regime, competitive tax structure and beneficial cost of operations, GIFT IFSC is fast emerging as a prominent international jurisdiction for availing wide array of international financial Services.

As of July 2025, more than 988 + entities across Banks, Capital Markets, Insurance, FinTech, Aircraft Leasing, Ship Leasing, Bullion Exchange, etc have been registered¹ with the IFSCA. The financial services market is gaining momentum with healthy and growing participation of global and domestic financial services institutions. Some key features are as below:

- a) To provide world-class regulatory architecture to firms operating from GIFT IFSC, 34 Regulations and 15 + Frameworks, which are aligned to international best practices, have been notified by IFSCA.
- b) Funds Industry: 186 Fund Management Entities (FMEs) have been granted registration. These FMEs have launched 290 Funds (AIFs) with a total targeted corpus of USD \$ 71 Bn till July 2025.
- c) A complete Capital Market ecosystem has been established with the presence of Market Infrastructure Institutions (Stock Exchanges, Clearing Corporations, Depository) and Intermediaries (Broker-Dealers, Clearing Members, Custodians, Investment Advisers, Depository Participants). The Monthly turnover on Exchanges touched USD 94 Bn in July, 2025.
- d) The first Fx IPO of an unlisted Indian Company is expected to happen in October, 2025.
- e) Cumulative Debt listing on Exchanges reached USD 65.10 Bn till July 2025 with Indian Corporates, PSB and NBFCs being some of the prominent issuers.

¹ Including all entities registered, licensed, authorized and notified by IFSCA.

- f) Full-scale operation of the NSE IX-SGX Connect commenced from July 2023 with the transition of SGX Nifty derivatives to NSE IX as GIFT NIFTY. The Average daily turnover of NIFTY Derivative contracts on NSE IX was USD 4 Bn in July 2025.
- g) The Banking ecosystem now includes 18 Foreign banks and 17 Domestic banks. Total Banking Asset size has grown from USD 14 Bn in Sept. 2020 to USD 93 Bn in July 2025.
- h) The Bullion Exchange IIBX was launched by the Hon'ble Prime Minister of India on 29th July 2022. Till July 2025, 101 Tonnes of Gold and 1,147.98 Tonnes of Silver have been transacted and imported through the IIBX. All the transactions have underlying physical gold and silver.
- i) Insurance and re-insurance business is gaining strong traction with 48 entities now registered with IFSCA including 19 IFSC Insurance Offices and 29 Insurance Intermediaries, including brokers.
- j) Aircraft Leasing firm numbers have grown to 33. 271 Aviation Assets (Aircrafts & Helicopters – 115, Engines – 71 and Aircraft auxiliary power units (APUs)- 85) have been leased or owned out of IFSC till April 2025.
- k) Similarly, Ship leasing business is also gaining momentum with number of ship leasing entities growing to 23 till July 2025 with over 28 ships leased out of GIFT City.
- l) Foreign University: Deakin University and University of Wollongong from Australia are the first two foreign universities which have commenced academic operations from their International Branch Campuses in GIFT IFSC in 2024. Queen's University of Belfast, Coventry University from UK have also received in-principle approval from IFSCA for setting up their International Branch Campuses.
- m) A Single Window IT System (SWIT) has enabled speedy online applications and processing with time taken for approvals reducing significantly due to standardisation of processes. An EODB Committee is working on reducing processes and regulations to apply for, operating and exiting a business in IFSC.

Tech-Fins are reshaping the financial services with cutting-edge tools like Artificial Intelligence, Blockchain and Data-driven platforms, transforming how finance is delivered and consumed.

SUPPORT ECOSYSTEM FOR FINANCIAL SERVICES

Every leading financial centre stands on two key pillars, namely, professional services and technology-driven solutions. Ancillary services such as Legal, Compliance, Consulting, Advisory, Back-Office Support and Fund Administration services form the critical yet often invisible backbone of the financial ecosystem. Alongside them, Tech-Fins are reshaping the financial services with cutting-edge tools like Artificial Intelligence, Blockchain and Data-driven platforms, transforming how finance is delivered and consumed.

Together, these two sectors serve as the twin engines driving GIFT-IFSC's transformation into a globally competitive financial hub. The impact is already evident. In 2022, there were only 36 ancillary services entities operated within IFSC. As on September 2025, that number has reached to 128, reflecting a remarkable annual increase of almost 40 percent. Major global players in technology and advisory spaces have established their operations in GIFT-IFSC, signalling growing confidence among both global and Indian stakeholders in GIFT-IFSC as a preferred destination for financial innovation and services.

IFSCA TECHFIN AND ANCILLARY SERVICES (TAS) REGULATIONS: A NEW APPROACH

The introduction of the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (TAS Regulations) marks a significant milestone in this journey. These new regulations consolidate earlier frameworks, namely, the Ancillary Services (2021) and the FinTech Entities (2022) into a single, cohesive regulatory structure.

The objective is to provide a regulatory environment that is simple, transparent, and effective, instilling greater confidence among investors, businesses and other stakeholders. These reforms will help the entities to enhance compliance, boost operational efficiency and generate employment opportunities for India's young talent. Soon, GIFT-IFSC is poised to strengthen its position as a regional financial hub and in the long term, emerge as a prominent global financial centre.

By aligning itself with international best practices, the TAS regulatory framework not only demonstrates the standards

of world's leading financial hubs but also showcase the potential to surpass them. Through the introduction of innovative features and integrated TAS regulatory framework, many of which are still not present in several global jurisdictions, GIFT-IFSC is positioning itself as a centre of trust, efficiency, and competitiveness on par with the leading international financial hubs through well-defined rulebooks.

KEY REFORMS

IFSCA TAS Regulations have introduced several innovative reforms to enhance ease of doing business and build strong international connect.

- **Unified Registration Framework:** A single registration now covers a broad spectrum of services, 28 professional services and 22 technology-related services, enabling entities to offer up to 50 distinct services under one registration. This streamlines compliance and reduces administrative burden.
- **Rationalized Fee Structure:** Activity specific charges have been replaced with a simplified, rational fee system. Importantly, there is no minimum capital requirement, lowering entry barriers and making it significantly easier for startups to participate.



- **Expansion in the Scope of Services:** The list of permitted services has expanded from just four earlier to nearly fifty today, with clear demarcation of prohibited activities for better transparency and regulatory clarity.
- **Global Operational Flexibility:** Entities can now engage in cross border operations through intermediaries, unlocking global opportunities.
- **Enabling Outsourced Activities:** Entities are allowed to provide outsourced activities which are permitted by the respective home country regulatory authority. This aligns with global standards and enhances operational efficiency.
- **Digital Support via SWIT Portal:** The IFSCA has launched the Single Window IT System (SWITS) Portal, a digital one-stop platform to facilitate seamless registration and application.
- Moreover, these regulations are envisioned to reverse the earlier trend of India-focused financial activities shifting overseas. By bringing this business back to India, the regulations will reinforce India's position in the global financial ecosystem while ensuring that growth, innovation and investment directly contribute to the domestic economy through GIFT-IFSC.
- For companies with global ambitions, the registration under TechFin and Ancillary services enhances credibility, builds client confidence and facilitates entry into international markets. With competitive tax incentives, transparent regulations and robust oversight, GIFT-IFSC offers a wide spectrum of businesses from multinational corporations to boutique firms and ambitious startups.
- In essence, GIFT-IFSC is rapidly emerging as a world-class financial hub where Indian and global businesses can thrive together. The wide knowledge of the market and specialist skills of professionals puts them in vantage position in terms of better building ecosystem.

MAJOR BENEFITS

These regulations mark a significant shift toward simplifying and modernizing the regulatory landscape, aimed at fostering a more business friendly environment.

- These reforms are aimed at enhancing GIFT-IFSC's appeal not only to large multinational corporations but also to dynamic, high-growth startups.
- By eliminating redundancies and aligning with international best practices, these regulations significantly lower the barriers for businesses to establish and scale operations within GIFT IFSC.
- These regulations introduce robust safeguards for outsourced services, strengthening risk management and governance standards. In effect, this enables companies to operate more efficiently, prioritize innovation and maintain a higher level of regulatory compliance.
- Beyond technical and commercial advantages, these regulations promise broader economic benefits for India. They are poised to generate high-quality jobs for the country's young professionals, particularly in finance, law, technology, and consulting.

CONCLUSION

The TAS Regulations signify more than just a set of rules and compliance. They embody India's strategic vision for a robust, self-reliant, and globally connected financial ecosystem. Through a thoughtful balance of innovation and prudent regulation, the IFSCA is positioning GIFT-IFSC as a trusted, competitive and future-ready International financial centre.

This is a future where India doesn't just engage with global markets, it plays a defining role in shaping them. A future where professionals, innovators and TechFins collaborate to drive sustainable growth and where GIFT-IFSC stands as a symbol of India's ambition, technological leadership, and transformative potential for Viksit Bharat@ 2047.

REFERENCES:

- IFSCA Website*
- IFSCA's Quarterly Bulletins*
- IFSCA Annual Reports*



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The article should be submitted in Word Document Format at overseas@icsi.edu and may cover any of the following:

- **Corporate Governance Trends:** Share your insights on emerging trends and developments in Corporate Governance arena globally.
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It may please be noted that members are entitled to 4 CPE Credits under **clause 7.2 of Continuing Professional Education (CPE) Guidelines 2019**, if any of their article is published in the Chartered Secretary Journal or any UGC approved journal. Guidelines for Authors is placed at **Appendix-A**.

Should you require any further information, please feel free to connect with us.

We look forward to your significant contribution in building a global perspective for the Company Secretary Profession.

Sincerely,

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Call For ARTICLES

Call For Articles in CS Journal – November 2025 Issue



IPR & Competition Laws: Leading thoughtfully

Company Secretaries in their roles as Governance Professionals have never been found to limit themselves to a certain set of laws. But rather for this brigade of professionals – governance has always been all encompassing.

Competition or rather the absence of it has been a matter of great concern when it comes to creating a safe space for corporates to grow and thrive. So much so, that this is a key role player in making a nation Business or B-Ready. The legislative scenario, too, has dynamically adapted to the changing national and international scenarios and the vice versa is true as well.

The IPR arena, too, comes with its own set of legislations – governing each aspect of creativity and guarding innovations thoughtfully. Trademarks, Copyrights, GIs, Patents, so on and so forth are becoming business defining and value enhancing factors, now more than ever.

In view of the same and more, we are pleased to inform you that the **November 2025** issue of Chartered Secretary Journal will be devoted to the theme **IPR & Competition Laws: Leading thoughtfully** covering *inter alia* the following aspects:

❖ From MRTP to Competition Act: The Journey travelled	❖ IPRs : The national and global story
❖ Abuse of Dominance : A Case based analysis	❖ Trademarks : Law, compliance and governance
❖ Competition Act: Role of Professionals	❖ GI Tags : Creating Viksit Bharat
❖ Ensuring Competition: Dos and Don'ts's	❖ Patents and Copyrights : Saviours in the era of Digital Transformation
❖ Competition Act: Understanding the compliance angle	❖ IPRs: Creating space for Bharat on the Global Platform

And many more...

Members and other readers desirous of contributing articles may send the same latest by **Wednesday, October 22, 2025** at cs.journal@icsi.edu for November 2025 issue of Chartered Secretary Journal.

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

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

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1. Articles on subjects of interest to the profession of company secretaries are published in the Journal.
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3. The article must be original contribution of the author with minimum 85% original content written by the author/s.
4. The article must be an exclusive contribution for the Journal.
5. The article must not have been published elsewhere, and must not have been or must not be sent elsewhere for publication, in the same or substantially the same form.
6. The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants.
7. The article must carry the name(s) of the author (s), designation, professional affiliation, location, e-mail id & PP size photograph on the title page only and nowhere else.
8. The articles go through blind review and are assessed on the parameters such as (a) relevance and usefulness of the article (from the point of view of company secretaries), (b) organization of the article (structuring, sequencing, construction, flow, etc.), (c) depth of the discussion, (d) persuasive strength of the article (idea/ argument/articulation), (e) does the article say something new and is it thought provoking, and (f) adequacy of reference, source acknowledgement and bibliography, etc.
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Articles Part - I

104 Artificial Intelligence: Reshaping Governance Fundamentally**CS Aravind V. S.**

The emergence of Artificial Intelligence (AI) in Governance marks the remarkable journey of AI from a conceptual framework to a practical governance tool. Initially being applied in academic settings, AI has evolved into advanced researches. AI is creating an impact on the Triple bottomline (People, Planet and Profit). The evolving regulatory framework have expanded its scope to assist Company Secretaries in regular compliance work, so that they can contribute effectively towards strategic decision making concerning organisational growth. The article illustrates requirements under certain sections of the Companies Act, 2013 and explores areas where AI technology can support Company Secretaries in their work.

109 Artificial Intelligence: Significance for Governance Professionals**CS Daival Chauhan**

The adoption of Artificial Intelligence (AI) technologies such as Natural Language Processing, Machine Learning, Robotic Process Automation, and Generative AI within organizational frameworks has created significant possibilities for Governance professionals, especially Company Secretaries. The article elaborates on the scope, challenges and growth potential of AI in Governance. AI tools such as Real time regulatory alerts, Automated verification, and Predictive Analytics are invaluable in managing complex organizational data. Government of India policy initiatives to push AI can assist organisations establish ethical and AI powered cybersecurity platforms for serving risk resilient environments.

115 Artificial Intelligence: Inclusivity, Cohesiveness, Transformation**CS Priyanka Singh**

In this article, the author outlines a conceptual framework of Artificial Intelligence (AI) Governance (Inclusion, Cohesiveness & Transformation). In India, inclusion is translated into procurement policies in the Boardroom that favour vendors whose models are demonstrably trained and evaluated on Indian-relevant corporates, whose accessibility features meet national norms, and whose human-in-the-loop mechanisms are designed for local contexts (e.g., multilingual customer service escalation, grievance redressal). Internationally, the OECD AI Principles call for AI that benefits people and planet and respects democratic values; UNESCO's 2021 recommendations centre on human rights and diversity. These provide boards with a due-diligence vocabulary to evaluate AI projects that are excluded by the data, burdened by errors, and built-in remedy. By virtue Cohesiveness is technical that keeps inclusion from fragmenting and transformation from becoming chaotic. In practice, cohesiveness comes from standards and process discipline. Transformation results in a measurable change in outcomes, controls, cadence and culture. It is crucial for Company Secretaries to exercise care and diligence in adopting AI.

119 AI-Driven Digital Transformation in Corporate Governance: Opportunities, Risks and the Emerging Role of Company Secretaries**CS Yash Jain**

The potential applications of Artificial Intelligence (AI) to serve as an Assistive Layer, has unlocked various opportunities for Company Secretaries to automate processes under Corporate Governance lifecycle whether it is IPO readiness, mapping of compliance requirements under corporate laws, AI assisted tools and in CSR and Social Audit to capture evidence, synthesize impact narratives, and flag project delays or policy mismatches through dashboards. The author provides insights into the macro perspectives of digital transformation and introduces a 10 step AI adoption framework for Company Secretaries that focuses on efficiency at work with AI. In India, the shift to AI is transformational as is observed in the modernization of corporate e-filings and the growing use of AI/ML tools by markets and intermediaries. Globally, legal and compliance functions are piloting or deploying AI to draft, summarize, and analyze complex regulatory texts and transaction documents. The article also covers risks associated with AI applications and the monitoring role of Company Secretaries.

124 Prompting for Productivity: A Guide for Company Secretaries in the AI Era

CS Srividhya Sampath

Prompting is simply the act of guiding the Artificial Intelligence (AI) with instructions in plain language to get a useful response. Precision in framing prompts directly determine the clarity and value of the response. A usable output from a successful prompt is dependent on the clear, specific and well-structured instructions given to the AI model. The author with the help of examples illustrate that a good prompt should have a clear context, description of tasks, constraints or preferences. Temperature, Top-p and Top-k assist in monitoring the style and creativity of the output. The author describes Prompting as a communication skill in context with Governance centric examples, such as drafting AGM notice, summarizing SEBI circular, Board meeting compliance checklist, drafting POSH policy, creating shareholder FAQs, and Comparison of laws.

129 AI Bias, Liability and Corporate Accountability: A Governance Perspective

Suryanshu Dutta & Sakshi Shah

Bias in Artificial Intelligence (AI) arises from the nature of the data on which systems are trained and the assumptions that are built into their design. Once deployed in the corporate sphere, such distortions translate into immediate consequences. For Company Secretaries, their statutory duty under Section 205 of the Companies Act, 2013, is to ensure that compliance structures are sound and that boards receive reliable advice. Yet algorithmic outputs often present themselves as authoritative without exposing the reasoning behind them. The authors' highlight the impact of an error within the system on the company records. Responsibility for that lapse does not dissipate into the software but remains within the chain of governance, attaching to those charged with safeguarding it. The article discusses Corporate Governance challenges and the role of Company Secretary as custodian of ethical AI adoption.

133 An Analytical Takeaway on Structured Digital Database

CS Anirudh Grover & CS Vipin Dhameja

Beginning with the historical background of the Structured Digital Database (SDD), the article encapsulates, the applicable legal framework. The article throws light on mandatory contents in SDD, practical issues in maintaining confidentiality, awareness and centralized decision making, its expansion to include various other entities within the regulatory sphere of maintaining the SDD and some of the suggestive measures to manage with these challenges.

136 The Intelligent Governance Professional: Embracing AI for Future-Ready Corporate Stewardship

Dr. J. Madegowda

The author examines how artificial intelligence (AI) tools like machine learning, natural language processing, and predictive analytics are changing governance by improving stakeholder engagement, risk management, regulatory compliance, and decision-making. Along with discussing the ethical and legal issues surrounding the deployment of AI, it also emphasizes the potential that AI offers in terms of eliminating repetitive jobs, enhancing data-driven insights, and fostering transparency. It emphasizes how important it is for governance experts to get expertise in technology regulation, AI ethics, and data governance. The article concludes by recommending a proactive, morally sound, and technologically savvy approach to governance.

Articles Part - II

142 Mandatory requirement of Retirement of Directors by Rotation under Section 152(6) of the Companies Act, 2013: The conundrum that it is especially for listed Entities - A study

CS Ramaswami Kalidas

The author interprets the various provisions under Section 152(6) of the Companies Act, 2013, supported with relevant case laws. The article covers analyses of the sub-section on, inclusion of retirement of all the directors at every AGM in the Articles of a public company. Further, the article throws light on the determination of directors liable to retire by rotation, circumstances for the appointment of Additional Director, compliance with the requirement of compulsory rotation, status of an institutional Nominee Director, appointment of Independent Director to represent small shareholders, and Board composition of a listed company. To conclude, for listed companies, there is a catch-22 situation under which they cannot compromise either on the requirements under the Companies Act, 2013 or under the listing regulations.

146

NEP 2020: A Shift Away from Colonial Education Policies and the Revival of IKS based Holistic Learning towards Viksit Bharat

Dr. Kusha Tiwari & CS (Dr.) Rabi Narayan Kar

This article covers, analysis of the implementation of the Government of India National Education Policy, 2020, and its achievements to date. The article examines the traditional integral education approach in India and is aptly divided into five sections, beginning with the introduction of the idea and framework, followed by curating a detailed theoretical understanding of the contemporary educational landscape of India with NEP 2020 in effect. Subsequently, a detailed discussion of salient features of NEP 2020 connecting it to IKS based learning is presented followed by setting futuristic agendas for the Indian education system.

150

Position of Insider: A Tight Rope Walk [SEBI (PIT) Regulations, 2015]

CS Mythily R

While highlighting the position of Corporate Insiders under SEBI's Prohibition of Insider Trading (PIT) Regulations, 2015, the author captures the critical role of Insiders in maintaining confidentiality of the Unpublished Price Sensitive Information (UPSI) of the organisation and their accountability. The article further explores the disclosure requirements, penalty for violation, and operational and regulatory challenges for Corporate Insiders, laying emphasis on the preventive Governance perspective.

156

Practical Perspectives on the RPT Industry Standards

CS Ankit Singhi & CS Shivam Singhal

Industry Standards Forum revised the industry standards on Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions (RPT Industry Standards) on June 26, 2025, effective from September 01, 2025. These revised RPT Industry Standards not only replace the February version but also address industry concerns by streamlining the applicability matrix, reducing unnecessary disclosure burdens, and ensuring better alignment with practical governance needs. This article articulates aspects covered under the standards and their applicability. The FAQs covered within the article gives an enhanced understanding to the reader.

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Governance Landscape for Unlisted Entities Approaching Listing on Stock Exchanges: A Perspective for Company Secretaries

CS Neha Malik

This article provides a detailed understanding on the important aspects of Corporate Governance that Company Secretaries must pay particular attention to while their company is getting ready for listing on a stock exchange. Company Secretaries must ensure alignment of constitutional documents, shareholders' agreement & other material agreements, corporate structure, capital structure & compliance framework, changes in Board structure, policies, code of conduct, related party transactions, investor grievance mechanism and at the same time be aware of the consequences of non-compliance with SEBI regulations.

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The Emergence of 'Demerger Strategy' in India's Corporate Sector: Significant Impacts and Major Challenges

Dr. O. P. Sharma

The article postulates the Strategy of 'Demerger' for corporates to remain competitive in the dynamic and complex regulatory environment. Further, the types of Demergers and their characteristics, the forces that influence Demerger momentum, the process of Demerger, and the significant positive and negative impacts of Demergers on the shareholders and employees are discussed.

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Legal, Taxation & Accounting Aspects of Reduction of Share Capital

CS (Dr.) K R Chandratre

This research paper examines and interprets the various provisions of Section 66 of the Companies Act, 2013 corresponding to Section 100 of the Companies Act, 1956. It provides a commentary on the various sub-sections supported with case laws to determine its practical applications. The paper highlights reduction of share capital in case of loss of capital, overcapitalization, scheme of amalgamation, selective reduction of capital as part of a scheme of contract or arrangement. Further the authors have focused on taxation and accounting aspects of Capital reduction. The paper is interspersed with pertinent case laws that provide the reader with comprehensive knowledge on the topic.

Legal World

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- **LMJ 10:10:2025** Supreme Court explains and reiterates the law as to how to make directors vicariously liable in an offence committed by a company.
- **LW 73:10:2025** Thus once it is established that non-promoter shareholders are being paid a fair value of their shares and at no point of time it was suggested the amount paid was less and where an overwhelming majority voted in favour of resolution, we find no reason to upset a reasoned order passed by the Ld. NCLT.[NCLAT]
- **LW 74:10:2025** Thus, when only Rs. 15 lakhs were paid to the Respondent by appellants for purchase of the impugned shares and this amount may be recovered by selling them, in fact no loss could be said to have been caused to the CD, as these shares are still in the possession of the CD and keeping in view the fact that Respondent is seller of these shares, he could not be the beneficiary of its own wrongful act.[NCLAT]
- **LW 75:10:2025** The cause of action arises if by 15th day of service of the statutory notice, the cheque amount is not paid by the drawer.[DEL]
- **LW 76:10:2025** The parties in the instant case do not have any contractual commitment in the Agreement that the Courts in Mumbai would have exclusive (or even non-exclusive) jurisdiction in relation to their disputes.[BOM]
- **LW 77:10:2025** The present case squarely falls within the “single contract” scenario envisaged in Inox Wind Ltd. (supra) and the arbitration clause contained in the Loan Agreement stands duly incorporated into the Deeds of Guarantee.[DEL]
- **LW 78:10:2025** Thus, the non-renewal of the Informant’s license by OP-1 cannot be considered to be an attempt to leverage its dominant position in the delineated upstream market to benefit its subsidiary (OP-2) in the downstream market.[CCI]
- **LW 79:10:2025** In absence of dominance of OP-1 in the relevant market, there is no requirement to examine the allegations of abuse of dominance. Hence, there can be no case of abuse of dominance in terms of Section 4 of the Act.[CCI]

From The Government P-201

- Extension of time for filing e-form DIR-3-KYC and web-form DIR 3-KYC-WEB without fee upto 15.10.2025 -reg.
- Clarification on hold ing of Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with rules made thereunder - reg.
- Invitation for public comments on establishment of Indian Multi-Disciplinary Partnership (MDP) firms by the Government of India – reg.
- The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025
- Extension of timeline for implementation of SEBI Circular dated February 04, 2025 on ‘Safer participation of retail investors in Algorithmic trading’
- Compliance Guidelines for Digital Accessibility Circular ‘Rights of Persons with Disabilities Act, 2016 and rules made thereunder- mandatory compliance by all Regulated Entities’ dated July 31, 2025 (Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/ CIR/2025/111)
- Ease of Doing Investment - Smooth transmission of securities from Nominee to Legal Heir
- Framework on Social Stock Exchange (“SSE”)
- Revised regulatory framework for Angel Funds under AIF Regulations
- Ease of regulatory compliances for FPIs investing only in Government Securities
- Framework for AIFs to make co-investment within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012
- Format of ‘Disclosure Document’ for Portfolio Managers
- Streamlining of the process for surrender of (Know Your Client) Registration Agency (KRA) registration
- Framework for Intraday Position Limits Monitoring for Equity Index Derivatives
- Reserve Bank of India (Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas) Directions, 2025
- Reserve Bank of India (Lending Against Gold and Silver Collateral) – (1st Amendment) Directions, 2025
- Reserve Bank of India (Interest Rate on Advances) (Amendment Directions), 2025
- Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025
- Special Clearing in Cheque Truncation System on October 3, 2025
- Investment by State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) in Shared Service Entity (SSE) established by NABARD
- Reserve Bank of India (Authentication mechanisms for digital payment transactions) Directions, 2025
- Participation of Standalone Primary Dealers in Non-deliverable Rupee Derivative Markets
- Returns – Department of Payment and Settlement Systems – Submission in CIMS

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- AI-Driven Digital Transformation in Corporate Governance: Opportunities, Risks and the Emerging Role of Company Secretaries
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Artificial Intelligence: Reshaping Governance Fundamentally

The advent of AI has marked a transformative era across various sectors, with governance being no exception. The goal is to reduce risks like bias, make sure decisions are fair, keep accountability, build public trust, and ensure AI is used responsibly in line with laws and for the benefit of society. This article further explores the implication of AI in the governance structure and how it affects the future role of Company Secretaries and other Governance professionals, emphasizing the need for continuous skill development and adapting to technological advancements.



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INTRODUCTION

Artificial Intelligence (AI) is no longer a futuristic concept. It has permeated nearly every sector of the global economy, reshaping industries, business models, and governance structures. In India, where the corporate governance framework is rooted in transparency, accountability, and compliance with statutory laws, AI is emerging as both a disruptor and an enabler. The advent of AI has marked a transformative era across various sectors, with governance being no exception. The goal is to reduce risks like bias, make sure decisions are fair, keep accountability, build public trust, and ensure AI is used responsibly in line with laws and for the benefit of society.

On the positive side, AI enables real-time monitoring, predictive analytics, and enhanced compliance mechanisms. Conversely, it raises concerns related to data privacy, ethical decision-making, and over-reliance on automated systems, which might undermine human oversight.

This article further explores the implication of AI in the governance structure and how it affects the future role of Company Secretaries and other Governance professionals, emphasizing the need for continuous skill development and adapting to technological advancements.

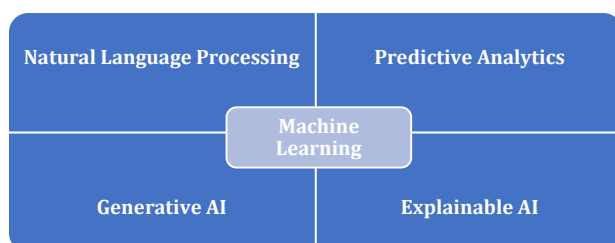
EMERGENCE OF ARTIFICIAL INTELLIGENCE IN GOVERNANCE, PAST PRESENT & FUTURE

AI's journey from a conceptual framework to a practical governance tool has been remarkable. AI has been initially used in the academic phases. Later it has been evolved into advanced researches, developing/coding machine languages, robotic surgeries, data analytics etc. In governance it has begun with basic data keeping/recording/storing etc. But now a days it has found out its own path of exploring into wider areas like real time monitoring, predictive analytics, policy framing, interpretation of laws and statutes with in fraction of seconds. This evolution has great significance in a country like India where the entire country is in the phase of redesigning into a digital village. AI has far more role in a country like India which has a vision of self-developing to a digital hub itself which can outset any other developed Country in the world. In India, the regulatory landscape for AI is evolving through a series of guidelines and initiatives. The country's approach began with the launch of the national AI strategy, by NITI Aayog in 2018, focusing on inclusive AI development across critical sectors such as healthcare, education, and agriculture. The strategy emphasized the creation of high-quality datasets and the development of legislative frameworks for data protection and cybersecurity. Subsequent efforts include the Principles for Responsible AI drafted by NITI Aayog, which underscore principles like safety, inclusivity, transparency, and accountability in AI deployment. The ground work laid for digitalizing the country can now be taken up by a self-fuelling virtual machine which can design whatever concept and whenever required with almost bug free which will be a time consuming and costly task if done by human brain only. In this point we should understand the importance and requirement of such an artificial brain which can surpass any impossibilities and make a vision possible by running thousands of permutations and combinations in a fraction of second and identify the solution to achieve the goal. This transformation affects not only the structure and processes of governance but also the roles and responsibilities of key professionals such as Company Secretaries, and other governance advisors.

ARTIFICIAL INTELLIGENCE: UNDERSTANDING THE BASICS

To appreciate AI's impact, it is essential to understand its core components. Machine learning algorithms, neural networks, and big data analytics form the backbone of AI systems. These technologies enable the processing of vast datasets, identifying patterns that inform policy decisions. For governance professionals, grasping these basics is crucial to leveraging AI effectively, ensuring that its deployment aligns with legal and ethical standards.

KEY COMPONENTS OF AI IN GOVERNANCE



ARTIFICIAL INTELLIGENCE: TRIPPLE BOTTOM LINE IMPACT- PEOPLE, PLANET, PROFIT

- **For people:** AI delivers enhanced services and supports through chatbots, virtual assistants, google assistants, detect workplace concerns, and monitor ethical conduct. Most of the services offered by government and non-government services can be easily accessed in a fingertip.
- **For planet:** AI guides to optimize the use of natural resources, educate on how to economically utilize and not to exploit the immense natural resource mines, optimization of all kind of energy sources, contributing to sustainability goals.
- **For profit:** AI-driven insights help corporations to improve financial governance, aligning with Environmental, Social, and Governance (ESG) criteria, risk management, and investment strategies, strengthening profitability within ethical boundaries.

ARTIFICIAL INTELLIGENCE: OPENING DOORS TO THE BOARD ROOMS

The company, as a legal entity, operates under the management of its Board of Directors, a role defined by the rules set forth in the Companies Act, 2013. The Board acts as trustees responsible for overseeing the Company's affairs and Company Secretaries are the professionals who advice the board for decision making, since the Company, being an artificial entity, cannot independently manage itself.

Advancements in artificial intelligence (AI) enhance the opportunities for augmenting the Board's decision-making capabilities. AI systems can process vast amounts of complex data swiftly, enhancing the speed and quality of decision-making processes. Augmented AI, in particular, fosters collaboration between machines and humans, offering insights and recommendations that can surpass traditional decision-making methods.

Artificial Intelligence: Reshaping Governance Fundamentally

The integration of AI into corporate governance is opening new avenues for Company Secretaries. AI tools can analyse board meeting minutes, flag compliance risks, and suggest strategic decisions based on historical data. AI can support Company Secretaries to identify potential frauds like cyber threats, insider trading, trading risks etc in an efficient manner. This shift allows governance professionals to focus on high-value tasks, enhancing boardroom efficiency and decision-making. However, it also necessitates upskilling to manage AI systems effectively. This emphasizes the need for continuous skill development and adapting to technological advancements by corporate professionals.

However, the power to make decisions cannot be delegated to AI because of the reason that AI cannot be equated to a director/investor/committee member, who can raise doubt, asks questions, or even vote logically and judicially. Instead, AI can be utilized to assist directors in their decision-making processes without replacing their decision rights.

ARTIFICIAL INTELLIGENCE: SHIFTING COMPLIANCE PROCEDURES

Compliance has traditionally been a labour-intensive process, prone to human error. AI is revolutionizing this domain by automating regulatory checks, monitoring real-time data, and ensuring adherence to laws such as the Companies Act, 2013, FEMA, LODR Regulations, Income Tax Act, 1961, IT Act, 2000 etc. For instance, AI-powered software can detect anomalies in financial reports, reducing the risk of non-compliance. This transformation requires governance professionals to adapt to technology-driven audit processes.

Let us take an example of recent amendment in the Companies Act, 2013.

Audit trail applicability : It refers to the mandatory use of accounting software with a built-in feature to record every transaction's audit trail, effective in India from 01.04.2023. This rule, introduced by the Ministry of Corporate Affairs (MCA) under the Companies Act, 2013, applies to all registered companies, including public, private, one-person, and government-owned companies. The audit trail provides a tamper-proof record of who changed what, when, and why, enhancing transparency, accountability, and data integrity for businesses.

Companies must use accounting software that has a feature to:

- Record the audit trail for every transaction.
- Create an edit log for every change made to the books of account, including the date of the change.
- Prevent the audit trail feature from being disabled.
- Ensure the audit trail cannot be tampered with or deleted.

PURPOSE AND IMPORTANCE OF AUDIT TRAIL

- **Transparency and Accountability:** The audit trail serves as a “CCTV for accounts,” providing a reliable and time-stamped record of all activities.
- **Data Integrity:** It helps ensure the accuracy and integrity of financial records by preventing concealment and ensuring that nothing can be destroyed without a trace.
- **Fraud Prevention:** The rule aims to discourage fraud and other unethical behaviour by making it evident who made changes and when.
- **Compliance:** It is a legal requirement under Indian company law to maintain clean and trusted financial records.

ARTIFICIAL INTELLIGENCE: ROLE OF COMPANY SECRETARIES

Company Secretaries play a crucial role as Key Managerial Personnel in the corporate world, responsible for making strategic decisions, guiding Boards on governance practices, and ensuring compliance with regulatory frameworks. Company Secretaries are at the forefront of AI adoption in governance. Their role is evolving from traditional administrative functions to strategic oversight, where they guide organizations in implementing AI ethically and legally. Company Secretaries must ensure that AI systems comply with data protection laws, such as the Digital Personal Data Protection Act, 2023, Information Technology Act, 2000 while maximizing their governance benefits.

The phrase “**Company Secretaries are watch dogs**” was often used to emphasize that Company Secretaries play a crucial role in ensuring compliance, governance, and accountability within companies. However, in one of the judicial rulings, this metaphor was consciously omitted avoided.

AI presents a powerful opportunity to build inclusive, cohesive, and transformative systems of governance and business practices.

ARTIFICIAL INTELLIGENCE: SIGNIFICANCE FOR GOVERNANCE PROFESSIONALS

AI is an opportunity and challenge for governance professionals. It offers tools to enhance transparency, accountability, and efficiency, but also demands a shift in skill sets. Issues such as data privacy, algorithmic bias, and job displacement require careful management. Ethical frameworks must be established to ensure AI serves the public good, with governance professionals playing a pivotal role in oversight.

Sustainability is a cornerstone of modern governance, and AI is a key enabler.

Even SEBI has explored AI for market surveillance, detecting unusual trading activities.

The MCA (Ministry of Corporate Affairs) has introduced MCACMS (MCA Compliance Monitoring System), which is described as an AI-based

mechanism to automatically detect non-compliance under the Companies Act, 2013 issue show-cause notices digitally, etc

AI's ability to bridge gaps in inclusivity is noteworthy. The importance and requirement of advance AI tools will gain more demand in the upcoming digitals era. Governance professionals must prepare for a future where AI not only supports but potentially leads decision-making processes, necessitating robust regulatory frameworks.

FEW AREAS WHERE AI CAN SUPPORT GOVERNANCE PROFESSIONALS WITH THEIR PRE-PROGRAMMED ALGORITHM

Let us take few sections under the Companies Act, 2013 and explore how AI can assist in such areas with minimum manual intervention:

Section under The Companies Act, 2013	Requirement under law	How AI can support
Section 120	Companies may keep required records, registers, minutes, etc., in electronic form. Rules 27-30 of the Companies (Management & Administration) Rules, 2014 prescribe how electronic records must be maintained, secured, retrieved, digitally signed, etc.	AI can help to maintain registers and records with audit trails, ensure integrity of digital signatures, timestamping, automatic backups, ensure versions are not tampered with, indexing / search for retrieval.
Section 128	The Act requires companies to maintain books of account; under rules, certain records must be kept for a prescribed number of years. Maintaining in electronic form is permitted under certain rules. (Refer web-articles summarizing how electronic statutory records are maintained under Act.)	AI / software can help in maintaining records over time, ensure retention policy, avoid loss, monitor that records are preserved in required format, ensure audit readiness.
Section 205(1)	Imposes a duty on the Company Secretary to report to the Board about compliance with the provisions of the Act, rules made thereunder, and other laws applicable to the company.	AI tools can help gather relevant data, track what laws/rules apply, generate reports / compliance status that the Company Secretary can use to report to the Board.
Section 204	Listed companies (and such other companies as prescribed) must have a secretarial audit, which is an audit of compliance with the provisions of the Act, rules, regulations, etc.	AI can assist audit by scanning multiple data sources, flagging possible non-compliances, helping auditors focus on high risk or anomalous items, producing compliance dashboards or summaries.

ARTIFICIAL INTELLIGENCE: INCLUSIVITY, COHESIVENESS, TRANSFORMATION

Artificial Intelligence (AI) has emerged as one of the most transformative technologies of the 21st century, redefining how individuals, organizations, and societies operate. Beyond efficiency and automation, AI presents a powerful opportunity to build inclusive, cohesive, and transformative systems of governance and business practices.

- **Accessibility Tools:** AI powered speech recognition, real-time translation, and text-to-speech systems empower individuals with disabilities and linguistic barriers.
- **Equitable Access to Services:** AI driven platforms democratize access to education, healthcare, and financial services by reaching remote and underserved populations.
- **Workplace Inclusivity:** Algorithms can monitor workforce diversity, highlight gaps in hiring practices, and flag unconscious bias.
- **Shareholder & Stakeholder Engagement:** Chatbots and virtual assistants ensure small shareholders and marginalized stakeholders can voice concerns effectively.
- **Conflict Resolution:** AI driven analysis identifies grievances early, promoting timely mediation and reducing disputes. But we must think carefully about AI in dispute resolution, how well it can handle facts and figures, and how long it can truly match the conventional way of real-time judgments made by human analysis.
- **Governance Transformation:** Automated compliance monitoring, AI-enabled audit trails, and predictive risk analytics transform corporate governance from reactive to proactive.
- **Business Transformation:** AI powered innovations in supply chain, marketing, and customer engagement are reshaping business models.
- **Sustainability Transformation:** Predictive models help track environmental impact, reduce carbon emissions, and support ESG disclosures.

AI'S INCLUSIVITY AND TRANSFORMATION POTENTIAL ALSO POSE RISKS

- **Data Privacy:** Protection of sensitive information is critical under frameworks such as India's Digital Personal Data Protection Act, 2023.
- **Bias:** Poorly trained AI can reinforce stereotypes.
- **Cybersecurity:** AI-driven systems are vulnerable to hacking.
- **Regulatory Gaps:** Laws often lag behind rapid technological advancements.

Artificial Intelligence: Reshaping Governance Fundamentally

Governance professionals must create robust policies to mitigate these risks.

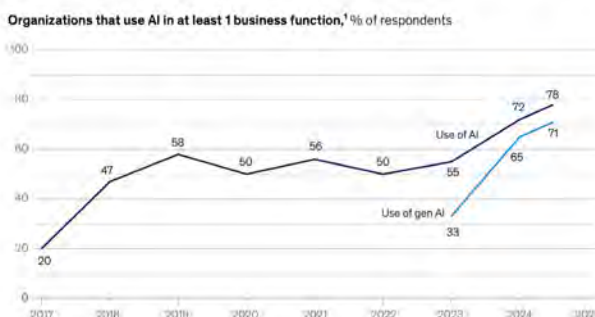
ROLE OF GOVERNANCE PROFESSIONALS

Company Secretaries and governance professionals have a vital role in embedding AI responsibly:

- Designing AI-driven compliance systems that ensure inclusivity.
- Advising boards on cohesive policies and digital transformation strategies.
- Monitoring ethical implementation of AI within organizations.
- Facilitating training and capacity-building for digital readiness.

In 2025, the **Harvard Law Review** published a chapter on AI and corporate governance that analysed the governance crises at prominent AI companies like OpenAI. The article, titled "**Amoral Drift in AI Corporate Governance**," explores how market pressures, driven by powerful "super stakeholders," can compromise a company's social mission, an issue distinct from traditional corporate governance challenges.

Organizations' use of AI has accelerated markedly in the past year, after years of little meaningful change.



By Q4T, the adoption for AI was back using AI is a true part of the organization's business or at least. In Q4T/20, the adoption was increasing at least 10% (measured by percentage of respondents). Since 2020, the adoption has increased for organizations that adopted AI in at least 1 function.
Source: McKinsey Global Survey (in October to Q4T)

The **UNESCO Recommendation on the Ethics of AI** adopted in November 2021 by the 193 Member States, affirms that "AI actors should make all reasonable efforts to minimise, avoid strengthening or perpetuating applications and discriminatory or biased outcomes throughout the lifecycle of the AI system to ensure the fairness of these systems."

ARTIFICIAL INTELLIGENCE IN CORPORATE GOVERNANCE

The rapid evolution of Artificial Intelligence (AI) is reshaping the corporate landscape across industries. Corporate governance, which ensures transparency, accountability, compliance, and ethical functioning of businesses, is no exception. The adoption of AI tools in governance has the potential to both strengthen organizational practices and raise new challenges.



Advantages:

- Enhanced Compliance & Monitoring
- Data driven decision making
- Improved Transparency
- Operational Efficiency

Disadvantages:

- Ethical & Accountability Concerns
- Bias & Data Risks
- Cybersecurity Threats
- Over-Reliance on Technology

CONCLUSION

AI in corporate governance is neither an absolute curse nor a flawless boon. It is a double-edged sword. When deployed responsibly, with strong ethical frameworks, transparent oversight, and a balance between machine intelligence and human judgment, AI can significantly strengthen corporate governance. However, blind adoption without addressing accountability, bias, and cybersecurity risks could undermine trust in corporate systems. The way forward lies in responsible AI governance, where technology augments rather than replaces human wisdom in boardrooms.

AI is not a replacement for Company Secretaries but a catalyst that redefines their role in corporate governance. While automation reduces administrative burdens, the true value of a Company Secretary lies in

exercising judgment, upholding ethics, and ensuring accountability in areas where human oversight remains irreplaceable.

Going forward, the most effective Company Secretaries will be those who embrace AI as a governance enabler, balance technological tools with human judgment, and position themselves as strategic governance architects safeguarding transparency and trust in the corporate world.

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Artificial Intelligence: Significance for Governance Professionals

While AI is popularly linked to automation, robotics, and futuristic innovations, its true power in governance is less about replacing humans and more about augmenting human judgment. Governance professionals, particularly Company Secretaries (CSs), play a pivotal role in embedding AI capabilities within organizational frameworks to drive efficiency, foresight, and ethical oversight.



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INTRODUCTION

Governance in the corporate world has evolved dramatically from its traditional, function to a vital enabler of organizational resilience, transparency, and strategic value creation. This metamorphosis is propelled by the fast pace of technological change, increasingly complex regulatory landscapes, and evolving stakeholder expectations. At the heart of this transformation lies Artificial Intelligence (AI)—a powerful catalyst reshaping governance roles and responsibilities globally.

While AI is popularly linked to automation, robotics, and futuristic innovations, its true power in governance is less about replacing humans and more about **augmenting human judgment**. Governance professionals, particularly Company Secretaries (CSs), play a pivotal role in embedding AI capabilities within organizational frameworks to drive efficiency, foresight, and ethical oversight. From automating compliance workflows and enhancing risk management to navigating ethical dilemmas and fostering stakeholder trust, AI opens an unprecedented array of possibilities for governance experts.

However, the integration of AI into governance is not without challenges. The rise of AI brings concerns around **algorithmic transparency, fairness, data privacy, and accountability**, making it imperative for governance professionals to not only embrace AI technologies but also guide their ethical and legal use.

This article delves into the profound significance of AI for governance professionals, emphasizing the Indian corporate context alongside global perspectives. We

explore how this emerging synergy is redefining governance paradigms, and what governance professionals must do to harness AI's potential responsibly.

UNDERSTANDING AI IN THE CONTEXT OF GOVERNANCE



Artificial Intelligence broadly refers to computer systems designed to perform tasks that typically require human intelligence—such as learning, reasoning, pattern recognition, and decision-making. In the governance landscape, AI empowers organizations to interpret vast and complex regulatory frameworks, maintain real-time compliance, streamline stakeholder communication, and analyze large data sets for strategic decision-making.

AI CAPABILITIES THAT EMPOWER GOVERNANCE

- **Interpretation of Regulatory Frameworks:** AI-powered systems can process extensive legal texts, government regulations, and internal policies to help governance professionals keep abreast of compliance requirements efficiently.
- **Real-Time Compliance Monitoring:** AI tools can continuously monitor an organization's operations against regulatory checklists, flagging deviations instantly.
- **Enhanced Stakeholder Communication:** Automated systems can assist in responding to stakeholder inquiries, managing disclosures, and maintaining transparency.
- **Strategic Insight Generation:** By analyzing large datasets, AI helps uncover hidden patterns, predict risks, and identify emerging trends to inform strategic governance decisions.

KEY AI TECHNOLOGIES RELEVANT TO GOVERNANCE

- **Natural Language Processing (NLP):** Enables AI to read, understand, and summarize legal documents, contracts, policies, and regulatory texts. NLP models help extract relevant information without manual intervention.
- **Machine Learning (ML):** Facilitates predictive analytics, pattern recognition, and anomaly detection—crucial for compliance risk assessment, fraud detection, and forecasting governance outcomes.
- **Robotic Process Automation (RPA):** Automates repetitive manual tasks such as regulatory filings, documentation processing, and report generation, increasing accuracy and efficiency.
- **Generative AI:** Supports drafting of policies, reports, board papers, and other governance documents with contextual understanding and adherence to organizational standards.

The integration of these technologies allows governance professionals to transition from reactive, paperwork-heavy roles to proactive, strategy-oriented roles—leveraging AI's analytical capabilities to anticipate risks and opportunities.

FROM INFORMATION OVERLOAD TO STRATEGIC INTELLIGENCE

The explosion of data in the modern corporate ecosystem presents both a challenge and an opportunity. Governance professionals face a deluge of emails, audit trails, policy updates, stakeholder feedback, and regulatory changes, which can easily overwhelm manual processing capabilities. AI is a game-changer here, transforming raw data into actionable intelligence.

AI Use Cases in Managing Data Complexity:

- **Real-Time Regulatory Alerts:** AI systems can scan global regulatory developments, identify those applicable to the organization based on its sector and geography, and provide immediate alerts.
- **Automated Cross-Checking:** AI can verify board decisions against existing policies and previous resolutions, ensuring consistency and compliance.
- **Predictive Analytics:** Tools analyze market sentiment, reputational risk, and emerging compliance trends to provide foresight on potential governance challenges.

DEALING WITH DATA BIAS AND QUALITY

While AI offers superior data processing capabilities, governance professionals must also address data quality and bias. Inaccurate or incomplete data can lead to

flawed AI outputs, which in governance can have serious consequences. Hence, data governance—ensuring data integrity, security, and ethical use—must be integrated into AI deployments.

REDEFINING THE BOARDROOM WITH AI

Boards of directors rely heavily on governance professionals to facilitate efficient, legally compliant, and impactful decision-making. AI is reshaping boardroom dynamics by providing tools that enhance transparency, insight, and engagement.

How AI Enhances Boardroom Functions:

- **Data-Driven Board Packs:** AI curates and organizes large volumes of information into concise, relevant packages tailored to board member interests and expertise.
- **Summarizing Past Board Minutes:** NLP algorithms automatically summarize lengthy past minutes, highlighting key decisions and outstanding action items.

In the governance landscape, AI empowers organizations to interpret vast and complex regulatory frameworks, maintain real-time compliance, streamline stakeholder communication, and analyze large data sets for strategic decision-making.

- **Red Flag Identification:** AI scans board agendas and documents to flag potential risks, conflicts of interest, or compliance issues in advance.

- **Facilitating Board Evaluations:** AI-driven metrics provide objective analysis on director engagement, diversity, meeting efficiency, and governance quality.

Emerging Trends in AI-Enabled Board Governance:

- **AI Board Assistants:** Virtual assistants or chatbots provide directors with instant answers to questions regarding company history, compliance status, or past resolutions during meetings.
- **Voice-to-Text Transcriptions:** AI-powered transcription services generate real-time, semantically tagged minutes, enabling easier retrieval and audit trails.
- **Board Composition Analytics:** AI tools assess the current mix of board diversity, skills, and tenure, offering recommendations to optimize board effectiveness and regulatory compliance.

AI IN COMPLIANCE MANAGEMENT



Compliance remains a cornerstone of corporate governance. Governance professionals must ensure organizations adhere to a myriad of laws and regulations, including the Companies Act, SEBI guidelines, FEMA, labor laws, and more. AI dramatically improves the speed and accuracy of compliance functions.

Transformative AI Applications in Compliance :

- **Dynamic Legal Mapping:** AI systems identify applicable laws based on the company's sector, size, and geographic footprint, tailoring compliance checklists automatically.
- **Deadline Tracking and Reminder Automation:** AI alerts governance professionals to critical deadlines and flags delays, reducing risks of non-compliance.
- **Historical Analysis for Corrective Actions:** AI reviews past compliance failures and suggests appropriate remedial measures based on precedent.
- **Detection of Disclosure Inconsistencies:** Algorithms analyze financial and governance disclosures to flag anomalies or misstatements for further " review.

BUILDING ETHICAL AND RISK-RESILIENT ORGANISATIONS



Ethics is the bedrock of meaningful governance. AI can either strengthen ethical governance or introduce new ethical risks if left unchecked. Governance professionals must take a leadership role in embedding ethical oversight into AI deployments.

Governance Professionals' Roles in AI Ethics:

- **Establishing AI Ethics Policies:** Crafting organizational guidelines that ensure AI is deployed responsibly, respecting human rights and societal values.

- **Monitoring AI Bias and Fairness:** Using tools and audits to detect discriminatory outcomes or algorithmic biases, especially in recruitment, lending, or customer segmentation.
- **Ensuring Algorithmic Transparency:** Advocating for explainable AI models where decisions can be understood and challenged.
- **Reporting AI Risks to the Board:** Maintaining transparency with the board about AI's capabilities, limitations, and ethical risks.

EMPOWERING ESG & SUSTAINABILITY WITH AI

Environmental, Social, and Governance (ESG) concerns have ascended to boardroom priority status, driven by investor demands and regulatory mandates. AI is instrumental in meeting complex ESG reporting standards and shaping sustainability policies.

AI Applications in ESG Governance:

- **Carbon Emissions Tracking:** Integration of Internet of Things (IoT) sensors with AI allows continuous monitoring and prediction of carbon footprints.
- **Automated ESG Risk Scoring:** AI analyzes company operations and external data to score ESG risks and opportunities objectively.
- **Sustainability Reporting:** AI tools help generate reports compliant with standards like GRI, SASB, and India's BRSR, ensuring accuracy and timeliness.
- **Stakeholder Sentiment Analysis:** AI scans social media, news, and investor communications to gauge public opinion on sustainability initiatives.

STAKEHOLDER ENGAGEMENT IN THE AGE OF AI

Stakeholders—investors, regulators, employees, and communities—now expect heightened transparency, inclusivity, and responsiveness. AI equips governance professionals with tools to meet these evolving expectations effectively.

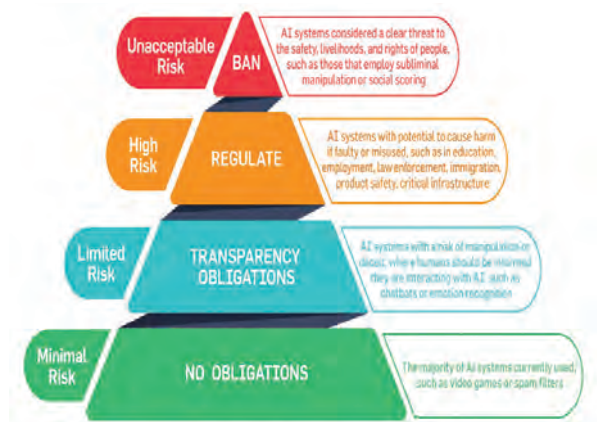
AI-Driven Stakeholder Engagement Tools:

- **Chatbots for Policy FAQs:** Automated systems that answer frequently asked questions, ensuring consistent and timely communication.
- **Sentiment Analysis:** AI tools analyze shareholder feedback, social media, and public discourse to detect emerging concerns or support.

- **Social Media Intelligence:** Real-time monitoring of reputation risks and opportunities.
- **Multilingual Communication:** AI-powered translation tools help organizations communicate policies and disclosures in multiple languages, fostering inclusivity.

By proactively understanding and managing public opinion, governance professionals can better anticipate risks and build lasting trust.

LEGAL AND REGULATORY IMPLICATIONS OF AI



Deploying AI is not only a technological decision but also a legal and ethical one. Governance professionals must ensure AI applications comply with a growing body of laws governing data, privacy, cybersecurity, competition, and labour.

REGULATORY AREAS IMPACTING AI GOVERNANCE

- **Data Protection Laws:** Examples include India's Digital Personal Data Protection (DPDP) Act, 2023, which regulates the collection, storage, and processing of personal data.
- **Cybersecurity Regulations:** Compliance with frameworks ensuring data integrity and protection against cyber threats.
- **Competition Law:** Governance must guard against algorithmic collusion or anti-competitive practices driven by AI.
- **Employment Law:** AI's impact on workforce dynamics, including issues of surveillance, job displacement, and fairness, must be managed responsibly.

Governance professionals must serve as advisors to boards, not just on AI's technical possibilities but on what AI should do within ethical and legal boundaries.

AI AND CYBERSECURITY GOVERNANCE

Cybersecurity threats have escalated into critical governance issues. Governance professionals must play an active role in overseeing AI-driven cybersecurity measures to protect organizational assets.

AI-Powered Cybersecurity Functions:

- **Real-Time Anomaly Detection:** AI monitors network traffic and user behavior to identify suspicious activity instantly.
- **Threat Prediction:** Pattern recognition algorithms forecast potential cyberattacks, enabling proactive defense.
- **Automated Incident Response:** AI systems can respond autonomously to contain threats and mitigate damage.

Governance professionals must ensure comprehensive cybersecurity governance, including:

- Formal cybersecurity policies
- Defined incident response protocols
- Regular board-level cybersecurity reporting
- Cyber insurance to mitigate financial risks

INDIAN ECOSYSTEM: POLICY & INSTITUTIONAL PUSH FOR AI

India's AI ecosystem is gaining momentum, with policymakers and institutions actively developing frameworks to encourage responsible AI adoption while addressing ethical, legal, and social risks.

Key Institutional Initiatives:

- **IndiaAI Mission:** A national initiative promoting AI research, skilling, and ethical adoption across sectors.
- **DPDP Act, 2023:** Comprehensive legislation governing personal data protection, impacting AI data practices.



- **BRSR Mandate:** Business Responsibility and Sustainability Reporting (BRSR) guidelines that incorporate AI-driven data insights for ESG compliance.

Governance professionals must stay informed about these evolving policies and incorporate them into governance strategies.

AI TOOLS GOVERNANCE PROFESSIONALS SHOULD KNOW

Familiarity with AI-driven governance tools enhances efficiency and advisory capacity.

Tool	Function	Use Case
Diligent Boards	Board management	Document control, voting, minutes
Smartsheet	Workflow automation	Compliance workflows
Datamaran	ESG analytics	Materiality mapping and risk assessment
Legisway	Legal entity management	Compliance tracking and filings
ComplyAdvantage	Risk screening	AML, KYC compliance

Knowledge of these tools empowers governance professionals to streamline operations and provide data-driven insights to boards and CXOs.

CAPACITY BUILDING FOR GOVERNANCE PROFESSIONALS



To remain relevant and effective in the AI era, governance professionals must invest in continuous learning:

- **AI and Data Literacy:** Understanding AI fundamentals and data analytics.
- **Courses on AI Ethics and Cybersecurity:** Building competence to manage ethical and security risks.
- **Certifications:** Specialized programs in ESG, data protection, and digital governance.
- **Cross-Functional Collaboration:** Working closely with IT, legal, and risk teams to implement AI responsibly.

FUTURE CHALLENGES

- While Artificial Intelligence offers immense promise for governance, several future challenges must be anticipated to ensure its sustainable adoption. A key concern lies in **regulatory uncertainty**, as governments worldwide are still developing comprehensive AI governance frameworks. The absence of harmonized global standards could create compliance gaps and jurisdictional conflicts for multinational corporations.
- Another pressing challenge is **algorithmic accountability**. As AI models grow more complex, explaining their outputs in legally defensible and ethically acceptable terms will remain difficult. Governance professionals will be expected to balance efficiency with transparency, ensuring that stakeholders trust AI-driven decisions.
- **Cyber resilience** will also rise in importance. The growing use of AI in cybersecurity may provoke adversaries to deploy equally sophisticated AI-powered attacks, leading to an ongoing cycle of escalation. Ensuring robust oversight and incident response protocols will be critical.
- Finally, the **human dimension of AI integration** cannot be overlooked. Governance professionals will need to navigate workforce transitions, address ethical concerns over surveillance and fairness, and ensure that human oversight remains central in decision-making. Successfully managing these challenges will determine whether AI strengthens governance systems or introduces new systemic vulnerabilities.





SUMMARY OF KEY TAKEAWAYS

Aspect	Impact of AI on Governance Professionals
Compliance	Automates filings, tracks deadlines, enhances accuracy
Board Support	Smart agenda creation, real-time insights, AI minutes
Ethics	Detects bias, flags misconduct, promotes transparency
ESG	Automates sustainability tracking, enables responsible reporting
Stakeholder Engagement	Sentiment analysis, chatbot interfaces, multilingual tools
Cybersecurity	Real-time threat detection and risk governance
Upskilling Need	AI literacy, digital ethics, cyber law knowledge
Regulatory Compliance	Aligns with data protection, AI, and ESG norms

CONCLUSION

AI is not a substitute for governance professionals but a **force multiplier**—automating routine tasks, augmenting strategic judgment, and elevating governance to new levels of impact. Its true potential, however, lies in how wisely and ethically it is harnessed, integrated into organizational frameworks, and aligned with broader business objectives. Governance professionals are in a unique position to ensure that AI tools are used to support organizational integrity, enhance transparency, and drive compliance without compromising ethical standards or accountability.

To fully realize the potential of AI, governance professionals must evolve from traditional compliance enforcers to proactive **technology stewards**. Their role now extends beyond ensuring legal compliance; they must ensure AI systems operate lawfully, accountably, inclusively, and in harmony with the organization's values and long-term goals. In doing so, they not only enhance the organization's ability to navigate complex regulatory landscapes but also enable innovation, mitigate risks, and foster trust among stakeholders.

Those who embrace and adapt to this technological shift will be better equipped to strengthen governance frameworks, provide boards with predictive insights, guide the ethical adoption of AI, and contribute significantly to long-term stakeholder value. They will play a pivotal role in ensuring that AI's application is transparent, fair, and aligned with corporate responsibility.

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- v. *Ministry of Corporate Affairs (India)* – <https://www.mca.gov.in>
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- vii. *OECD Principles on AI* – <https://oecd.ai>
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Artificial Intelligence: Inclusivity, Cohesiveness, Transformation

Artificial Intelligence is reshaping governance fundamentally in India. This article proposes three levers for credible, auditable, and humane AI inclusion by design, cohesiveness through standards, and transformation via management systems. It distils practical steps for boards, audit committees, and Company Secretaries to align Artificial Intelligence with constitutional values, the Digital Personal Data Protection Act, SEBI's (Listing Obligations and Disclosure Requirements/Business Responsibility and Sustainability Reporting, Secretarial Standards), and emerging global norms.



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INTRODUCTION

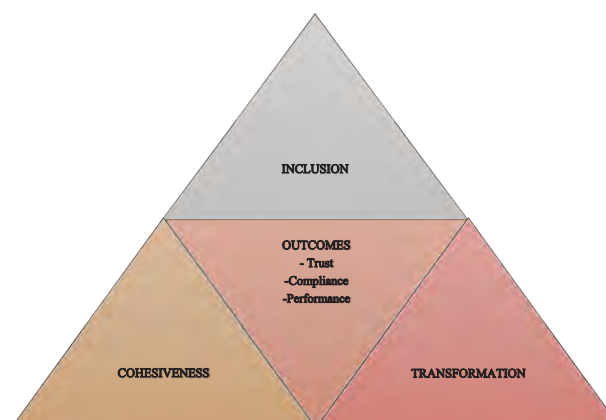
Artificial intelligence (AI) has moved from the margins of corporate strategy to the centre of governance. It is a general-purpose capability that is already redesigning how India governs enterprises, markets, and public institutions.¹ Yet the promise of AI productivity at scale, real-time compliance, new forms of value creation will only be realized if governance keeps pace.

In the Indian context, “good governance” has a distinct texture: constitutional values expressed through modern regulation (from boardroom duties in the Companies Act, 2013² to sustainability disclosures under SEBI³), living alongside ambitious national missions, a vibrant startup ecosystem, and a society whose diversity defies one-size-fits-all technology. The test for the next decade is whether we can move from *AI-for-all* to *AI-with-all*: an inclusive, cohesive, and transformational AI that is steered rather than merely observed by governance professionals.⁴

India has already signalled intent. The Government's IndiaAI Mission promises public compute, home-grown foundational models, and safety tooling;⁵ NITI Aayog's strategy and responsible-AI papers laid an early normative frame;⁶ the Digital Personal Data Protection Act, 2023 (DPDP Act)

provides a baseline for data-linked AI deployments;⁷ and internationally, the EU AI Act⁸ and the Council of Europe's new AI treaty are crystallizing global norms⁹. Together these instruments define the lanes in which Indian boards, Company Secretaries and assurance functions must now drive.

AI GOVERNANCE TRIANGLE



INCLUSION

An inclusive AI economy is not just about access to apps; it is about the distribution of capability, safeguards, and benefits. In India, *inclusion by design* starts with datasets and compute. The IndiaAI Mission's public compute program (10,000+ GPUs) is not a vanity metric; it is a constitutional choice to democratize the substrate of model training so that Indian languages, public health priorities, agritech and micro small medium enterprises (MSME) use-cases are not priced out of the frontier.¹⁰

In boardrooms, inclusion translates into procurement policies that favour vendors whose models are demonstrably trained and evaluated on Indian-relevant corpora, whose accessibility features meet national norms, and whose human-in-the-loop mechanisms are designed for local contexts (e.g., multilingual customer service escalation, grievance redress).¹¹

¹ OECD, *Recommendation of the Council on Artificial Intelligence* (OECD/LEGAL/0449, 2025).

² *Companies Act, 2013*, s 166.

³ SEBI Circular, *Business Responsibility and Sustainability Reporting by listed entities* (SEBI/HO/CFD/CMD-2/P/CIR/2021/562, 2021).

⁴ NITI Aayog, *National Strategy for Artificial Intelligence #AIforAll* (2018).

⁵ Press Information Bureau (PIB), *Cabinet Approves Ambitious IndiaAI Mission to Strengthen the AI Innovation Ecosystem* (2024).

⁶ NITI Aayog, *Principles for Responsible AI* (2021); NITI Aayog, *Approach Document for India: Part 2-Operationalizing Principles for Responsible AI* (2021).

⁷ *The Digital Personal Data Protection Act, 2023* (No. 22 Of 2023).

⁸ Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act) [2024] OJ L, 2024/1689.

⁹ Council of Europe, *Framework Convention on Artificial Intelligence and human rights, democracy and the rule of law* (2024).

¹⁰ PIB (n 5).

¹¹ *International Standards for Standardization (ISO), Information technology -Artificial Intelligence-Management system* (ISO/IEC 42001,2023).

The law underwrites inclusion. The Supreme Court's *Puttaswamy* decision constitutionalized informational privacy as intrinsic to dignity and autonomy, setting the jurisprudential anchor against which AI data practices will be judged.¹² The DPDP Act, 2023 in turn, constructs a consent-centric regime, obliges notice, and empowers a new adjudicatory Data Protection Board none of which is mere "privacy plumbing" but the operating ethics for any Indian AI that touches personal data.¹³ As of May 2025, most substantive provisions of the DPDP Act, 2023 are yet to be notified and enforced; draft rules were issued for consultation in January 2025¹⁴.

Internationally, inclusion is now codified as a governance value: the OECD AI Principles call for AI that benefits people and planet and respects democratic values;¹⁵ UNESCO's 2021 Recommendation centres human rights and diversity.¹⁶ These are not abstract ideals; they provide boards with a due-diligence vocabulary to evaluate AI projects that are excluded by the data, burdened by errors, and built-in remedy.

COHESIVENESS

Cohesiveness is the quiet, technical virtue that keeps inclusion from fragmenting and keeps transformation from becoming chaotic. In practice, cohesiveness comes from standards and process discipline. ISO/IEC 42001:2023—the world's first AI management system standard gives organizations a certifiable framework for policy, risk, lifecycle controls, monitoring, incident handling and continual improvement of AI systems.¹⁷ Its rapid adoption, including in India (BIS has published the identical Indian Standard), offers governance teams an immediately usable blueprint to turn AI principles into board-auditable routines. In my experience, mapping one's internal "AI policy" to 42001 requirements forces the right conversations: what counts as an AI system, who owns its risk, what records exist, and how third-party models are overseen.

Within Indian corporate governance, cohesiveness means knitting AI oversight into existing obligations rather than inventing parallel universes. As per the Companies Act, 2013 directors' duties (Section 166) require due care, skill, diligence and independent judgment; board reports (Section 134) must speak candidly on risks and internal controls; and audit committees (Section 177) must sharpen oversight as algorithms penetrate financial reporting and customer journeys.¹⁸ These statutory anchors, read with SEBI's (Listing Obligations and Disclosure Requirements) (LODR)¹⁹ and the Business Responsibility and Sustainability Reporting (BRSR) framework,²⁰ already demand that AI-linked risks, metrics and impacts be disclosed, assured where material, and governed as part of enterprise risk management. Company Secretaries are uniquely placed to ensure that AI is not treated as an "IT project" but is looped into board calendars, committee

charters, and minutes, consistent with Secretarial Standards SS-1 (Board Meetings) and SS-2 (General Meetings).²¹

Cohesiveness also means regulatory interoperability. The EU AI Act— a risk-based regime, with prohibitions and high-risk obligations phasing in over several years, will touch Indian exporters, SaaS vendors, and subsidiaries serving the EU market.²² The prohibitions and AI literacy obligations were implemented on February 2, 2025; the obligations for general-purpose AI (GPAI) models were implemented on August 2, 2025; the majority of high-risk obligations are to be implemented from August 2, 2026, with the exception of certain embedded-product rules, which were extended to August 2, 2027.²³

The new Council of Europe Framework Convention on AI open for signature since September 2024 sets a human-rights baseline that complements market regulations.²⁴ For Indian boards, these instruments are not foreign; they are the de facto compliance horizon for cross-border business and a compass for domestic practice.

TRANSFORMATION

Transformation is measurable change in outcomes, controls, cadence and culture. If executed properly, AI can compress reporting cycles, sharpen compliance monitoring, and expand the assurance perimeter without exploding headcount.²⁵

In listed companies, LODR-driven disclosures can be augmented by AI that continuously reconciles filings, tracks covenant compliance, detects disclosure anomalies, and drafts board papers with traceable provenance for directors' *independent judgment*.²⁶ In secretarial functions, generative tools can synthesize meeting packs, flag inconsistencies between resolutions and Articles, and pre-validate agenda items against SS-1/SS-2.²⁷ The point, however, is not automation for its own sake; it is *reliability with accountability*, where governance professionals must lead.

In financial services, the RBI's digital lending guidelines²⁸ and its Directions on outsourcing of IT services²⁹ already require robust vendor governance, grievance redress, auditability and board oversight. As lenders deploy scoring models and collections AI, the governance posture has to move from paper controls to live model risk management: data lineage, data minimization (DPDP-aligned), fairness tests, reject-inference audits, and adverse-action notices that a customer can understand.³⁰ The audit committee must be able to follow the chain of accountability from model design to decision to customer impact.

¹² *Justice K.S. Puttaswamy (Retd) v Union of India* [2019] 1 SCC [1].

¹³ *The DPDP* (n 7).

¹⁴ Ministry of Electronics and Information Technology, Draft Digital Personal Data Protection Rules (PIB, 2025).

¹⁵ OECD (n 1).

¹⁶ UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (SHS/BIO/PI/2021/1, 2021).

¹⁷ ISO (n 11).

¹⁸ *Companies Act, 2013*, s 166; s 134; s 177.

¹⁹ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Last amended on May 01, 2025).

²⁰ SEBI (n 3).

²¹ *The Institute of Company Secretaries of India, Secretarial Standard on Meetings of the Board of Directors (SS-1) & Secretarial Standard on General Meetings (SS-2)* (ICSI, 2024).

²² Regulation (n 8).

²³ EU Artificial Intelligence Act, 'Timeline of key dates' (1 August 2024) < <https://artificialintelligenceact.eu/implementation-timeline/> > accessed 19 September 2025.

²⁴ Council (n 9).

²⁵ Sivaram Vallampati, 'Transforming Financial Close with Automation' (WNS, 29 October 2024) < <https://www.wns.com/perspectives/blogs/achieving-a-faster-smarter-financial-close-with-ai> > accessed 17 September 2025.

²⁶ SEBI (n 19).

²⁷ ICSI (n 21).

²⁸ Reserve Bank of India, *Guidelines on Digital Lending* (RBI/2022-23/111 DOR.CRE.REC.66/21.07.001/2022-23, 2022).

²⁹ Reserve Bank of India, *Master Direction on Outsourcing of Information Technology Services* (RBI/2023-24/102 DoS.CO.CSIT/SEC.1/31.01.015/2023-24, 2023).

³⁰ Reserve Bank of India, *Draft Circular: Regulatory Principles for Management of Model Risks in Credit* (RBI/2024-25/DOR.STR.REC./21.04.048/2024-25, 2024).

The requirements of EU AI Act for high-risk systems (such quality management, data governance, logging, and human oversight) mirror ISO 42001 management-system logic.³¹ Boards can plan ahead and meet both requirements. The clauses in the Council of Europe treaty related to openness and oversight and which provide for equality and non-discrimination of persons on grounds of race, religion, or sexual orientation move in the same direction.³² Simply put, transformation requires a system of governance rather than mere inspirational values.

THE LEGAL KEEL: VALUES, RIGHTS, AND ENFORCEABLE DUTIES

Indian constitutional law has placed dignity and autonomy at the centre of the digital state. *Puttaswamy*'s recognition of privacy as a fundamental right obliges both the State and private actors handling personal data to justify intrusions as legal, necessary and proportionate.³³ This three-part test is no academic nicety; it is the lens through which explainability and purpose limitation for AI must be designed especially in sensitive sectors (health, education, welfare). The DPDP Act, 2023 translates those values into obligations for "data fiduciaries": notice, consent, purpose limitation, children's data protections, breach notifications, and cross-border transfer restrictions by notified countries.³⁴ Even before full commencement, these duties are becoming the common law of technology contracts, vendor DDQs and audit checklists.

Statutorily, directors' duties under the Companies Act, 2013 require boards to exercise care in adopting AI, not merely to chase efficiency. The obligation of **care and diligence** necessitates a record of independent judgement, qualified oversight, and documented risk assessment when models become consequential in financial reporting, credit decisions, or safety-critical operations. The following queries should be posed by audit committees, and the responses should be recorded:

- Who validated the training data?
- What is the model's intended use and known failure modes?
- How is drift detected?
- What are escalation paths when a human override is necessary?

These questions flow naturally from Section 166 read with Section 177 and should be minuted under SS-1 so that the historical record can withstand scrutiny.³⁵

On the capital markets side, SEBI's LODR and BRSR have created a disclosure grammar for AI's governance footprint from ethics commitments to data security controls to social impact indicators. Boards can integrate AI governance metrics into BRSR narratives: diversity of AI teams, accessibility of

AI customer interfaces, frequency of AI impact assessments, grievance resolution timelines for AI-driven decisions, and supplier conformance with ISO 42001 or equivalent. External assurance for "BRSR Core" can, and should, extend to AI metrics where material.³⁶

"INCLUSION BY DESIGN" IN PRACTICE: INDIAN REALITIES, GLOBAL LESSONS

Bias in AI is a practical Indian governance challenge in multilingual, stratified markets. A grievance portal trained on English-language complaints will underserve speakers of other Indian languages; a lender's alternative data proxying for socio-economic status can produce disparate impact; a hospital's triage system trained on urban data can misclassify rural presentations.³⁷ Inclusion by design therefore requires balanced datasets, multilingual interfaces, participatory design with affected communities, and grievance mechanisms that are actually reachable.³⁸

The EU AI Act shows how risk-tiering and obligations can operationalize inclusion; transparency for limited-risk systems, strict controls for high-risk deployments, and prohibitions (e.g., certain manipulative or biometric systems) that society deems unacceptable.³⁹ Indian boards serving EU markets must assume applicability and prepare conformity documentation accordingly; doing so raises the quality of domestic deployments as well. The Council of Europe treaty will likely become a soft-law reference even for non-parties, because its human-rights frame is portable.

THE COHESIVENESS TOOLKIT FOR GOVERNANCE PROFESSIONALS

For Indian vendors selling into the EU, conformity assessments, quality-management systems, technical documentation and post-market monitoring are no longer optional.

1. **Adopt an AI Management System (AIMS):** The backbone should be ISO/IEC 42001. Scope (what constitutes AI in this context), roles (who is responsible for which risk), policies (data, model, third-party), processes (impact assessment, change control, incident response), records (model cards, data sheets), and audit trails (logs, overrides) should be established.⁴⁰ Seek certification once mature; the external assurance discipline will surface gaps that internal teams miss.
2. **Embed AI into Secretarial Standards practice:** Under SS-1, ensure the board agenda explicitly covers AI investments, risks, regulatory watch, and assurance findings; circulate pre-reads that include model risk dashboards; minute not just the decision but the *reasons*. Under SS-2, make general-meeting disclosures intelligible: if AI is material to strategy or risk profile, explain it in the board report and in shareholder Q&A.⁴¹

^{31.} ISO (n 11).

^{32.} Council (n 9).

^{33.} Justice (n 12).

^{34.} The DPDP (n 7).

^{35.} Companies Act, 2013, s 177; s 166.

^{36.} SEBI Circular, BRSR Core - Framework for assurance and ESG disclosures for value (SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, 2023).

^{37.} Dharish David, B. Rajeshwari and Timhna S, 'Algorithmic Bias and Discrimination in India: A Looming Crisis' [2025] *Journal of Development Policy and Practice* 1.

^{38.} UNESCO (n 16).

^{39.} Regulation (n 8).

^{40.} ISO (n 11).

^{41.} ICSI (n 21).

3. **Integrate with LODR/BSR:** Map AI governance metrics into BSR: data breaches (AI-linked), accessibility metrics, algorithmic impact assessments completed, incidents of human override, supplier conformance rates, where AI underlies sustainability claims (e.g., scope-3 estimation), ensure model assumptions are disclosed and independently reviewed.⁴²
4. **Align with sectoral regulators:** If you are a bank/NBFC, evidence compliance with RBI's outsourcing Directions and digital-lending rules *in the AI context*: vendor due diligence specific to model risk, rights to audit training data provenance, real-time complaint telemetry, and model explainability for adverse actions.⁴³
5. **Refresh the legal stack:** Update privacy notices, consent flows and data-processing agreements to the structure of DPDP Act, 2023; where EU customers are in scope, prepare for AI Act obligations (e.g., quality management, logging, human oversight). Keep a regulatory watch note to the board on DPDP commencement and EU AI Act phasing.⁴⁴

GUARDRAILS FOR TRANSFORMATION

Organizations that succeed with AI share five habits that governance teams can cultivate as given below:

- **Proportionality as a reflex:** Not every use-case needs deep certification, but every consequential use-case needs documented thought. If a model can affect employment, credit, health, or liberty, trigger a formal AI Impact Assessment mapping legality, necessity, proportionality, and mitigation explicitly referencing *Puttaswamy's* tests.
- **Explainability where it matters:** Boards should insist on model choices that allow explanations commensurate with risk, even if that means sacrificing a few points of headline accuracy. This is as much about culture as technology; an unexplainable control is no control.
- **Human-in-the-loop with teeth:** "Override" must not be a ritual. Define who can intervene, on what basis, by what interface, within what SLA, and how that action is logged and reviewed by audit.
- **Data discipline end-to-end.** DPDP-compliant notices and consents, data minimization, retention caps, children's data protections, cross-border transfer checks, and breach notification drills. Treat the DPDP Act, 2023 not as a narrow privacy statute but as the ethical spine of AI.
- **Assurance that is more than a tick-box:** Audit committees should commission periodic independent evaluations of high-risk systems; internal audit should develop AI competence; external assurance providers should be requested to provide their opinions on AI metrics that are integrated into BSR or financial-reporting processes. To indicate maturity, pursue ISO/IEC 42001 certification when applicable.

⁴² Tim Mucci and Cole Stryker, 'What is AI governance?' (IBM, 10 October 2024) <[https://www.ibm.com/think/topics/aigovernance#:~:text=Artificial%20intelligence%20\(AI\)%20governance%20refers,and%20respect%20for%20human%20rights](https://www.ibm.com/think/topics/aigovernance#:~:text=Artificial%20intelligence%20(AI)%20governance%20refers,and%20respect%20for%20human%20rights)> accessed 19 September 2025.

⁴³ RBI (n 28); RBI (n 29).

⁴⁴ The DPDP (n 7).

INTERNATIONAL CROSS-WINDS

The EU AI Act is now published in the Official Journal and entered into force in 2024, with obligations phasing in (e.g., prohibitions six months after entry, general-purpose AI requirements around year one, and high-risk obligations thereafter). For Indian vendors selling into the EU, conformity assessments, quality-management systems, technical documentation and post-market monitoring are no longer optional. Even where the EU AI Act does not legally apply, it is *prudentially wise* to build to its standard; customers will expect it.⁴⁵

Meanwhile, the Council of Europe's Framework Convention on AI opened for signature on 5 September 2024 offers a baseline treaty that India can observe and learn from even before any domestic AI-specific statute emerges, precisely because it articulates rule-of-law guardrails consistent with our constitutional ethos.⁴⁶

Boards should also watch the standardization track: BIS' adoption of ISO/IEC 42001 as an Indian Standard, and India's growing role in global AI standards bodies, mean that what looks like "soft" standards today will become "hard" expectations in procurement, assurance, and litigation tomorrow.

THE COMPANY SECRETARIES EDGE: FROM COMPLIANCE CUSTODIAN TO AI STEWARD

Company Secretaries (including those in practice, PCS) can lead by: (i) drafting the corporate AI charter aligned to ISO 42001, DPDP, SEBI and sectoral norms; (ii) institutionalizing an AI risk register and model inventory; (iii) templating board packs with an "AI governance lens" (purpose, data, risk, oversight, metrics, legal); (iv) ensuring Secretarial Standards are observed in the *manner* of AI decision-making; (v) coordinating with CFOs and CROs so that AI-dependent KPIs in financial and sustainability reports are auditable; and (vi) educating directors through short primers on EU AI Act spillovers and DPDP readiness. None of this dilutes traditional responsibilities; it deepens them.

PCS can also provide independent assessments for small medium enterprises and startups who lack in-house governance heft: basic DPIA/AIA (data or AI impact assessment) templates, vendor-risk reviews, board-readiness for investor diligence, and assistance with ISO 42001 readiness. By occupying this space, the profession can ensure that Indian AI grows up with governance, not in spite of it.

CONCLUSION

If the measure of governance is the capacity to create trust at scale, then AI is the most searching audit India has faced since liberalization. *Inclusivity* asks whether the benefits and burdens of AI are fairly shared; *cohesiveness* asks whether we can harmonize law, standards and practice across a billion lives and a million firms; *transformation* asks whether the new machine in our midst makes us truer to our constitutional promise of dignity, equality and fraternity or merely faster at what we already were.

⁴⁵ Regulation (n 8).

⁴⁶ Council (n 9).

AI-Driven Digital Transformation in Corporate Governance: Opportunities, Risks and the Emerging Role of Company Secretaries

Corporate Governance and regulatory compliance are rapidly transitioning from document-centric, manual workflows to data-driven, technology-enabled systems. Artificial intelligence (AI)—especially large language models and generative AI—is now embedded across the governance lifecycle: drafting disclosures, pre-vetting offer documents, monitoring controls and advising boards. This paper synthesizes the current regulatory landscape, global developments, and notable case incidents to propose a practical governance-and-compliance framework for professionals like Company Secretaries (CS). It outlines clear use-cases (from secretarial audit analytics to DRHP/document pre-vetting), delineates the “human-in-the-loop” roles and responsibilities, and provides checklists for due diligence, documentation, and continuous monitoring.



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INTRODUCTION

BACKGROUND AND POLICY CONTEXT

Globally, capital market regulators, securities exchanges, and corporate regulators are rapidly embedding artificial intelligence (AI) and digital transformation into their systems. In India, this shift is visible across multiple regulatory fronts.

Parallelly, the Bombay Stock Exchange (BSE) has announced adoption of AI tools for initial scrutiny of Draft Red Herring Prospectuses (DRHPs), thereby expediting the processing pipeline. Similarly, the Securities and Exchange Board of India (SEBI) has introduced AI-driven solutions for IPO document review, digital surveillance, and market monitoring. Collectively, these developments underscore India’s commitment to embedding technology into governance, positioning AI as a transformative lever in corporate regulation.

GOVERNANCE MEETS INTELLIGENT AUTOMATION

Digital transformation has shifted corporate governance from periodic, paper-based compliance to continuous and

technology-enabled oversight. In India, the modernization of corporate e-filings and the growing use of AI/ML tools by markets and intermediaries signal a structural change in how compliance is performed, evidenced, and assured. Globally, legal and compliance functions are piloting or deploying generative AI to draft, summarize, and analyze complex regulatory texts and transaction documents.

For the professionals like Company Secretaries—as governance advisor, compliance custodian, and board enabler—AI is both an amplifier and a test of professional judgment. The opportunity is to harness automation without diluting accountability; the challenge is to translate evolving regulatory expectations into practical controls at the level of forms, minutes, registers, policies, and disclosures.

REGULATORY & MARKET LANDSCAPE (INDIA & GLOBAL)

In India, digital transformation in governance has gained significant momentum. This shift is more than a technical upgrade—it reflects a strategic move to make filings data-driven, machine-readable, and more valuable for regulatory analytics. With the consolidation of XBRL, e-payments, and integrated filing systems, compliance processes have become faster, more transparent, and aligned with global digital standards. At the same time, capital market infrastructure institutions and exchanges have announced plans to explore and pilot AI tools to improve efficiency. For instance, announcements have been made around using AI-enabled checks to screen SME IPO DRHPs for internal consistency and completeness before formal regulatory review. The market regulator has similarly indicated its intent to adopt AI for IPO processing, while consistently stressing that accountability remains with the regulated entity. Human oversight, explainability, and audit trails are expected to anchor all such deployments, ensuring that early adoption efforts remain carefully monitored.



Globally, governance professionals are showing keen interest in generative AI, although they remain cautious about confidentiality and accuracy concerns. Policy frameworks across jurisdictions are converging on similar principles—transparency of AI use, clear human oversight, risk classification, data protection safeguards, and vendor accountability. This reflects a growing recognition that while AI can accelerate governance processes, it must be embedded within a sound system of ethical and legal controls.

SCOPE OF AI

Artificial intelligence is already demonstrating value in corporate governance and compliance. Tools powered by large language models can generate preliminary drafts of resolutions, notices, and minutes; conduct quick consistency checks across names, dates, and numbers in filings; classify clauses in registers or contracts; and flag anomalies in compliance calendars. These capabilities free Professionals like Company Secretaries to devote more time to higher order tasks—judgment, interpretation, and strategic advice—while routine processing is partially automated.

Yet, the technology has significant constraints that make human oversight indispensable. Large language models may hallucinate by fabricating statutory references or precedents, creating risks if such content slips into formal records. Training data bias can also surface. Data security remains another concern: uploading confidential drafts to public platforms can compromise sensitive company information. Moreover, the opacity of AI decision making complicates accountability, since it is often unclear why a particular output was generated or who bears responsibility if it proves incorrect.

These limitations are especially critical in the preparation of legal documentation. While AI can accelerate first drafts of board resolutions, minutes, and statutory returns, it cannot be solely relied upon. Even minor errors—such as misquoting a section of law, misinterpreting a provision, or omitting a mandatory disclosure—may attract heavy regulatory penalties, compliance failures, or reputational damage. For this reason, AI should be positioned as an **assistive tool** rather than a substitute. Every AI generated draft must be reviewed, validated, and formally signed off by Legal Experts like Company Secretaries, whose professional expertise ensures accuracy, accountability, and legal validity.

OPPORTUNITIES ACROSS THE GOVERNANCE LIFECYCLE

The potential applications of AI span the entire corporate governance framework. In IPO readiness, AI can pre-vet offer documents by checking for missing disclosures, conflicting glossary terms, or inconsistent KPIs across disclosures, undisclosed litigations, etc. In secretarial audit and continuous monitoring, AI can automate the mapping of the Companies Act, 2013 and SEBI LODR requirements to entity calendars, detect exceptions in registers, and apply anomaly detection to related party transactions. For boards, AI can summarize voluminous board packs, present scenario analysis on ESG controversies, or generate comparative briefs on policy options. In shareholder engagement, AI-assisted tools can help draft AGM notices, FAQs, and investor updates—always subject to human legal review. Even in CSR and social audit, AI can capture evidence, synthesize impact narratives, and flag project delays or policy mismatches through dashboards.

At the same time, it must be emphasized that AI should serve as an **assistive layer** and not a standalone solution. Any legal or regulatory documentation prepared or reviewed with AI assistance must be thoroughly vetted by qualified professionals such as Company Secretaries. A misinterpretation of statutory language, an incorrect citation, or a missed disclosure—even if minor—can expose companies to significant penalties, compliance failures, or reputational harm. Hence, the safe and responsible integration of AI requires a clear “human-in-the-loop” safeguard, where final accountability rests firmly with the professional reviewer.

RISKS, ETHICS & CONTROL PRINCIPLES

As with any transformative tool, AI brings with it new categories of risk. Errors or omissions in AI-generated outputs can affect accuracy and completeness. Bias and fairness issues may perpetuate systemic inequalities. Privacy and security concerns arise when sensitive drafts are exposed to external processors. Explainability challenges and intellectual property disputes further complicate accountability. Finally, operational resilience is tested when AI models evolve unpredictably, altering outputs without prior notice.

To manage these risks, certain control principles must be institutionalized. A **human-in-the-loop approach** ensures that AI is only an assistant, with the Company Secretary retaining ultimate responsibility. Audit trails of prompts, reviews, and approvals create accountability. Sensitive data should be minimized or redacted before using AI, and enterprise-grade secure tools should be preferred. Regular testing and validation against gold-standard samples are essential, as are structured prompts to detect potential bias. Vendor due diligence should assess data protection, IP rights, security, and incident response commitments. Most importantly, policies must reaffirm that responsibility for AI-assisted governance content lies with management and the board—not the tool itself.

CASELETS & SIGNALS FROM PRACTICE

Recent practice developments vividly illustrate both the promise and pitfalls of AI in governance. Indian stock exchanges announced to deploy AI tools to pre-check SME IPO-DRHPs, scanning for internal consistency and missing disclosures. SEBI itself has acknowledged the potential of AI in managing IPO pipelines more efficiently, even as human sign-off remains indispensable. Likewise, the Ministry of Corporate Affairs' migration of many e-forms from the legacy V2 system to the upgraded V3 platform represents a broader digital transformation: filings are now more structured, XBRL-ready, and analytics-compatible, giving regulators a stronger base to derive insights from corporate data.

At the same time, global cautionary tales remind us of the risks. A Fortune 500 company faced backlash and had to publicly apologize after its AI-driven hiring process was reported to unfairly disadvantage minority applicants. In the U.S., a law firm faced sanctions when an AI-generated brief included fabricated case citations—a stark reminder of AI's hallucination risk. These cases underscore a clear lesson: while AI can accelerate drafting and compliance tasks, professional verification is non-negotiable. Here, the Company Secretary's vetting remains the final safeguard for quality, legality, and fairness.

Many PCS firms have already begun onboarding with U.S. companies to act as legal advisors specifically for this purpose—reviewing AI-generated legal documents before signing. This collaborative model illustrates how Indian professionals can help global firms to mitigate risks of non-compliance and prevent reputational controversies, while simultaneously opening new avenues of practice for Company Secretaries in the AI era.

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THE EMERGING ROLE OF THE COMPANY SECRETARY

The Role of the Company Secretary is no longer confined to compliance checklists and statutory filings. In the AI era, the Company Secretary is uniquely positioned at the intersection of governance, law, and technology. They must evolve as governance technologists—embedding board policies into AI-augmented workflows, from drafting minutes to maintaining registers and disclosures. They are also becoming AI compliance officers, responsible for drafting corporate AI-use policies, maintaining model-risk registers, and conducting vendor due diligence.

Many Fortune 500 companies are already onboarding Company Secretaries specifically for the final vetting of AI-generated legal documents. This reflects growing

recognition that while AI may draft and analyze, only a seasoned professional can apply the judgment needed to ensure compliance, fairness, and defensibility.

Equally critical is the Assurance role: the Company Secretary must design review protocols and integrate AI-assisted outputs. As bias and ethics sentinels, they can lead algorithmic impact assessments, ensuring that people-affecting processes—such as shareholder communications or whistleblower triage—are fair and responsible. Finally, as board educators, the Company Secretary can demystify AI for directors, preparing concise, risk-balanced briefings and helping boards make informed decisions.

In essence, the Company Secretary's professional judgment becomes more—not less—valuable in an AI-driven environment. Technology may draft, analyze, or pre-screen, but it is the Company Secretary who interprets, validates, and assures.

A 10-STEP ADOPTION FRAMEWORK FOR COMPANY SECRETARIES

Artificial Intelligence (AI) adoption in corporate governance requires more than efficiency gains—it demands structured, ethical, and defensible practices. For Practising Company Secretaries (PCS), the goal is not just to adopt AI but to embed it into governance systems in a way that reinforces professional accountability. It is also important to note that this model is indicative in nature—its application will differ across industries, company sizes, and the types of assignments handled by PCS. Hence, it should be seen as a reference framework, adaptable to context, rather than a rigid prescription. Below is a practice-oriented

10-step framework that blends narrative explanation with practical bullet points to ensure both conceptual clarity and implementation guidance:

1. **Identify Suitable Use-Cases:** Company Secretaries should begin their AI journey by identifying where technology can safely augment routine work without introducing regulatory risks. The key is to prioritize efficiency while maintaining control.
 - **Start Small:** Focus on low-risk, repetitive tasks like drafting resolutions, notices, compliance calendars, or summarizing circulars.
 - **Maintain a Use-Case Register:** Categorize tasks into *low*, *medium*, and *high-risk* to guide AI deployment.
 - **Sandbox Testing:** Test AI outputs internally before deploying in sensitive tasks such as IPO documentation or regulatory filings.

- **Practical Example:** AI can flag inconsistencies in IPO disclosures, but statutory references must still be verified by the PCS.
2. **Set Guardrails Through Policy:** Without policy boundaries, AI use can create ambiguity in accountability. A well-drafted AI usage policy ensures alignment with professional standards.
 - **Develop an AI Usage Policy:** Define permissible and prohibited tasks, mandatory human oversight, and escalation protocols.
 - **Clarify Liability:** Establish that PCS remain accountable for errors, even if AI assisted.
 - **Escalation Mechanism:** Set out steps for reporting AI-related errors to management or boards.
 - **Regulatory Alignment:** Incorporate guidance from MCA, SEBI, and other regulators.
 3. **Choose Enterprise-Grade Tools:** The reliability of AI depends heavily on the platforms chosen. PCS must perform robust due diligence before adoption.
 - **Security Certifications:** Insist on ISO/IEC 27001, SOC 2, and GDPR-compliant tools.
 - **Data Residency:** Sensitive filings should be processed on servers located in India to comply with confidentiality norms.
 - **Vendor Due Diligence:** Verify vendor assurances on IP rights, continuity planning, and transparent version control.
 - **Avoid Public Tools:** Never use free AI tools for confidential client information.
 4. **Create Standardized Templates & Prompts:** Consistency and accuracy are best achieved through standardization.
 - **Prompt Libraries:** Develop standardized, reusable prompts for recurring secretarial tasks.
 - **Legal Anchoring:** Link templates to statutory provisions (Companies Act, SEBI LODR, FEMA) for accuracy.
 - **Neutrality Check:** Pre-test templates for bias-free and legally accurate outputs.
 - **Repository Management:** Maintain a central repository for board-approved AI templates.
 5. **Human-in-the-Loop Oversight:** Human judgment remains the single most important safeguard against AI errors.
 6. **Validation & Benchmarking:** To build trust in AI adoption, PCS should validate performance against human-prepared outputs.
 - **Quarterly Mock Audits:** Compare AI-prepared documents with traditional drafts.
 - **Exception Register:** Maintain records of inaccuracies and lessons learned.
 - **Performance Metrics:** Track error rates, time savings, and regulatory feedback.
 - **Continuous Improvement:** Use insights to refine prompts and improve tool usage.
 7. **Bias, Ethics, and Risk Testing:** AI adoption is not risk-free; ethical oversight must be built into governance systems.
 - **Annual Algorithmic Impact Assessments (AIA):** Detect hidden bias or discrimination in AI outputs.
 - **Stress Testing:** Review sensitive communications for neutrality (e.g., shareholder or gender representation).
 - **AI Risk Committee:** Establish a dedicated sub-committee led by PCS to oversee fairness and ethics.
 - **Learning from Case Studies:** Draw lessons from global incidents.
 8. **Upskilling & Training:** The PCS team must evolve alongside technology to maintain professional relevance.
 - **AI Literacy Programs:** Train teams on AI functions, limitations, and governance implications.
 - **Regulatory Knowledge:** Ensure awareness of India's DPDP Act, 2023, IT Act, 2000, SEBI rules, and evolving global norms.
 - **Peer Sharing:** Participate in PCS forums to exchange best practices and case learnings.
 - **Future-Readiness:** Make AI knowledge part of mandatory professional development.
 9. **Structured Reporting to the Board:** Boards expect transparency and assurance on AI-related governance risks.
 - **Review Log:** Track every AI-generated draft with reviewer details and corrections noted.
 - **Zero-Tolerance Areas:** AI should not be used for statutory references, litigation disclosures, or final submissions.
 - **Role Reaffirmation:** Ensure Professionals remain the custodians of governance integrity.

- **AI Governance Dashboard:** Share regular updates on AI deployments, benefits, and incidents.
- **Incident Escalation Matrix:** Document pathways for reporting and resolving AI-related issues.
- **Board Education:** Simplify complex AI risks into actionable insights for directors.
- **Continuous Dialogue:** Position AI as a standing agenda item in governance discussions.

10. Collaborative Ecosystem Building: AI governance cannot be handled in silos; collaboration is essential.

- **Regulatory Participation:** Engage with MCA, SEBI, and ICSI consultations on AI policy.
- **Cross-Border Collaboration:** Work with international peers as independent reviewers of AI-generated governance documents.
- **Professional Networking:** Partner with technologists, lawyers, and policymakers to shape best practices.

By following this framework, Company Secretaries do not just adopt AI—they shape its responsible use. AI becomes a partner in governance, while the Company Secretary remains the final arbiter of compliance, ethics, and strategic assurance. This positions the profession not only as resilient to disruption but also as a leader in shaping trustworthy corporate governance in the digital era.

PRACTICAL CHECKLISTS

To operationalize these roles, practical checklists can support everyday assurance. For AI-assisted drafting, the Company Secretary should not only verify legal citations, reconcile names and figures, screen for biased language, redact sensitive information, and document reviewer comments with final sign-off, but also ensure that reliance on AI is never absolute. Any wrong quotation of sections or misinterpretation of provisions can lead to significant penalties or fines by regulators, making human review indispensable.

Vendor due diligence is another area where the Company Secretaries leadership becomes critical. It should cover data residency, IP assurances, security certifications, continuity planning, and transparency over model versioning. By actively guiding and documenting this process, the Company Secretary can provide both assurance to boards and confidence to regulators.

At the board level, oversight prompts should be framed not as a checklist alone but as a continuous governance dialogue. Boards should regularly ask: What AI tools influence our disclosures? Who remains accountable for outputs? How do we test for fairness? What is

the escalation path for exceptions? By embedding these practices, the Company Secretary ensures that governance is not only consistent and defensible but also adaptive to the risks and opportunities of AI adoption.

METHODOLOGY & LIMITATIONS

This practice-focused paper draws on regulatory announcements, market developments, and case incidents to outline a practitioner's roadmap. It is conceptual and does not benchmark specific tools, as performance and features may vary widely by vendor and implementation.

CONCLUSION

Artificial intelligence is reshaping the mechanics of compliance and governance. For Company Secretaries, this is not a threat but an unprecedented opportunity to lead from the front. By embedding human judgment at the core of AI-assisted workflows, the Company Secretary ensures that automation strengthens—not weakens—accountability and ethical responsibility. Beyond drafting or vetting documents, they are becoming AI-policy guardians, risk mitigators, and strategic advisors to boards.

Notably, many Company Secretaries are already being onboarded by Fortune companies and even U.S. firms to review AI-generated legal documents before finalization, highlighting the trust placed in their expertise to prevent non-compliance and reputational controversies. This emerging global recognition underscores the profession's expanding relevance in an AI-driven regulatory landscape.

Looking ahead, those who adopt a structured framework—combining rigorous oversight, transparent policies, and continuous professional upskilling—will elevate assurance, compress compliance timelines, and enhance board decision quality. AI will not replace Company Secretaries; rather, those who embrace and operationalize AI thoughtfully will redefine governance and chart the future of corporate accountability.

REFERENCES:

- BSE announcements on generative AI pre-check tools for IPO documents.*
- Global case studies of AI in legal drafting and compliance.*
- ICSI guidance and MCA updates on digital compliance and governance frameworks.*
- Reports on algorithmic bias and discrimination.*
- SEBI consultation papers and announcements on AI/ML in markets.*

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Prompting for Productivity: A Guide for Company Secretaries in the AI Era

This article highlights prompting, the skill of crafting structured inputs for large language models, as the foundational capability required to unlock AI's practical value. By demystifying prompting and presenting governance-specific use cases, the article offers a strategic roadmap for professionals to apply AI confidently, ethically, and productively. It seeks to bridge the gap between awareness and action, equipping Company Secretaries with both the mindset and methods to lead in an AI-augmented environment.



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INTRODUCTION

Artificial Intelligence (AI) is the term reverberating across sectors and boardrooms. With the appropriate approach, artificial intelligence has the potential to function as a research assistant, a drafting aide, and even a learning companion. That approach begins with one key skill: Prompting. Prompting refers to the process of instructing and guiding artificial intelligence to generate meaningful, reliable, and context-aware responses. This forms the foundation for interaction with AI tools such as ChatGPT and similar platforms. Done well, prompting reduces hallucinations and leads to output that is relevant, usable and often remarkably insightful.

The article outlines how large language models function, how parameters such as temperature, top-p, and top-k can be adjusted to influence outputs, and how instructions may be structured to yield precise and relevant responses. The discussion includes real-world examples, a comparison of effective and ineffective prompts, along with practical tips, reusable templates, and common pitfalls to avoid.

PROMPTING AND ITS USEFULNESS

At its core, **Prompting** is simply the act of giving instructions to an AI model in plain language to get a useful response. It is how one “talks” to a language model like ChatGPT, Gemini or Claude. Precision in framing prompts directly determines the clarity and value of the response.

But prompting is not just about asking a question. It is about **guiding the AI** with enough detail and context so that it understands exactly what the user wants. One should think of it like briefing a junior colleague. If the instructions are vague, the output will likely miss the mark. But if the instructions are clear, specific and well-structured, the output will be far more usable.

a) Usefulness of Prompting

Most users today treat AI like a more fluent version of Google. They ask broad or generic questions and expect perfect results. But Large Language Models (LLMs) don't “look up” answers like a search engine. Instead, they generate responses based on patterns they have learned from massive datasets of text, including books, laws, websites, reports and more.

This means the quality of output is directly tied to the quality of the input. That is why prompting is not just a nice-to-have skill. It is a foundational one. For Company Secretaries, this can mean the difference between:

- Getting a generic compliance checklist vs. one tailored to a listed NBFC.
- Receiving a vague summary of SEBI regulations vs. a board-ready brief.
- Drafting minutes that need full rewriting vs. ones that just need polishing.

To understand prompting better, it helps to know a little about what is happening behind the scenes, without diving too deep into the technicalities.

LLMs like ChatGPT are trained on huge amounts of text from books, articles, websites, and official documents. They learn to predict the **next most likely word** in a sequence. For example, if a sentence starts with “The board of directors resolved that...”, the model will predict what should come next based on patterns it has seen in similar legal or governance texts.

So, when the user enters a prompt, they are not triggering a search. Rather, the prompt triggers the model to **generate** a response that sounds like what it has “learned” from similar data.

This is why **clarity, structure, and context** are essential. The model does not know the law the way a human does. But it knows how legal text typically *sounds*, and how documents are *framed*. Prompting helps it stay on track.

A good prompt usually has the following ingredients:

1. Role or Context

Tell the AI *who it should be*. Example:

- “Act as a Company Secretary in a listed company...”
- “You are preparing a note for the Audit Committee...”

2. Task description

Be specific about the output or the end objective. Example:

- “Summarise this SEBI circular for applicability to small-cap companies.”
- “Create a table comparing CSR rules in 2020 and 2024.”

3. Constraints or preferences

Guide the format and tone. Example:

- “Respond in bullet points.”
- “Use simple language suitable for board members.”
- “Keep the response under 200 words.”

MONITORING THE STYLE OR CREATIVITY OF THE OUTPUT

Most advanced AI tools let users tweak how creative or predictable the output is. While these settings may not be directly visible in every user interface, they often work behind the scenes. Here are three key parameters:

• Temperature

This controls how “creative” the model is. It operates in the range of 0 to 1.

- ♦ Low temperature (e.g. 0.2) = more factual, focused, deterministic.
- ♦ High temperature (e.g. 0.8) = more creative, varied, risk of drifting from facts For compliance-related tasks, lower is better.

• Top-p

This limits the number of possible next words the model considers.

- ♦ Lower values = tighter, more focused outputs.
- ♦ Higher values = broader, potentially more diverse responses.

• Top-k

Similar to top-p, it restricts the model to only the top *k* likely word options at each step. Again, lower values give more conservative outputs.

While most platforms like ChatGPT or Gemini don’t expose these settings directly in the standard interface, some professional or API-based versions do, and in those cases, knowing how to adjust these can help tailor the response style to the user’s needs.

Most advanced AI tools let users tweak how creative or predictable the output is. While these settings may not be directly visible in every user interface, they often work behind the scenes.

PROMPTING AS A COMMUNICATION SKILL, NOT JUST PROGRAMMING

A technical background is not required to become excellent at prompting. The skill to write emails, draft board notes, or give clear instructions to a colleague is the foundation. Hence, Prompting is simply **structured thinking in plain language**.

Here’s a simple comparison:

Scenario	Traditional Skill	AI Equivalent
Delegating research to a junior	Giving a brief	Writing a prompt
Reviewing a policy draft	Giving feedback	Iterating on a prompt
Writing a summary for the board	Framing key points	Asking for structured output

With a few prompt patterns and some practice, a user would be able to generate:

- First drafts of policies.
- Annotated summaries of regulatory updates.
- Tailored FAQs for shareholders.
- Board presentations and ESG checklists.

PROMPTING IN ACTION: GOVERNANCE-CENTRIC EXAMPLES

With the foundational concepts of prompting established and how language models interpret the queries discussed, the natural next step is to understand **how to prompt effectively**. The best way to learn that is through **practical examples grounded in one’s day-to-day work**.

For illustration, **six realistic scenarios** that a Company Secretary is likely to encounter are considered. For each scenario, the article will discuss:

- **Minimal or Generic Prompt:** often too vague to produce targeted results.
- **Refined Prompt:** one that adds clarity, context, and control.
- **Prompting Technique:** a technique that is used in the prompt.
- **Key Takeaway:** what makes the refined version more effective.

Rather than overwhelming this section with AI-generated outputs, the focus is instead on what really matters: **how to craft a prompt that works**. This not only reduces hallucination and rework, but also empowers the user to get usable, accurate responses, especially when dealing with regulatory, legal, or policy-related queries.

Scenario	Minimal Prompt	Refined Prompt	Prompting Technique	Takeaway
1. Drafting AGM Notice	Can you help me prepare a notice for our AGM next month?	You are acting as a legal assistant to the Company Secretary. Draft a detailed AGM Notice for XYZ Ltd., a listed company, to be held on 30th Sept 2025 via video conference. Include all statutory agenda items like financial statement adoption, director retirement, auditor reappointment. Follow Companies Act, 2013 formatting and legal language.	Role Assignment + One-shot	Define the AI's role, legal reference, and expected structure. Broad prompts miss nuances in statutory compliance.
2. Summarising SEBI Circular	Please summarise the latest SEBI circular on disclosures.	Summarise SEBI circular SEBI/HO/CFD/PoD2/CIR/P/2024/109 dated 10-Aug-2024 on disclosure requirements. Break it into 4 parts: objective, applicability, compliance timeline, and impact on quarterly reporting. Keep it concise and suitable for email to management.	Chain-of-thought + Structure Framing	Break down tasks for better control. Prompting with internal structure reduces hallucinations and improves summarisation.
3. Board Meeting Compliance Checklist	I need a checklist for our upcoming board meeting.	Create a 3-stage compliance checklist for a listed Indian company's board meeting. Divide into: 1) 7 days before, 2) 2 days before, and 3) Day of meeting. Include agenda dispatch, director disclosures, ROC filings, and quorum checks. Use tabular format.	Zero-shot with Task Constraints	Adding timeline framing converts vague prompts into actionable compliance tools.
4. Drafting POSH Policy	Draft a POSH policy as per the Act.	You are a legal and HR policy consultant. Draft a practical, inclusive POSH policy for a 200-employee tech startup in Bangalore. Ensure it complies with POSH Act, 2013. Include ICC constitution, anonymous reporting, annual training, and penalties for false complaints. Keep the tone formal and empathetic.	Role + One-shot Prompt	Specifics about company size, sector, tone, and best practices result in a policy you can actually use.
5. Creating Shareholder FAQs	Can you give me some AGM FAQs?	You are assisting the CS office. Based on prior FAQs from last AGM, draft 10 updated FAQs for shareholders for AGM 2025. Cover: e-voting eligibility, login process, dividend cut-off date, webcast link, and grievance redressal. Keep the tone formal, response length under 80 words each.	Few-shot with Historical Context	Referencing prior examples and tone constraints builds accurate, usable communication.
6. Legal Comparison - Companies Act vs SEBI LODR	Compare Companies Act and SEBI rules on directors.	Compare Section 149 of the Companies Act, 2013 with Regulation 17 of SEBI LODR on Independent Director requirements. Tabulate key differences: tenure, age limit, maximum number of boards, gender criteria. Provide citation links for each clause.	Chain-of-thought + Output Formatting	Comparison prompts should specify the exact provisions and desired format. Broad prompts give vague or incomplete results.

TIPS FOR BETTER PROMPTING

These tips are designed to improve output accuracy and relevance, especially when AI is used in a compliance-driven, legal environment:

1. Be Clear and Specific

The more context one provides, the better the result. Instead of saying, *"Make a policy"*, try: *"Draft a whistleblower policy for a listed Indian company in accordance with SEBI LODR Regulations."*

2. Add Role and Perspective

Assigning the AI a role improves relevance. E.g., *"You are a legal researcher specialising in governance..."*

3. Use step-by-step instructions

Break the prompt into steps for complex tasks. E.g., *"First, list all due dates for quarterly disclosures. Then explain the consequences of delay."*

4. Use Custom instructions (for ChatGPT Users)

At the bottom-left corner of the ChatGPT interface, one can find Settings > Personalisation> Custom Instructions. Use this to:

- Update the profession in ChatGPT (e.g., “I am a Company Secretary for a listed firm”)
- Define preferred tone and response format (e.g., “Bullet points for legal analysis”)

This makes responses consistently tailored to the needs without re-explaining each time.

5. Save & reuse Prompt Templates

Once an effective prompt is identified, it should be preserved for future use. Maintain a personal prompt library, say, in Notion, Word, or Google Docs. Over time, it will grow into one’s own governance assistant, tailored to an individual’s workflow.

6. Be wary of Hallucinations

LLMs like ChatGPT may sometimes produce information that sounds confident but is factually incorrect or mis-attributed. This is known as AI hallucination.

For example, citing a non-existent SEBI circular or misquoting a section of the Companies Act, 2013 or earlier Acts.

Mitigation Tips:

- Ask for sources explicitly in the prompt.
- Verify any legal reference independently.
- Use AI to assist thinking, not outsource it: It may be helpful to consider AI as a capable assistant - useful, but not legally accountable.

SECURITY CONSIDERATIONS WHILE PROMPTING

As custodians of sensitive corporate information, Company Secretaries must exercise caution while using AI tools:

- Never input client names, PANs, financial data, or insider information.
- Use anonymised or hypothetical data for drafting content.
- Check the AI tool’s privacy policy and toggle off chat history if required.

PITFALLS TO AVOID WHEN USING AI AS A GOVERNANCE PROFESSIONAL

AI can be a powerful assistant, but in the sensitive and regulated world of compliance and governance, even small mistakes can have significant consequences. This section



outlines common pitfalls that Company Secretaries should proactively avoid when engaging with AI tools like ChatGPT.

1. Over-Reliance on AI without Legal Verification

While AI can draft policies, resolutions, and summaries with impressive fluency, it is not a substitute for human legal judgment.

Pitfall: Blindly copying an AI-generated resolution and sending it to the Board without checking its alignment with the Companies Act, 2013 or SEBI regulations.

Avoid by: Always cross-reference AI outputs with the latest legal sources. Use AI to draft, but the professional must review.

2. Input of Confidential or Client-Specific Data

AI models like ChatGPT do not store past chats in most consumer settings, but confidentiality cannot be guaranteed, especially in free/public tools.

Pitfall: Typing in client names, shareholding patterns, PANs, internal financials, or legal disputes into AI prompts.

Avoid by: Using anonymised inputs (e.g., “a listed NBFC with promoter holding of 60%”) or using enterprise-grade secure tools where necessary.

3. Not providing Context

LLMs perform poorly when asked vague questions.

Pitfall: “What are the disclosures under SEBI?” This will likely return general or outdated information.

Avoid by: Including details such as the type of company, industry, jurisdiction, and whether it's a quarterly/annual disclosure.

4. Assuming all outputs are Legally Valid

LLMs are trained on large corpora, including blogs, forums, and outdated documents and outputs are not automatically updated in real-time unless connected to live data. They may generate outdated, misinterpreted, or even fabricated references.

Pitfall: Using a compliance checklist generated by AI that references an obsolete SEBI circular or misses a new MCA notification.

Avoid by: Asking AI to cite sources, cross-checking cited sections, and limiting use of AI to first drafts or directional summaries.

5. Outsourcing Strategic Thinking

AI is excellent at summarisation, drafting, and data formatting, but cannot understand business context, stakeholder sensitivities, or strategic nuance.

Pitfall: Asking AI to decide between two internal policy approaches, or whether to disclose a related-party transaction.

Avoid by: Treating AI as a research assistant. One can use it to analyse options, but the judgment must remain with the individual.

6. Ignoring Bias and Ethical Risks

LLMs reflect the data they are trained on and may carry subtle biases, especially when used for sensitive topics like gender, ESG, or HR policy.

Pitfall: Asking AI to draft a diversity and inclusion clause without checking for its language or legal adequacy.

Avoid by: Reviewing sensitive content with human oversight and keeping inclusivity, legal compliance, and ethical standards in mind.

7. Lack of Prompt Hygiene

Sometimes, a poor output is not the AI's fault; it's the prompt.

Pitfall: Asking multiple disconnected questions in one go. E.g., "Draft me a resolution, what are my compliance due dates, also summarise this circular."

Avoid by: Breaking the task into clear, sequential prompts. Better input means better output.

CONCLUSION

AI is no longer a futuristic concept; it is a powerful, accessible tool that governance professionals can harness today. Whether it is drafting a POSH policy, summarising a circular, preparing for Board meetings, or understanding new MCA amendments, LLMs like ChatGPT can help Company Secretaries save time, reduce effort, and stay ahead.

But there is a catch. Like any tool, **AI is only as effective as the person using it.** Mastering the art of prompting is not just a technical skill; it is a core skill in the AI-powered governance era. When used right, AI becomes an individual's 24/7 research assistant, sounding board, and learning partner. But when misused or blindly trusted, it can create risk, confusion, or even reputational harm.

This may sound counterintuitive, but it is important to stay patient while learning how to prompt effectively. Professionals are used to giving instructions to humans, who understand their tone, body language, and working preferences. But with AI, they have to learn to communicate through text or voice alone. It may falter, misinterpret, or frustrate. The key lies in persistence. The governance professionals who commit to improving their prompting skills, despite early setbacks, will be the ones who unlock the true power of AI. They will release bandwidth for strategic work, improve accuracy, and emerge as future-ready leaders. When applied with precision and critical oversight, AI becomes a powerful partner, not a replacement.

Those yet to integrate prompting into their professional workflows are encouraged to begin with a single, practical use case and build progressively from there.

In adopting AI tools within the governance domain, it is essential to recognise that this is not merely the use of technology, but the cultivation of a strategic partnership.

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AI Bias, Liability and Corporate Accountability: A Governance Perspective

Artificial Intelligence is now embedded in corporate governance, assisting in compliance reporting, agenda setting, and risk identification. For Company Secretaries, whose statutory role under the Companies Act, 2013 is to safeguard compliance and advise the board, the challenge lies in confronting outputs that appear authoritative yet may be unreliable. This article treats algorithmic bias as a governance problem with legal consequence. It considers potential liabilities under domestic law, reviews global regulatory approaches, and outlines a framework through which Company Secretaries can preserve accountability and ethical standards in an era of technological adoption.



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are distorted, opaque, and resistant to correction. These are not incidental flaws in performance. They are capable of shaping deliberations in ways that pass without notice, altering the form and content of statutory disclosures, and drawing companies into direct conflict with regulators and, ultimately, with courts.

For Company Secretaries, the implications are immediate and profound. The office is defined by its responsibility to ensure compliance and to advise the board in the discharge of its duties under law. Automated systems now intrude into this domain by producing reports and conclusions that appear authoritative but may conceal significant risks. The profession has therefore shifted from recording and transmitting board decisions to supervising technological processes that can, if unchecked, subvert the very principles of accountability and fairness upon which the governance framework is constructed.

This article proceeds from the view that algorithmic bias cannot be reduced to a technical flaw awaiting engineering correction. It must be addressed as a governance issue in its own right, for it influences how statutory duties are performed and how regulatory obligations are met. The analysis will examine the circumstances in which liability may arise under Indian law, explore the directions taken by global regulation, and set out a framework by which Company Secretaries can meet their responsibilities in this altered terrain, thereby strengthening their role as the guardians of ethical and accountable corporate conduct.

INTRODUCTION

Artificial Intelligence has begun to embed itself within corporate governance. It is now employed in the preparation of compliance reports, in the filtering and prioritisation of information placed before boards, and in the generation of automated alerts that claim to identify risks for Directors and senior management. The adoption of such tools has created efficiencies, but it has also revealed a difficulty of serious scope: the presence of bias within algorithms. Once embedded in the data sets on which these systems are trained, or in the design choices of their developers, bias produces outcomes that

UNDERSTANDING AI BIAS IN A GOVERNANCE CONTEXT

Bias in artificial intelligence can be most accurately described as a systematic distortion in outcomes. It emerges from the character of the data on which systems are trained and from the assumptions embedded in their design. Once deployed in the corporate sphere, such distortions translate into immediate consequences. Recruitment algorithms may undervalue women or marginalised groups, compliance tools may misclassify transactions, and risk-detection systems may fail to identify irregularities that human judgment would have caught. Each instance introduces skew into decisions that carry legal, regulatory, and reputational weight.

For Company Secretaries, this creates a professional dilemma. Their statutory duty under Section 205 of the Companies Act, 2013¹ is to ensure that compliance structures are sound and that boards receive reliable advice. Yet algorithmic outputs often present themselves as authoritative without exposing the reasoning behind them. If directors rely on such outputs when determining whether disclosures satisfy the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations², an error within the system becomes an error in the company's record. Responsibility for that lapse does not dissipate into the software but remains within the chain of governance, attaching to those charged with safeguarding it.

Bias thus operates at two levels. At the data level, historical inequalities and omissions are reproduced in digital form and mistaken for neutrality. At the governance level, once these systems are embedded in compliance and board processes, their distortions influence decisions with statutory consequence. The Company Secretary occupies the intersection: unable to redesign the technology, yet obliged to anticipate its limitations, disclose its risks, and introduce safeguards that preserve the integrity of corporate records. In this sense, algorithmic bias cannot be left to engineers alone as it is also a governance problem of the first order. The task of the Company Secretary is not only to maintain statutory compliance but to ensure that the adoption of new technologies reinforces rather than undermines the principles of accountability on which corporate trust depends.

LIABILITY AND LEGAL ACCOUNTABILITY

The legal consequences of biased artificial intelligence are concrete, not speculative. Once embedded in compliance or reporting processes, algorithmic outputs become part of the corporate record. If those outputs are flawed, and the flaw leads to a breach of law or a misleading disclosure, liability attaches through ordinary channels of corporate accountability. Mediation through a machine does not shield the company or its officers from responsibility. In India, the Companies Act, 2013 provides the foundation. Section 166 imposes upon directors a duty of care, skill, and diligence, while Section 134(5)(f) requires certification that internal financial controls are effective. Where decisions are shaped by algorithmic systems, these duties expand to include oversight of their reliability and transparency. A board that accepts AI-generated disclosures without scrutiny risks breaching its statutory obligations, and the Company Secretary, recognised under Section 205(1)(b) as custodian of compliance, will be called to account for the safeguards applied. The SEBI (LODR) Regulations, 2015 reinforce this position. Regulations 4 and 30 mandate accurate and timely disclosure of material events. If AI-driven ESG

metrics or compliance tools introduce distortion, the liability is corporate and personal, as SEBI has consistently held compliance officers and key managerial personnel responsible for lapses.³ The Company Secretary must therefore interrogate the reliability of AI-assisted reports before they reach the board. The Digital Personal Data Protection Act, 2023⁴ adds another dimension. Sections 8 and 9 demand lawful and accurate processing of personal data. Algorithms trained on incomplete or discriminatory data may not only produce unfair outcomes but also breach these statutory duties. Once again, the Company Secretary becomes the bridge between technical processes and legal accountability.

Globally, the trajectory is similar. The European Union's proposed AI Act treats recruitment, credit scoring, and compliance tools as "high-risk" and subjects them to strict transparency and oversight requirements.⁵ The US Federal Trade Commission has warned that biased algorithms may constitute unfair or deceptive practices under federal law.⁶ Singapore's Model AI Governance Framework⁷ prescribes accountability and human involvement as essential safeguards. For the Indian Company Secretaries, the conclusion is plain. Liability for biased outcomes rest with the company and its officers who certify the results. Their task is to apply the same vigilance to AI-generated outputs as to any other compliance mechanism, recognising that failure to do so risks both statutory breach and erosion of trust in the governance system.

Artificial intelligence, with its power to transform decision-making, cannot be introduced into governance processes without the close custodianship of those charged with protecting the integrity of corporate records and disclosures.

CORPORATE GOVERNANCE CHALLENGES

The introduction of artificial intelligence into corporate processes alters the traditional assumptions of governance.

Boards are no longer deliberating upon materials prepared solely by human officers, rather, they are increasingly asked to rely on algorithmic summaries, predictive risk models, and AI-assisted disclosures. These outputs are not always intelligible in their reasoning, and where they are shaped by bias, they may distort decisions in ways that are invisible at the moment of reliance. The difficulty therefore is in answering how can fiduciary duties be discharged when the very materials upon which decisions rest may be flawed at source. The Companies Act, 2013 provides a statutory lens through which this question must be examined. Section 166(2) imposes on directors the duty to exercise due and reasonable care, skill, and diligence; Section 134(5)(f) obliges the board to confirm the adequacy of internal financial controls; Section 177(4) entrusts the audit committee with evaluating risk management systems. Each of these provisions presumes the integrity of the information supplied. If algorithmic tools are incorporated

¹ Companies Act, 2013, s 205.

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

³ *SEBI v Gaurav Varshney* (2016) 14 SCC 430

⁴ Digital Personal Data Protection Act 2023, ss 8–9

⁵ Proposal for an Artificial Intelligence Act COM (2021) 206 final.

⁶ Federal Trade Commission, *Aiming for truth, fairness, and equity in your company's use of AI* (2021).

⁷ Infocomm Media Development Authority (Singapore), *Model AI Governance Framework* (2nd edn, 2020).

into compliance or audit functions without scrutiny, the board risks breaching its statutory duties. The Company Secretary, under Section 205(1)(b), carries responsibility for ensuring compliance with the Companies Act, 2013 and secretarial standards. By virtue of Section 2(60), they are also designated as “officer in default.” A disclosure tainted by AI bias, once certified, may therefore expose both the board and the Company Secretary to liability.

Judicial reasoning underscores this point. In *Official Liquidator v P.A. Tendolkar*⁸, the Supreme Court held that directors must display vigilance proportionate to the circumstances and cannot evade liability by pleading reliance on others. The principle was reiterated in *SEBI v Gaurav Varshney*⁹, where compliance officers were held personally accountable for lapses in disclosure. Furthermore, in *N. Narayanan v Adjudicating Officer*¹⁰, the Court affirmed that compliance is a continuing obligation and that officers in charge cannot avoid responsibility by attributing errors to subordinate mechanisms. These authorities, though rendered in contexts predating AI, carry clear implications: reliance on opaque software cannot excuse breaches of duty, and governance professionals remain answerable for the integrity of the processes they certify.

The regulatory architecture also reinforces this conclusion. Regulation 4(2)(f)(i) of the LODR Regulations requires information to be accurate and adequate; Regulation 30 obliges timely disclosure of material events; Regulation 34 requires the largest listed companies to submit Business Responsibility and Sustainability Reports (BRSR).¹¹ In 2021 SEBI issued a circular mandating that the top one thousand listed entities furnish BRSR disclosures in their annual reports. If AI systems are employed to compile ESG data for such disclosures, and bias leads to distortion whether by overstating sustainability metrics or by overlooking material risks, the company may be in breach of LODR obligations. Liability in such instances is corporate, but it is also personal, attaching to compliance officers and to the Company Secretary who supervises the reporting process.

Data governance adds further complexity. Sections 8 and 9 of the Digital Personal Data Protection Act, 2023 impose duties of lawful and accurate processing of personal data. An algorithm trained on incomplete or discriminatory data may not only produce biased outputs but also contravene these statutory requirements. Here, the task is to ensure that corporate governance structures extend into this new terrain, so that reliance on AI is accompanied by safeguards against breaches of data law.

The Company Secretaries must ensure that reliance on algorithmic processes does not weaken the statutory duties of directors, the accuracy of disclosures, or the credibility of compliance mechanisms. Their role is to integrate these systems into a framework of validation, oversight, and disclosure that preserves accountability. Without such vigilance, the adoption of artificial intelligence risks not only statutory contravention but the erosion of trust upon which the legitimacy of corporate governance ultimately depends.

THE COMPANY SECRETARY AS CUSTODIAN OF ETHICAL AI ADOPTION

The responsibilities of Company Secretaries under Indian law have always extended beyond mechanical compliance. Section 205(1) of the Companies Act, 2013 explicitly charges them with ensuring that the company complies not only with the provisions of the Act but also with the rules made thereunder and with the broader obligations of corporate governance. This statutory framing places the Company Secretary at the point where technological adoption must be reconciled with legal and ethical accountability. Artificial intelligence, with its power to transform decision-making, cannot be introduced into governance processes without the close custodianship of those charged with protecting the integrity of corporate records and disclosures. The first element of this custodianship lies in the establishment of internal controls. Section 134(5)(f) requires directors to state in the board’s responsibility report that internal financial controls are adequate and were operating effectively. While the duty is placed upon the board, it is the Company Secretary who ensures that board processes, audit committee reviews, and compliance certifications align with this obligation. If AI-driven compliance software is used to monitor related-party transactions under Section 188, or to flag insider trading risks under the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company Secretary must verify that the system has been tested, its limitations disclosed, and its outputs reviewed by human oversight. An internal control framework that accepts algorithmic reports without such scrutiny would be difficult to defend under Indian jurisprudence, given the insistence of the courts that fiduciaries must act with care proportionate to the risks involved (*Official Liquidator v P.A. Tendolkar*).

Second, custodianship requires the design of policies that align AI use with the principles of fairness, transparency, and inclusivity. The Ministry of Electronics and Information Technology has, through its *Responsible AI for All* (2021) framework¹², emphasised the need for explainability and accountability in AI adoption. Company Secretaries, as advisors to the board, are in a position to translate such policy directions into board-level governance practices. This may include requiring that all AI systems used in compliance or reporting undergo external validation, mandating that algorithmic outputs are accompanied by human certification, and ensuring that audit committees periodically review the role of AI in corporate processes.

Finally, custodianship must be seen in terms of stakeholder trust. Investors, regulators, and the public place reliance upon the Company Secretary as a guarantor of governance integrity. If it is later revealed that disclosures or compliance certifications were based on biased algorithms without oversight, the credibility of the office itself will be undermined. This role is analogous to that articulated in *Union of India v Association of Unified Telecom Service Providers of India*¹³, where the Court emphasised that fiduciaries in positions of trust must act with heightened vigilance where systemic risks are involved. Artificial intelligence, in its governance application, presents precisely such a systemic risk.

⁸. *Official Liquidator v P.A. Tendolkar* (1973) 1 SCC 602.

⁹. *SEBI v Gaurav Varshney* (2016) 14 SCC 430

¹⁰. *N. Narayanan v Adjudicating Officer, SEBI* (2013) 12 SCC 152.

¹¹. *SEBI Circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562* (10 May 2021).

¹². Ministry of Electronics and Information Technology, *Responsible AI for All: Approach Document for India* (2021).

¹³. *Union of India v Association of Unified Telecom Service Providers of India* (2011) 10 SCC 543.

The Company Secretary thus emerges as the custodian of ethical AI adoption: verifying that statutory obligations are met, ensuring that disclosures are free from algorithmic distortion, aligning board practices with national and international frameworks, and preserving stakeholder confidence in the corporate system. In discharging these tasks, the Secretary does not assume the role of technologist but rather that of governance guardian, ensuring that the adoption of artificial intelligence strengthens rather than erodes the foundations of corporate accountability.

TOWARDS A FRAMEWORK FOR CS-LED OVERSIGHT OF AI BIAS

A Company Secretary as custodian of governance should operate within a comprehensive and detailed framework. In the context of artificial intelligence, and particularly the problem of algorithmic bias, such a framework must rest on four interlocking elements: validation, oversight, disclosure, and accountability.

First, validation. Before an AI system is introduced into compliance or reporting processes, it must be subject to testing that confirms its reliability. Section 134(5)(f) of the Companies Act, 2013 obliges directors to certify that internal financial controls are adequate, and this duty cannot be fulfilled unless the tools have been validated. The Company Secretary, in advising the board, should insist upon documented validation protocols. These may include external audits of AI models, reviews of the data sets upon which they are trained, and certification that the system does not generate discriminatory outputs. International practice provides useful benchmarks. The European Union Artificial Intelligence Act requires conformity assessments for high-risk systems prior to deployment. Singapore's Model AI Governance Framework prescribes regular testing for accuracy and fairness. Adoption of similar validation measures within Indian companies, even absent statutory compulsion, reflects the professional prudence expected of governance officers.

Second, oversight. AI systems, once deployed, must not be left to operate without human supervision. Section 177 of the Companies Act, 2013 assigns audit committees the responsibility to evaluate risk management systems, and Section 205(1)(b) charges Company Secretaries with ensuring compliance with applicable laws. Oversight in this context requires that algorithmic outputs be reviewed by human officers before they are incorporated into board papers or statutory disclosures. This may involve requiring that every AI-generated compliance alert be cross-checked by the legal or finance team, or that predictive risk models be accompanied by explanations accessible to directors. The United States Federal Trade Commission has warned that failure to monitor AI tools constitutes an unfair practice under consumer protection law.¹⁴ Indian Company Secretaries, by extension, must build into governance structures a regime of continuing oversight that prevents overreliance on machine outputs.

Third, disclosure. Transparency has long been a cornerstone of corporate governance. Under Regulation 4(2)(f)(i) of the LODR Regulations, listed entities must ensure that information provided is accurate and adequate. Where AI systems are used in generating ESG metrics or compliance reports, the Company

Secretary should ensure that board disclosures record the fact of such use, together with an explanation of the system's limitations. SEBI's circular on Business Responsibility and Sustainability Reporting (2021) already signals the regulator's concern with the accuracy of ESG disclosures. A proactive disclosure of AI reliance would enhance stakeholder trust in the company's governance processes while simultaneously reducing the risk of regulatory sanctions.

Fourth, accountability. The liability for biased AI outputs ultimately rests with the company and its officers, not with the vendor or programmer. Section 2(60) of the Companies Act, 2013 designates Company Secretaries as officers in default in cases of contravention. Judicial precedent, including *SEBI v Gaurav Varshney*, makes clear that compliance officers cannot escape personal liability by pointing to defects in subordinate processes. Accordingly, Company Secretaries should recommend the adoption of internal accountability charters specifying who bears responsibility for monitoring AI systems, how incidents of bias are to be reported, and what remedial steps are to be taken. Such measures ensure that responsibility is not diffused but allocated clearly within the governance structure.

Together, these four elements should constitute a framework that allows artificial intelligence to be incorporated into corporate processes without undermining the principles of transparency and fairness. The framework does not require Company Secretaries to become technologists. It requires them to interpret statutory duties in light of new risks, to demand that systems be tested and reviewed, to ensure that disclosures are not misleading, and to preserve the chain of accountability that lies at the heart of corporate governance.

CONCLUSION

Artificial intelligence outputs influence board deliberations, shape compliance processes, and feed into corporate disclosures, and they often carry the risk of bias and opacity. For directors, this risk touches their statutory obligations under the Companies Act, 2013. For regulators, it undermines the reliability of disclosures required by the LODR Framework. For Company Secretaries, it reaches directly into the statutory responsibilities of their office, which is to preserve compliance and guide boards with accurate advice.

The central contention is that algorithmic bias constitutes a governance failure with legal consequence. Courts and regulators, both in India and abroad, have made clear that responsibility for technological processes cannot be displaced onto machines; it remains with the human officers who adopt and supervise them. In this setting, the Company Secretary must work within a framework of validation, oversight, disclosure, and accountability, ensuring that reliance on artificial intelligence does not compromise statutory or regulatory duties.

What emerges is a more demanding professional role. The Company Secretary is required to interpret the risks of technological adoption, to safeguard the integrity of records and disclosures, and to maintain accountability within governance structures. Technology may alter the means by which compliance is achieved, but the responsibility to ensure that it conforms to law and preserves trust in corporate governance remains unchanged.

¹⁴ Federal Trade Commission, *Aiming for truth, fairness, and equity in your company's use of AI* (2021).

An Analytical Takeaway on Structured Digital Database

The Structured Digital Database (SDD) was introduced by SEBI under the SEBI (Prohibition of Insider Trading) Regulations, 2015 to track the flow of Unpublished Price Sensitive Information (UPSI) and curb insider trading. Though unique to India, the SDD framework mirrors global efforts to protect investors and maintain market integrity, positioning itself as a vital tool against insider trading. In this article, the author intend to portray this through an analysis of the SDD framework by highlighting some of the practical issues faced by companies. Further, the author has also tried to resolve some of these practical issues by enlisting few recommendations which include developing SOPs, decentralizing responsibility through AI integration, regular departmental declarations, NDAs at resignation, and forming internal compliance committees for furthering the regulatory mandate.



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INTRODUCTION

HISTORICAL BACKGROUND OF STRUCTURED DIGITAL DATABASE (SDD)

In today's information age the power struggles emanate from having access to relevant information at the earliest and power lies with one who has relevant information. Thus, procuring of information is the power struggle in today's day and age. The white-collar crime of insider trading also stems from this power struggle of getting to know the information before anyone else so as to leverage that information *vis a vis* the listed companies to make gains in the

stock market.¹ This crime was first recognized in the United States of America by the Securities Exchange commission (SEC) under the Securities Exchange Act, 1934² *vide* the Rule 10b-5 which is commonly used as the charging section for insider trading.

Subsequently, the Indian watchdog- the Securities Exchange Board of India ("SEBI") enacted the SEBI (Prohibition of Insider trading) Regulations, 1992. Over the years with the enhancement and development in technology and capital markets in India, the regulations on prohibition of insider trading were amended and superseded by new set of regulations- SEBI (Prohibition of Insider trading) Regulations 2015 (hereinafter referred to as PIT regulations) so to limit the ambiguity and control the dynamic changes occurred in the securities market space.

Essentially, insider trading can be committed in three ways, the basis of all three ways is due to access of some information which is confidential information and is unknown to the general public. As per Regulation 3 of the PIT Regulations communication or procurement of unpublished price sensitive information related to the company or securities ("UPSI") is prohibited in manner that disallows any insider to (i) communicate, (ii) provide, or (iii) allow access to any UPSI except where such communication is in furtherance of legitimate purposes performance of duties or discharge of legal obligations. Many jurists believe that insider trading is the cancer of the capital market as it leads to information asymmetry which is extremely detrimental for the retail individual investor, the protection of which is one of the core objects of any regulator of capital markets.³

With this background in mind, the Committee on Fair Market Conduct first discoursed the requirement of introducing Structured Digital Database (SDD). The Committee particularly highlighted the concerns raised by listed companies at the time of sharing of UPSI for legitimate purposes being misused for conducting insider trading violations. Therefore, it recommended the need for establishing a clear link between the germination point till the last stage until the UPSI becomes public.

¹ Michael Seitzinger, *Federal Securities law: Insider Trading*, Congressional Research Service, (Jan 30th 2002, 12:00 PM), <http://pennyhill.com>

² Securities Exchange Act, 15 U.S.C §§ 1-39 (1934)

³ Nidhi Tandon, *Insider Trading-Is it an absolute Liability offence?* Corporate Law Academy, (May 15th 2004, 12:30 PM), <http://www.claonline.in>.

In line with this recommendation, the SEBI brought in SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, effective the 1st April, 2019 by virtue of which the regulatory mandate first came into picture under Regulation 3(5) and Regulation 3(6). However, albeit there was regulatory force in the mandate for maintaining SDD, there were lot of hurdles in implementing the same. Therefore, SEBI brought in further amendments in the year 2020 and additionally issued a set of comprehensive FAQs to iron out the difficulties. Further to this, regulatory clarity a lot of listed companies weren't complying with the requirement of having an SDD in place. Therefore, the stock exchanges were advised by SEBI to issue emails seeking from listed companies a quarterly compliance certificate pertaining to maintenance of SDD in a prescribed format.

INTRODUCTION TO STRUCTURED DIGITAL DATABASE

Structured Digital Database (SDD) is a digital surveillance toolkit that acts as a noble addition for SEBI to track the process flow of UPSI between insiders. By virtue of this initiative, SEBI seamlessly monitors the flow by ascertaining not only the germination point of UPSI but also the interim circulation of information between different hands of insiders.

With this innovative framework of recording and maintaining a repository of UPSI amongst insiders, SEBI intends to ensure confidentiality and integrity in the securities market. The data entry in the SDD is structured in a manner that encompasses details of not only the parties sharing the information but also the parties receiving it. Thereby, increasing the ambit of confidentiality and strictness to external parties not directly related to the company such as consultants, auditors and merchant bankers etc.

APPLICABLE LEGAL FRAMEWORK

In accordance with this rationale the enabling provision has been drafted that emanates as stated above from Regulation 3(5) & Regulation 3(6) of the PIT Regulations. Regulation 3(5) essentially mandates that either the Board of Directors or head of the organisation of every person required to handle unpublished price sensitive information shall ensure that SDD is maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Gleaning from the above regulatory mandate it can be understood that recording of UPSI has to be as soon as possible-this may work in case the UPSI is germinated within the organisation, however for UPSI which stems externally it seems practically impossible to comply with the mandate to record UPSI therefore the proviso to Regulation 3(5) gives a certain levy to the listed entity by providing a two calendar day window from the receipt of such external UPSI to make relevant entries in the SDD.

Coming to Regulation 3(6) the other statutory force for SDD, essentially provides for the preservation of SDD for a minimum period of eight years post completion of the relevant transaction. The responsibility for preservation has been bestowed on the Board of Directors or the head of every organization.

MANDATORY CONTENTS

The SDD which essentially acts as an electronic ledger of UPSI shall contain the name and PAN/ any other identifier

authorized by law where PAN is not available, of persons who have shared UPSI, the nature of UPSI and persons or entities with whom UPSI is shared.

PRACTICAL ISSUES

SEBI's regulatory mandate of maintaining the SDD has certainly acted as a potent tool in the hands of the investigations wings while culling it certain key lacks in maintaining confidentiality and leaking of information leading to information asymmetry. Although it has helped the securities market watchdog to get hold of malpractices in the securities market, however there have been key challenges that Listed entities have faced in the implementation of this framework.

A. Reach

One of the key developments pertaining to SDD has been the inclusion of various other entities within the regulatory sphere of maintaining the SDD. Such entities generally come within the sphere of fiduciaries as defined under the PIT Regulations-who receive such UPSI in the course of their association with the listed entity for rendering their professional services.

B. Awareness & Centralised decision making

One of the key practical challenges faced by companies is the effective tracking and documentation of the flow of UPSI originating from top management. For instance, when the company proposes to declare a dividend, this UPSI often first comes into the knowledge of senior personnel such as the Chief Financial Officer (CFO) or other members of the top management. Subsequently, this information may be shared with other departments, such as the Secretarial team, for further action or compliance. Tracking this internal flow of UPSI and ensuring that it is appropriately recorded in the Structured Digital Database (SDD) in real time poses a significant challenge for many organizations firstly due to lack of awareness at the top level and secondly due to centralised manner in which such key decisions are taken. Generally, the person who germinates this information does not have the awareness or the access to the SDD as most listed entities have categorically authorised some person to enter such details in the SDD, therefore the intent of recording the entry in SDD from the germination point gets redundant.

The complexity further increases with the involvement of multiple stakeholders and departments, each of whom may handle the UPSI at different stages. Ensuring compliance with PIT Regulations, in such scenarios requires robust internal controls, clear SOPs, and an effective digital infrastructure to maintain accurate and tamper-proof records of UPSI sharing and access.

A notable and often under-discussed challenge in implementing the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations), is the difficulty companies face in monitoring the securities trading activities of Designated Persons after they have resigned from the organization. While these individuals may no longer be on the company's payroll, their prior access to Unpublished Price Sensitive Information (UPSI) can continue to render them "Connected Persons" under the regulatory framework. As such, companies are expected to exercise due diligence even after the cessation of formal employment, particularly when the individual was in possession of material UPSI prior to departure.

In practical terms, this creates a grey area and a compliance dilemma. Once an employee resigns, the company's legal and operational capacity to monitor or influence that individual's trading behaviour diminishes significantly. The challenge is further compounded by the fact that any inadvertent or intentional misuse of UPSI by a former Designated Person may still be attributable to the company from a reputational standpoint, especially if adequate preventative mechanisms were not in place.

To address this issue, a proactive and preventive approach is recommended. One such measure that companies can adopt is the execution of a comprehensive Non-Disclosure and Undertaking Agreement (NDA) at the time of resignation. This agreement should include an explicit clause under which the resigning Designated Person undertakes not to trade in the securities of the company for a minimum period—typically six months—from the date of resignation. This cooling-off period serves two purposes: it provides a buffer during which the sensitivity of any UPSI the individual had access to may diminish, and it establishes a formal record of the company's effort to ensure compliance with the PIT Regulations.

Additionally, companies may also consider integrating such requirements into their Code of Conduct for Prevention of Insider Trading, ensuring that Designated Persons are made aware—at the time of appointment and again at the time of resignation—of their continuing obligations under the PIT Regulations. While this approach may not entirely eliminate the risk, it does help to demonstrate the company's intent and effort to uphold regulatory compliance and corporate governance standards.

C. Ascertaining of UPSI

Another conundrum is the subjective definition of UPSI which leads to ambiguity in ascertaining what all constitutes as UPSI. Since, recording the entry in SDD is linked to ascertaining of UPSI, there are times where listed entities have had issues in recording the information in SDD due to varied interpretations surrounding the definition of UPSI. Additionally, once the information is ascertained as UPSI, there are understanding or practical issues in recording such information at each stage when it crosses amongst different hand which further leads to diverging from the intent of PIT regulations.

ROLE OF COMPANY SECRETARY IN COMPLIANCE OF STRUCTURED DIGITAL DATABASE

Company Secretaries acting as Compliance Officers of companies have one of the most critical responsibility to enable companies to comply with the requirements of structured digital database- starting from sensitizing to monitoring to in fact incorporating the entries manually in the database. They act as a sole agent for establishing the framework of storing the UPSI and further keeping the database intact in a transparent manner. Vested with the colour of governance- Company Secretaries have to ensure that the UPSI does not pass through unless and until the same is recorded in the database, thus creating an additional yet one of the most critical role in ensuring that insiders do not take advantage of their position in a manner that is detrimental to the public shareholders.

RECOMMENDATIONS

Some of the suggestive measures include preparing SOP surrounding the compliance pertaining to SDD, which captures safeguards in the form of responsibilities, strict timelines and the consequences that may arise in case of any deviation. Moreover, the responsibility for maintaining the SDD should not rest with only 1-2 particular individuals rather the same should be decentralized. This can be implemented with the implementation of artificial intelligence within the ambit of SDD wherein entries should be captured on real time basis without the need of any particular single individual being held responsible. The SOP should also mandate the other departments to quarterly provide for a declaration on the sensitization and the implementation of the SDD compliance framework.

Separately, as an additional governance tool, companies may also consider constituting a committee to monitor the compliance and undertake disciplinary actions as and when it arises for strict enforcement of the regulatory mandate. This committee shall include members from its senior management such as head HR, Compliance Officer, Chief Financial Officer which shall hold periodic meetings at least on a half yearly/ quarterly basis. Additionally, the monitoring committee should also be bestowed with the responsibility of conducting regular sensitization sessions amongst the concerned departments and the personnels.

CONCLUSION

This regulatory mandate is quite unique in India. Only jurisdictions such as UK and EU have a concept of "insider list" under their applicable securities market regulations. Certain practical issues as highlighted in the article are required to be ironed out to reinforce the underlying intent of protecting the investors and

preserving the integrity of the securities market in India. In this manner, companies would be able to eventually take better control of insider trading compliances which would further the regulatory intent and would result in limiting the insider trading violations.

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The Intelligent Governance Professional: Embracing AI for Future-Ready Corporate Stewardship

In the present dynamic environment, governance professionals must evolve into intelligent, forward-looking stewards capable of integrating AI into their advisory and oversight functions. This article explores how AI technologies—such as machine learning, natural language processing, and predictive analytics—are redefining the governance landscape by enhancing regulatory compliance, risk management, decision-making, and stakeholder engagement. It also highlights the opportunities AI presents in automating routine tasks, improving data-driven insights, and promoting transparency, while also examining the ethical and regulatory challenges associated with AI adoption. Finally, the study advocates for a proactive, ethically grounded, and technologically informed approach to governance.



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INTRODUCTION

The rise of Artificial Intelligence (AI) is transforming corporate governance in profound ways. Governance professionals—including Company Secretaries, risk managers, compliance officers, and board advisors—are now confronted with an environment where data-driven decision making, automation, and predictive analytics are central to strategy, oversight, and regulation. Such developments challenge traditional models of governance that emphasize manual compliance checks, hierarchical decision structures and retrospective risk management (Göktürk Kalkan, 2024; Shaban & Omoush, 2025). Therefore, the governance professionals must evolve into “intelligent governance professionals,” equipped with the understanding, skills, and ethical grounding to integrate AI into their advisory, oversight, and stewardship roles. Importantly, the concept of the “intelligent governance professional” encompasses the intersection of corporate stewardship and the transformative role that AI plays in shaping future-ready governance practices. In the AI era, governance professionals must evolve into intelligent, tech-enabled stewards of ethical and sustainable governance. Because, to remain effective, these professionals must acquire competencies in AI literacy,

ethical oversight, and strategic risk forecasting, while retaining the core values of transparency, accountability, and stakeholder trust.

Against this background, this paper aims to examine the significance of AI for governance professionals. Specifically, it (i) explores the key AI technologies and their relevance to governance contexts; (ii) analyzes how the roles and responsibilities of governance professionals are transforming; (iii) identifies opportunities AI presents; (iv) explores ethical and regulatory challenges inherent in AI deployment; and (v) offers recommendations to practitioners aiming to be future-ready corporate stewards.

UNDERSTANDING AI IN THE GOVERNANCE CONTEXT

AI refers to computational technologies that enable machines to mimic, complement, and augment human cognitive functions. Key AI technologies impacting governance include: (i) machine learning (ML) for pattern recognition, anomaly detection, predictive modelling, etc., (ii) natural language processing (NLP) for processing unstructured text, regulatory documents, board minutes, etc., (iii) predictive analytics for forecasting risk, compliance breaches or scenario outcomes, (iv) chatbots/virtual agents for stakeholder queries, internal policy dissemination, etc., and (v) robotic process automation (RPA) for automating routine, rules-based tasks such as data entry, report generation, etc. These technologies together support higher levels of efficiency, responsiveness, and insight in governance systems (Amna Batool et al., 2025; Papagiannidis et al., 2025) by enabling automation of routine compliance tasks, extraction of insights from unstructured data such as board minutes or regulatory filings, and scenario modelling for risk forecasting. AI facilitates proactive risk management by detecting patterns in large financial datasets, and NLP allows extraction of actionable insights from unstructured data such as regulatory filings, which augments transparency and compliance efforts in governance systems (Rane et al., 2024). Notably, AI integrates into governance functions in several ways including the following:

- (a) AI with NLP and ML algorithms can scan regulatory texts, extract relevant requirements, compare organizational policies with external regulations, and monitor compliance in near-real time. Moreover, predictive analytics helps in anticipating regulatory changes or non-compliance risk.
- (b) Board members benefit from AI tools that provide summarization of large volumes of reports, scenario forecasting, alerting dashboards of risk exposures, and decision support systems combining data from diverse sources (financial, environmental, social) to enable more informed strategic deliberation.
- (c) AI-driven risk management involves continuous monitoring of internal and external data for early warnings (cybersecurity threats, market shocks), anomaly detection, quantification of probabilistic risk, and dynamic risk scoring. Additionally, RPA can aid in gathering data; and ML models can assess risk trends.
- (d) Ensuring data quality, privacy, integrity, and appropriate metadata; managing unstructured data (emails, documents) using NLP; auditing access logs; ensuring records and document management systems are robust and compliant. RPA automate repetitive tasks like archiving or indexing.

Many public and private sector undertakings have piloted or implemented AI in governance functions. For example, (i) healthcare systems using AI for compliance monitoring and risk prediction (Tiago & Carvalho, 2023) reduced regulatory penalties; (ii) smart city administrations employing RPA to manage document workflows (e.g., billing, public records) for greater administrative efficiency; and (iii) companies in the energy sector adopting integrated AI governance frameworks to align AI development with ethical, legal, and operational standards. These empirical studies underscore that organizations with well-structured AI governance frameworks are better placed to manage trade-offs between innovation and risk. In this context, Amna Batool et al., (2025) describe how organizational-level governance, industry and national-level frameworks, and ethical AI principles are being adopted to align AI systems with organizational strategy and societal values.

EVOLVING ROLE OF GOVERNANCE PROFESSIONALS IN AI ERA

The advent of AI technologies compels governance professionals to move beyond traditional compliance enforcement, evolving into strategic advisors who guide organizations through uncertain, and fast-moving technological landscapes. In contrast to roles centred on rule-checking and reactive responses, the strategic advisor role involves anticipating risk, shaping policy, and influencing organizational culture towards ethical, sustainable, and responsible use of AI. Governance professionals must, therefore, transition from being primarily compliance enforcers to strategic advisors and integrators of technology in governance. Key facets of this evolving role include, among others, the following (Figure 1):

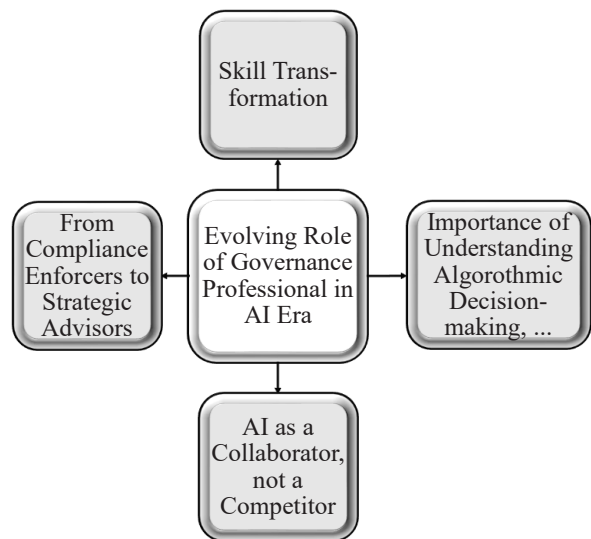


Figure 1: Evolving Role of Governance Professionals in AI Era

- a) **Skills Transformation - Digital Literacy, Data Interpretation, AI Governance:** To serve effectively in this expanded role, governance professionals must develop new competencies. Digital literacy is foundational: understanding how ML, algorithmic models, training data, and AI system lifecycles operate. Data interpretation skills are essential for reading outputs such as predictive risk scores, dashboards, anomaly detection, and for interrogating data quality and bias. Notably, proficiency in AI governance frameworks — including knowledge of fairness, transparency, accountability, privacy, and interpretability — becomes a core skill rather than a nicety (Camilleri, 2024).
- b) **Importance of Understanding Algorithmic Decision-Making, Data Ethics, and AI-Related Disclosures:** (i) Algorithmic decision-making refers to processes in which AI models make or inform decisions that were traditionally the domain of humans. Governance professionals must understand how algorithms are constructed, what data is used, what biases may be embedded, and how decisions are made (or automated); (ii) Data ethics — concerns about fairness, bias, privacy, transparency — becomes central; and (iii) AI-related disclosures (about model use, risk, performance, error rates) are increasingly expected by regulators, investors, and stakeholders (Waldman & Martin, 2022; Winfield et al., 2018). As AI systems increasingly make, influence, or mediate decisions affecting stakeholders, governance professionals must ensure that systems are transparent, fair, and accountable. They must guide organizations in developing ethical AI policies and ensure that AI deployment aligns with corporate values. Therefore, professionals must understand the capabilities and limitations of AI systems, including algorithmic decision-making, model biases, data provenance, and systems' opaqueness.

- c) **AI as a Collaborator, not a Competitor — Augmenting Human Judgment:** Rather than viewing AI as a threat to human roles, governance professionals should see it as a tool that augments human judgment. AI can process massive data, detect patterns, simulate scenarios, but human oversight remains indispensable for values, ethics, context, integration and accountability. Hybrid decision-making models (human-in-the-loop) often yield better legitimacy and more resilient governance structures (Waldman & Martin, 2022; Shrestha, 2020). Furthermore, collaboration with technology teams (e.g., data scientists, CIOs), legal counsel, risk, and compliance is needed. Therefore, governance professionals play a bridging role: ensuring that tech initiatives adhere to governance requirements while helping governance bodies appreciate technical risks.
- d) **From Compliance Enforcers to Strategic Advisors:** Historically, governance professionals have been tasked with ensuring that organizations adhere to laws, regulations, and internal policies — essentially enforcing compliance. However, in the AI era, this role is expanding: governance professionals are increasingly expected to contribute to strategic decision making, helping boards and senior management understand the implications of adopting AI, align AI initiatives with organizational purpose, and ensure that governance frameworks are future-proof (Camilleri, 2024; Papagiannidis et al., 2023).
- a) **Efficiency Gains - Automating Repetitive Compliance/Reporting Tasks:** One of the immediate benefits of AI is the automation of routine compliance and reporting tasks. Tasks such as regulatory filings, policy comparisons, data aggregation, standard report generation, and document versioning can be streamlined via RPA and rule-based AI systems. This reduces human error, lowers cost, and frees governance professionals to focus on tasks of higher strategic value (Grassi & Lanfranchi, 2022). Real-time regulatory intelligence and template-based reporting can speed up regulatory cycles and reduce latency in responses to changing governance requirements.
- b) **Enhanced Decision-Making - Scenario Analysis and Risk Forecasting:** AI tools such as predictive analytics, scenario modelling, and machine learning-based risk scoring can help governance professionals anticipate potential regulatory, operational, or reputational risks before they crystallize. These tools can also assess “what if” situations (for example, regulatory changes, climate risk shocks, supply chain disruptions) and help boards or audit committees evaluate options under uncertainty. The ability to use large data sets (structured and unstructured) enhances foresight and reduces dependence on backward-looking indicators. Furthermore, these tools improve proactive governance rather than reactive.

The governance professionals must evolve into “Intelligent Governance Professionals,” equipped with the understanding, skills, and ethical grounding to integrate AI into their advisory, oversight, and stewardship roles.

These evolving roles are not hypothetical. AI tools are being used in data analytics to support board decision making and risk oversight, underscoring that governance professionals who understand and adapt such tools contribute more in strategic governance settings.

AI-DRIVEN OPPORTUNITIES FOR GOVERNANCE PROFESSIONALS

Governance professionals stand to benefit significantly from AI-enabled tools and systems which open up a range of opportunities to enhance efficiency, insight, stakeholder trust, and oversight. They can harness AI in multiple ways (Figure 2):

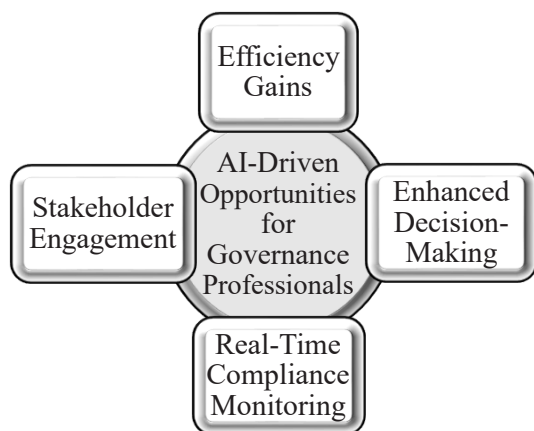


Figure 2: AI-Driven Opportunities for Governance Professionals

- c) **Real-Time Compliance Monitoring Using AI-Driven Dashboards:** Dashboards powered by AI allow governance teams to continuously monitor compliance metrics, detect anomalies or deviations the moment they occur, and trigger alerts for corrective action. Governance, risk, and compliance (GRC) dashboards also incorporate regulatory change monitoring, so that obligations, deadlines, and new rules feed automatically into risk registers and compliance calendars. Such real-time visibility supports prompt decision making, supports audit readiness, and enhances accountability across the organization (Grassi & Lanfranchi, 2022).
- d) **Stakeholder Engagement - AI in ESG Tracking, Transparency, and Reporting:** Increasingly, stakeholders (investors, regulators, public) demand accurate, timely, and comparable disclosures of ESG (Environmental, Social, Governance) performance.

AI can assist by extracting and structuring ESG data, analyzing sentiment and textual disclosures through NLP, improving accuracy in carbon accounting, and enabling transparent, verifiable reporting (Elhady & Shohieb, 2025). Integrating AI into ESG tracking helps governance professionals deliver more credible sustainability reports and respond to stakeholder concerns more effectively. AI-enhanced ESG scoring models (using ensemble learning and sentiment analysis) tend to outperform traditional rule-based scoring systems in predicting sustainable investment performance. Furthermore, in Chinese firms, empirical evidence indicates that AI adoption significantly improves environmental and social components of ESG performance, though the governance component lags somewhat, pointing to room for governance professionals to lead improvements in governance disclosures. Notably, public and private sector undertakings have deployed technologies such as AI, big data, and distributed ledger technologies to automate compliance, increase transparency, and reduce costs.

ETHICAL AND REGULATORY CONSIDERATIONS

The integration of AI into governance functions presents profound ethical and regulatory challenges. Therefore, governance professionals must actively engage with these challenges to ensure that AI deployment does not undermine fairness, privacy, transparency, or accountability (Figure 3):

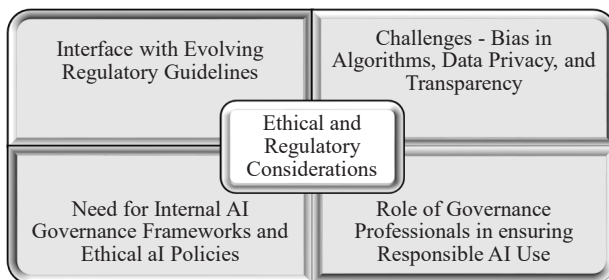


Figure 3: Ethical and Regulatory Considerations

- a) **Challenges - Bias in Algorithms, Data Privacy, Transparency:** (i) Algorithms, though seemingly objective, often inherit or amplify biases present in training data or design choices—leading to unfair outcomes across protected attributes such as gender, caste, socio-economic status or underrepresented groups (Amna Batool et al., 2025; Pethig & Kroenung, 2023); (ii) Data privacy is similarly under pressure: AI systems often require large volumes of personal data, including sensitive or inferred data, which raises risks of misuse, re-identification, non-consensual profiling, or breaches; and (iii) Transparency is also a concern: many AI systems operate as “black boxes,” with decision paths that are not readily interpretable by end users, regulators, or governance professionals (Amna Batool et al., 2025).

- b) **Role of Governance Professionals in Ensuring Responsible AI Use:** Governance professionals are uniquely positioned to enforce ethical oversight. They should oversee the design, review, audit, and ongoing monitoring of AI systems; mandate fairness testing; ensure diversity in data sets; require human-in-the-loop oversight for high-impact decisions; and demand model explainability and audit trails. They should also facilitate stakeholder inclusion—ensuring that affected parties have voice and redress mechanisms.
- c) **The Need for Internal AI Governance Frameworks and Ethical AI Policies:** Organizations should develop, adopt, and institutionalize internal frameworks: ethical AI policies, bias mitigation protocols, model risk assessment, data governance standards, privacy by design, and impact assessments. Constitution of ethics committees, roles like Chief AI Ethics Officer, or internal auditing functions are essential. These structures help bridge policy to practice and ensure accountability across the AI lifecycle (Papagiannidis et al., 2025)
- d) **Interface with Evolving Regulatory Guidelines:** Globally, regulatory frameworks are evolving. For example, the EU AI Act establishes risk-based obligations including transparency, human oversight, and governance structures such as notified bodies and AI Offices (Novelli et al., 2025). In India, the Digital Personal Data Protection (DPDP) Act, 2023 provides for fiduciary duties, consent, breaches, data principal rights—but it does not yet explicitly address algorithmic decision-making, AI-specific audit requirements, or obligations for transparency in automated profiling (Dev & Anand, 2025). Governance professionals must stay alert to these evolving legal obligations and align internal policies accordingly.

Building an ethical AI culture involves stakeholder engagement, transparent reporting, and the establishment of processes that institutionalize AI ethics similar to traditional business ethics domains (Schultz & Seele, 2023). Moreover, leadership’s role is critical in fostering agility that supports the digital transformation of governance frameworks, ensuring that AI integration aligns with strategic goals while nurturing innovation and resilience (Porath, 2023; AlNuaimi et al., 2022).

AI’s role in governance extends to promoting sustainability and corporate social responsibility (CSR). It aids organizations in meeting ESG criteria by enabling data-driven sustainability reporting and optimizing resource allocation for ethical supply chains (Muthuswamy & M. Ali, 2023). Furthermore, AI-driven finance technologies contribute toward sustainability by improving operational efficiencies and facilitating adherence to regulatory standards (Rane et al., 2024).

FUTURE-READY GOVERNANCE: RECOMMENDATIONS FOR PROFESSIONALS

A future-ready governance professional must address the ethical challenges associated with AI use. Issues such as algorithmic bias, data privacy, transparency, and

accountability demand rigorous governance frameworks. These ethical dimensions are increasingly institutionalized through corporate digital responsibility (CDR) initiatives, which seek to harmonize AI deployment with societal values and regulatory compliance. Frameworks like the European Commission's Assessment List for Trustworthy Artificial Intelligence (ALTAI) provide practical tools for organizations to self-assess and adopt ethical AI governance practices, reinforcing the importance of integrating ethics into AI-driven corporate stewardship (Charles Radclyffe et al., 2020).

To thrive in the AI era, governance professionals must proactively prepare themselves through deliberate learning, collaborative mindsets, and institutional support. The following recommendations are designed to help governance professionals become future-ready stewards of corporate integrity and innovation.

- (a) **Upskilling Pathways - Data Governance, AI Ethics, Tech Regulations:** Governance professionals should pursue structured learning pathways in data governance (data quality, metadata, lineage, stewardship), AI ethics (fairness, bias mitigation, privacy, transparency), and technology regulation (both existing laws and emerging AI-specific regulation) (Pallavi Tyagi et al., 2023; Amna Batool et al., 2025). Continuous professional education—via workshops, certificate courses, and collaborating with academic institutions—will help bridge the skills gap. Moreover, leadership must support such upskilling, allocating resources for ethical-AI tools, scenario-based learning, and real-world case exposure.
- (b) **Strategic Mindset - Collaborating with CIOs, Legal Teams, and AI Developers:** Governance professionals should adopt a strategic mindset that breaks silos. Collaborating closely with chief information officers, legal counsel, AI/ML developers, risk teams, and data scientists fosters holistic understanding of technology capabilities, constraints, and risks. This collaboration helps embed governance early in AI project lifecycles rather than as afterthoughts, enabling alignment with business strategy, legal compliance, and ethical values.
- (c) **Role of Professional Bodies in Guiding AI Readiness:** Professional bodies can play a critical role by developing AI governance codes, issuing guidelines, accreditation of training, and serving as forums for knowledge sharing. They can help set benchmarks for AI readiness, facilitate peer learning, and liaise with regulators to ensure that evolving legal expectations are reflected in professional standards.
- (d) **Encouraging a Culture of Innovation with Integrity:** Finally, governance professionals should foster an organizational culture that encourages innovation anchored in integrity. This means promoting experimentation (e.g., pilot AI projects) under strong oversight, recognizing ethical behavior, ensuring transparency, facilitating safe failure, and



embedding values in AI adoption. Ethical leadership by governance professionals sets tone at the top, reinforcing that innovation must co-exist with responsibility.

The “intelligent governance professional” of the AI era must combine digital literacy with principled decision-making to navigate complexities in regulatory landscapes, stakeholder expectations, and data ethics. Ultimately, governance is no longer confined to rules and regulations—it now requires the application of responsible intelligence to ensure sustainable value creation, organizational integrity, and public trust.

CONCLUSION

The advent of AI represents a watershed moment for corporate governance. Governance professionals who adapt by becoming intellectually and ethically equipped—“intelligent governance professionals”—will steer their organizations with resilience, foresight, and integrity. AI offers opportunities for more efficient operations, richer insights, and enhanced stakeholder trust. Yet, these opportunities do not come without risks: bias, opacity, ethical lapses, regulatory non-compliance are real. It is incumbent upon governance professionals to bridge the gap between technological possibility and responsible stewardship. In doing so, they not only secure organizational compliance but also shape trusted, sustainable corporate governance for the AI era.

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Mandatory requirement of Retirement of Directors by Rotation under Section 152(6) of the Companies Act, 2013: The conundrum that it is especially for listed Entities - A study

The article critically examines the applicability of Section 152(6) of the Companies Act, 2013 with reference to the Section 255 of the erstwhile Companies Act, 1956 and applicable SEBI LODR regulations on appointment, rotation and retirement of various categories of Directors supported with case laws.



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INTRODUCTION

Section 152(6) of the Companies Act, 2013 (hereinafter referred to as “The Act”) has five limbs to it in the form of clauses (a) to (e) and postulates primarily on the need for public companies to fall in line with the requirement of ensuring a Board structure in terms of which not less than two-thirds of the total directors shall be liable to retire by rotation of which one-third shall retire at every Annual General Meeting (AGM).

The above sub-section corresponds to Section 255(1) and (2) of the earlier Companies Act, 1956 and encapsulates substantially the major ingredients in the said Act except for the subtle difference that whereas Section 255(1) of the earlier Act applied to public companies as also to private companies which were subsidiaries of public companies, Section 152(6) applies only to public companies which, by operation of law include private companies which are subsidiaries of public companies as per the law stated in Section 2(71).

It is pertinent to note that under the aegis of the earlier Act, it was held in *Swapan Dasgupta v Navin Chand Suchanti*¹ that when a private company is converted into a public company, the provisions relating to rotation of directors shall automatically become applicable to it upon such conversion.

Therefore, if anything, the change in the sub-section in the Act is only cosmetic and the provisions in Section 255(1) have simply been split into separate clauses yielding to better optics.

SUB-SECTION IS MANDATORY IN APPLICATION

The standard rule applied in statutory interpretation is that whenever an enactment makes use of the expression “shall”, it is considered to be a mandatory provision whereas any provision which uses the expression “may” is considered as being only persuasive or discretionary in application.

The Supreme Court observed in *Sainik Motors v State of Rajasthan*² that the word “shall” is ordinarily mandatory but sometimes depending upon the intention behind the insert in the law, it may not be so interpreted. The word “shall” is not always obligatory and on occasions it may be deemed to be directory in nature. Notwithstanding the above, having regard to the intent in the law that directors should not be allowed morally to continue for indeterminate lengths of time, it is fair to consider that the sub-section is mandatory in application since it espouses the need for a certain number of directors belonging to a certain category to retire through the process of rotation at every AGM.

CLAUSE (A) IN SUB-SECTION

It contemplates that the Articles could provide for retirement of all the directors.

The Articles of a public company could provide for the retirement of all the directors at every AGM. The existence of such a provision in the articles shall not make the articles inconsistent with the provisions of the Act. In the case of such an insert in the articles, a situation may so arise that no director may remain in office at the AGM. In such a scenario, the members shall be authorized to make fresh appointments.³

Having said this, in as much as a provision mandating that all directors shall retire at every AGM could lead to administrative issues as also make the Articles unwieldy as the Board could have executive directors who would hold office for definitive periods, the sub-section provides to

¹. (1988)(64 Comp Cas 562)

². (AIR 1961 at page 1480)

³. (Re:Consolidated Nickel Motors Ltd.(1914)(1Ch.883).

public companies, the facility of identifying for retirement by rotation only two-thirds of the total number of directors of which one-third shall retire at every AGM.

SUB-CLAUSE (II) UNDER SUB-SECTION 6(A)

It provides an exception to the principle that every director shall be appointed in a General meeting.

The above sub-clause is a reiteration of what Section 152(2) postulates. If the Act were to provide that every director would be appointed only at a general meeting, it could prove to be dysfunctional in practice in that the Board would not have the liberty to reinforce its strength by appointing directors in times of urgent need or to fill up a casual vacancy on the Board or to appoint Alternate directors without going through the rigmarole of seeking sanction of members for every appointment.

It is only pursuant to the gateway provided under Section 152(2) and sub-clause (ii) under sub-section (6)(a), that the Board is able to take recourse to the appointment of directors to tide over exigencies as provided in Section 161, subject, however, to regularization of such appointments subsequently by members of the company in the manner laid down in Section 160.

SUB-CLAUSE (C) UNDER SECTION 152(6)

One-third of the Directors liable to retire shall retire at every AGM.

Sub-clause (c) under Section 152(6) makes it imperative that one-third out of the directors who are liable to retire by rotation shall retire at every AGM and if their number is neither three nor a multiple of three, the number nearest to one-third shall retire from office.

It follows from the above that if the articles of the company provides that one-third of the directors for the time being or if their number is not three, then the number nearest to one-third shall retire, one of the two directors in the Board should retire at the AGM as held in *B.N. Vishwanathan v Tiffin's Barytes Asbestos & Paints Limited*⁴. The above ruling makes it clear that if, in a given situation, the number of directors liable to retire is neither three nor nearest to three, the number nearest to one-third shall retire.

The above sub-clause (c) as referred to above also has the consequence of negating the ruling made by the Delhi HC in *Shrimati Jain v Delhi flour Mills Co.Ltd (1974)*⁵ where the Court held that where the Articles of the company provided that out of the total number of directors, two directors shall retire every year, in a particular year where there were only two directors in office in the company, neither of them shall retire. The above decision must be considered as *per incuriam* in the face of the mandatory force of Section 152(6) of the Act as also the erstwhile provisions in Section 255 of the previous Act⁶.

⁴. (23 Comp Cas 29)(1953)

⁵. (44 Comp Cas 228)

⁶. The Companies Act, 1956

DETERMINATION OF DIRECTORS LIABLE TO RETIRE BY ROTATION

Clause(d) under Section 152(6) stipulates that directors who shall be liable to retire by rotation at the AGM shall be those who have been longest in office since their last appointment. As between directors who have become directors on the same date, the convention is to decide, subject to any agreement between themselves, by drawing lots.

ADDITIONAL DIRECTOR

An Additional Director appointed by the Board is not to be considered as a retiring director.

Subject to the existence of enabling provisions in the Articles, as contemplated under section 161(1), the Board is empowered to appoint as Additional director, a person who has not failed to get appointed as director in a general meeting. The Additional director holds office until the next AGM and in view of this, he cannot be considered as one who is liable to retire by rotation. Admittedly, after his appointment is regularized at the AGM, the director may become liable to retire if he belongs to the category of directors who are liable to retire. The above view is consistent with the ruling given in *Eyre v Milton Proprietary Ltd*⁷.

COMPLIANCE WITH THE REQUIREMENT OF COMPULSORY ROTATION

It has been rendered arduous in the face of other changes in the Act and the evolution of Regulations pertaining to listed companies.

It is pertinent to note that the Act has for the first time in the annals of corporate law in this country ushered in the need to appoint independent directors. Section 149(4) provides that 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 in terms of Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the minimum number of independent directors in the case of any class or classes of public companies.

An independent director, in terms of sub-section (6) of Section 149 shall, *inter alia*, mean a director other than a managing director or a whole-time director or a nominee director. In addition, he cannot be the promoter of the company or its holding, subsidiary or associate company and shall not also be a relative of the promoters of the company, holding/subsidiary or associate company.

Over and above the above attributes, the independent director must satisfy the long list of attributes set out in the above sub-section which are extraneous for this discussion.

⁷. (1936)(2 Ch.244).

Mandatory requirement of Retirement of Directors by Rotation under Section 152(6) of the Companies Act, 2013:
The conundrum that it is especially for listed Entities- A study

An Independent director shall have a fixed tenure of office and as amplified by sub-section (11) of Section 149 he can be appointed for a term up to five consecutive years on the Board and shall, *ceteris paribus*, be entitled to a second term subject to the re-appointment being approved by special resolution.

Rule 4 of the Companies (Appointment of Directors) Rules, 2014 mandates that in the case of an unlisted public company which satisfies the financial thresholds stated therein, there shall be a minimum of two independent directors.

Given that the independent directors hold office for a specified period it goes without saying that they shall not be considered as being liable to retire by rotation as contemplated under Section 152(6), notwithstanding that they can only hold a non-executive position in the company.

The above position has also been made abundantly clear by the Explanation under Section 152(6) which stipulates that the “total number of directors” shall not include independent directors appointed under the Act or under any other legislation.

STATUS OF AN INSTITUTIONAL NOMINEE DIRECTOR

Whether he can be considered for retirement by rotation.

Explanation under Section 149(7) defines a Nominee director to mean a director nominated by any financial Institution in pursuance of any law for the time being in force, or of any agreement or appointed by any Government or any other person to represent its interests.

Sub-section (3) under Section 161 facilitates the appointment of a nominee director nominated by any Institution or in terms of an agreement or by the Central Government subject to existence of enabling provisions in the company's Articles.

A Nominee director, again being one who does not hold an executive position in the Board, is theoretically liable to be considered as one who retires by rotation, although the interplay between the Act and the legislation in terms of which he is nominated by the financial institution does raise a pertinent question on which we need to ponder-whether he can be considered as one liable to retire by rotation as contemplated under Section 152(6)?

LEGISLATION UNDER WHICH INSTITUTIONAL NOMINEE IS APPOINTED

It carries greater precedence over the Act. Where a person is nominated by a public financial institution based on the strength of the legislation under which it has been set up, the Nominee holds office at the pleasure of the Institution and he can be removed or substituted by another

institution based only on the decision of the appointing Institution.

A nominee's appointment on the Board is simultaneous with the decision of the Institution to appoint him and there is no need for his co-option on the Board. Reference may be made on this point to the decision in *British Murac Syndicate Ltd v Alperton Rubber Co. Ltd*⁸.

In addition, the special legislation under which the person is nominated, the Nominee is also subject to indemnity by the Institution against losses if any, sustained by him in the discharge of his duties except where such losses are attributable to his own neglect.

It is also a settled position in the law that when there is a conflict between a special provision and a general provision on some aspect, the general provision must yield to the specific provision.

The above principle has been elaborated by the Supreme Court in *J.K. Cotton Spinning and Weaving Mills Co. Ltd v State of U.P.*⁹.

The above construct in the law finds its origin in the Latin maxim-*generalia specialibus non derogant*, i.e, the general law yields to special law should they operate in the same field on some subject.

Thus, one can say with authority that Institutional nominees appointed as directors on Boards under special statutes cannot be considered for retirement by rotation. However, where such nomination flows through an agreement, it can be forcefully argued that the nominee may be considered for retirement since an agreement, albeit being binding on the company, cannot conceivably carry greater precedence over the Act.

DIRECTOR APPOINTED TO REPRESENT SMALL SHAREHOLDERS IS AN INDEPENDENT DIRECTOR UNDER SECTION 151-A PARADOX

In the case of listed companies, small shareholders (those who hold shares for a nominal value not exceeding a face value of Rupees Twenty thousand) are allowed the liberty to appoint as their representative on the Board subject to compliance with the requirements of Rule 7 of the Companies (appointment And Qualification Of Directors) Rules, 2014. The person so appointed is considered as an independent director, albeit, with a reduced term not exceeding three years and he shall protect the interests of the minority whilst in office.

It is paradoxical that whereas the representative of the small shareholders is an independent director under the Act, the institutional nominee on the Board is not considered as independent even though he too is representing the constituency of a particular stakeholder. He ought to have been also considered independent.

⁸. (1915)(2Ch.186).

⁹. (AIR 1961 SC 1170).

Be that as it may, the small shareholder director cannot be reckoned for the purposes of computing the number subject to retirement.

BOARD COMPOSITION REQUIRED UNDER SEBI LISTING REGULATIONS

Regulation 17 of the SEBI (LODR) Regulations, 2015 contemplates that the Board of a listed company shall have an optimum combination of executive and non-executive directors with at least one woman director who shall be independent in the case of the top 1000 listed companies based on their market cap and not less than fifty percent of the Board shall comprise of non-executive directors.

Where the chairperson is a non-executive director, at least one third of the Board shall be independent. Where the chairperson belongs to the category of promoters or related to the promoters one half of the Board shall comprise of independent directors.

The above structure does not provide much elbow room for a listed company to structure its Board such that it answers to the requirement of having the required number of directors liable to retire as provided in section 152(6).

Besides, the Board necessarily must have a Managing Director who has to be the CEO as per the Regulations and since they are appointed for a specified time duration, they too are not normally subject to retirement during their tenure although there is nothing in the law which prevents them from being considered for retirement by rotation during their time duration.

Further if one adds to the above mix, nominee directors of institutions who cannot be considered for retirement due to reasons explained above, the Company Secretary would be at his wit's end while trying to balance the requirements of the listing regulations and Section 152(6).

More often than not, it is found that the Board composition falls short of the "two-thirds liable to retire" formula prescribed under the Act.

It is pertinent to note that the maximum size of the Board as per Section 149(1) is fifteen and if that number has to be exceeded, the shareholders will have to provide their approval through special resolution. Having a fifteen-member Board itself could make it "top heavy". To satisfy the Section 152(6) requirements, Boards may have to be enlarged to have the required condiment of directors liable to retire by rotation.

Failure to comply with the requirements of Section 152(6) brings with it the unsavory prospect of the company and its directors being saddled with penalty proceedings under Section 159. Hence listed companies should not fall foul of Section 152(6).

Having said this, with the Board structure having to answer the prescription under Regulation 17 and Section 152(6) as

well, balancing it appropriately becomes a veritable "tight rope walk" for the Company Secretary.

Consider typically the scenario in a listed company which has a promoter non-executive chairperson, as is the case with most companies in India. It follows that 50% of them shall comprise of Independent directors. In addition there is requirement of an Executive Director/CEO who is normally not subject to retirement during his tenure. To this mix, if we throw in a sprinkle of institutional nominees, one would end up with a deadly concoction which would hardly pass muster under Section 152(6). If the Board has say 12 Directors, 50% being independent, the balance 6 alone would be the ones liable to retire by rotation which by itself falls short of the requirement under Section 152(6) (a) that two-thirds of the total number of directors shall be those that will be liable to retire by rotation.

The fact that the Explanation under Section 152 provides that for the purposes of this Section and Section 160, the expression "retiring directors" means a director retiring by rotation implies that the 2/3rd proportion shall have to be calculated with reference to those who are liable to retire and not based on the total number of directors on the Board as Section 152(6)(a) postulates. Hence in the above example, apart from the 6 Independent Directors, if one assumes that there is a single institutional nominee, he too would not be subject to retirement. That leaves us with five of which the Managing Director could be eliminated from rotation due to his tenure. Thus, only out of the total 12 directors, potentially only four would be retiring directors of which one-third namely only one being longest in office would retire at every AGM.

The above position is contrary to what Section 152(6)(a) propagates and the knives could well be sharpened by the Regulators for launch of penal proceedings under Section 159.

Many of the Proxy Advisory Agencies, it has been observed in practice are oblivious to the compulsions that go into the mechanism of a Board structure of a listed company and point out in their advisory to the voting public about companies not being in line with the requirements of Section 152(6)(a). This observation opens up a veritable Pandora's box. The way out of this predicament for listed companies is to enlarge the Board further providing for more non-executive directors while being conscious of the need to have the optimum number of independent directors.

CONCLUSION

From the above discussion one can say that for listed companies there is a catch-22 situation under which they cannot compromise either on the requirements under the Act or under the listing regulations. The only way by which this embroglio can be broken is to have a softer regime for listed companies under Section 152 providing for a lesser proportion of directors to retire by rotation. Otherwise, the struggle to balance the requirements under the Act and the Listing Regulations shall continue unabated.

NEP 2020: A Shift Away from Colonial Education Policies and the Revival of IKS based Holistic Learning towards Viksit Bharat

The National Education Policy (NEP) 2020, completing five years of its implementation, is a milestone achievement of the Indian education apparatus which is on a path of rapid transformation. The ubiquitous impact of this demi-decade old policy (NEP 2020) is visible in the transformative steps being taken at the institutional level in India. The NEP 2020 has turned the academic and national sentiment around to break away from the colonial era educational mandate that served the interests of British colonizers in prioritizing English and western centric education that, over a period of time, buried the popularity and achievements of Bharat's languages, cultures and knowledge system. The NEP 2020 amends these historic violations of cultural and knowledge sovereignty of Bharat, by developing a system that values Indian languages, catchall education, and revival of Indian Knowledge System (IKS). In this context, this review paper, traverses the educational landscape of India as NEP 2020 completes five years of implementation. In doing so, the paper examines the quintessential Indian approach to education, as existed in pre-Islamic and pre-colonial eras, the core principles of which resonate with the salient aspects of the NEP 2020. This exploration further guides us to set futuristic agenda for Indian education system.



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INTRODUCTION

Indian knowledge tradition adopts a holistic or integral approach to knowledge which is seen as multi-layered and interconnected as opposed to modern educational systems, which tend to be fragmented or compartmentalized with breaking down knowledge

into isolated disciplines or parts. The Indian approach, by considering spiritual, intellectual, emotional, and material aspects together, provides a comprehensive understanding of reality. The *gurukuls* and *pathshalas* served as the backbone of Bharat's educational system, and were "the watering holes of the culture of traditional communities" (Dharampal, 1983, p. 18). This tradition of learning was disrupted first by the invasions that the subcontinent faced and then due to the prolonged colonial experience from 18th century onwards. When the British established their control over the subcontinent in the 18th and 19th centuries, they introduced the Western education system, which emphasized English language instruction and formalized curricula. Further, it was Lord Macaulay's *Minutes on Indian Education* (1835) that tightened the screws and ultimately bludgeoned the traditional educational set up in India to irreversible decline. Macaulay devalued well-established Indian learning practices and methods as ancillary, and upheld English education that would produce English-speaking clerks to serve the British authority. Indian educational scenario, before the advent of the British, was vibrant and varied and multidimensional to encompass oral traditions of teaching like *ācārya-kulas*, temple schools, renowned universities, ashrams, pathshalas etc. Emerging rural landscape held education and training of young members of the society a venerable endeavour aimed to preserve the sacred knowledge texts (*āgama*) and consuetudes (*sampradaya*). These networks of knowledge were fatally disrupted due to the onslaught of British colonial policies.

The colonial legacy of anglicized education system continue to adumbrate the policy making in the education sector in independent India as well. This colonial legacy, still, informs the persisting illustration of cultural and social prejudices in school and higher education textbooks, and study material. It has remained an unresolved challenge, for the longest time in independent India, to reclaim the true spirit of the illustrated Indian education system that achieved the fine balance between, and integration of spiritual and scientific temperaments, ethical and pragmatic principles and much more. It is only with NEP 2020, that the education policy

makers have been able to address this concern. The National Education Policy (NEP) 2020 marks a pivotal moment in the country's education reform journey. A core focus of the NEP is to overhaul the education system to ensure that it is more inclusive, flexible, and holistic in nature.

In this context, this perspective paper traces the achievements of NEP 2020, as it completes five years, to explore its salient features that are in alignment with the core educational and civilizational principles of Bharat from time immemorial. The paper is divided into five sections beginning with introduction of the idea and framework followed by curating a detailed theoretical understanding of the contemporary educational landscape of India with NEP 2020 in effect. Subsequently, a detailed discussion of salient features of NEP 2020 connecting it to IKS based learning is presented followed by setting futuristic agendas for the Indian education system. The paper ends with concluding the discussion. This paper is the byproduct of the ICSSR-sponsored Major Project¹.

THEORETICAL CONSTRUCT

Indian Knowledge System (IKS) is a vast repository of knowledge and wisdom that is immensely relevant in the present context, and offers opportunities to synthesize new knowledge in the light of this accumulated wisdom. Thus, the relevance of introducing and familiarizing the young generation with this vast knowledge tradition that serves multiple purposes. The preserved knowledge of the living traditions of Bharat defines the identity of its people, their social practices and the norms that govern their way of life. At the same time, the "prevailing knowledge and the literary traditions play a significant role in shaping the culture of the society" (Mahadevan, 2022, p. 7) which, if interrupted, can create disruptions and distortions. The IKS based learning has been the cornerstone of education in India for the longest time with universities like Nalanda and Vikramashila, foundational gurukuls, parishads and temples as centres of learning catering to the large number of students from India and other countries. Education in practical skills and crafts was often transmitted within families or through guilds. These weren't formal institutions with set curricula but rather apprenticeship systems where skills were passed down through generations of practitioners. However, they were crucial for the economic and social fabric of Bharat. The courts of kings were also important centres of learning and patronage. These educational institutions highlight the rich and multifaceted landscape of learning in ancient India. They played crucial roles in preserving, advancing, and disseminating knowledge, shaping the intellectual, cultural and societal fabric of the time.

However, with changing socio-political conditions, this system gradually declined due to various historical shifts, including the Islamic invasions. While the impact wasn't uniform across the subcontinent or a sudden annihilation, the invasions significantly disrupted the traditional systems of learning in several ways. One of the primary impacts was the destruction of educational infrastructure. The disruption of patronage also played a crucial role. *Gurukuls* traditionally relied on the patronage of local rulers, wealthy individuals, and the community for financial and material support². With the establishment of Islamic rule in various regions, this traditional

patronage often shifted or diminished. The eventual decline was a more protracted process, further accelerated by later colonial policies that favoured Western education systems³.

Education, in the colonial period, was characterized by English ideals, and English language became the dominant medium of instruction. The British education system focused on producing clerks and administrators who would assist in running the colonial government; promoting Western ideals and literature, side-lining traditional Indian knowledge; and establishing a hierarchical system where English-educated Indians were placed above their vernacular-educated counterparts. These changes resulted in a growing divide between the English-educated elite and the rural population, who continued within Indian education system or remained uneducated due to lack of access to the new system.

Macaulay played a central role in introducing English education in India through his infamous *Minutes on Indian Education* (1835). His policies significantly altered the traditional Indian education system, leading to the decline of local institutions like *gurukuls* and *pathshalas*. Macaulay had an extremely prejudiced view of India's education system. In his *Minutes*, he dismissed centuries of Indian scholarship, arguing that traditional knowledge rooted in Sanskrit, Arabic, and Persian texts, was of little practical use. He infamously declared that "A single shelf of a good European library was worth the whole native literature of India and Arabia." (p. 358). This statement epitomized his Eurocentric bias, and disregard for India's vast intellectual heritage, which included advancements in mathematics, medicine, astronomy and philosophy. While Macaulay's reforms introduced modern education to India, they were also heavily criticized for their elitist and exclusionary nature. Indian leaders like Mahatma Gandhi and Rabindranath Tagore later condemned this system for creating a generation of Indians who were disconnected from their roots.

Furthermore, the post-colonial period in India marked a significant shift in educational policies as the country sought to rebuild its education system after gaining independence. These reforms addressed macro challenges that impeded right to education, gross enrolment ratio, and persisted attendance deficit, and lack of vocational training etc. Apart from these macro challenges, it is the state of cultural hibernation of Indians that none of the previous education policies addressed. Thus, NEP 2020 becomes the most transformative policy that has built connections between national progress and cultural rootedness as a prerequisite for achieving the *Viksit Bharat@2047* mandate.

The National Education Policy 2020 is a visionary blueprint that outlines pre-emptive guidelines and principles towards managing knowledge accumulation, technological innovation, ubiquitous internet, globalization, scientific breakthroughs, online hyper activity, AI utilization, and other associated factors. In this context, NEP 2020 caters to the need to re-structure the current education system in India which traces its roots back to the British-era structure. While some view British-era structure of education as a beneficial development for introducing a standardized approach to education in India, others have also critiqued its limitations and disconnect from India's cultural and historical context (Joshi & Gupta, 2017, p. 103). NEP 2020, therefore delivers a comprehensive framework for elementary education to higher education as well as vocational training in both rural and urban India that decolonises the extant system of British education.

¹ Prof. Kusha Tiwari (2023-25) "Exploring & Connecting Great Indian Knowledge Networks of Ashrams & Gurukuls for the benefit of HEIs: A Working Model as per Mandate of NEP 2020" for which the author is the PI.

² <https://vedicconcepts.com/decline-of-indian-education-system/>

³ <https://vedicconcepts.com/decline-of-indian-education-system/>

IKS@NEP 2020: A DISCUSSION

One of the most promising aspects of the NEP 2020 is its potential to reintegrate elements of India's traditional, holistic educational system—embodied by the *Gurukul shiksha parampara*—into the modern framework. The ancient centres of learning, were characterized by personalized instruction, a deep connection between teacher and student, and an emphasis on character development, life skills, and the integration of spiritual and intellectual growth. The NEP while aiming for the holistic development and extending the reach of education readily acknowledges that the guiding light for the policy is the rich heritage of ancient Indian knowledge. It further elaborates upon “the pursuit of knowledge (*Jnan*), wisdom (*Pragyaa*), and truth (*Satya*) that was always considered in Indian thought and philosophy as the highest human goal” (NEP, p. 4). Through the lens of the NEP 2020, these features could inspire a reimagining of contemporary education, aiming to foster well-rounded individuals who excel not only in academic pursuits but in emotional, moral and social aspects as well.

The legacy of Macaulay's educational system persisted long after India's independence in 1947. The Indian education system remained heavily influenced by Western ideals, with English continuing to dominate as the primary language of instruction in schools and HEIs. Traditional knowledge pools rooted in Indian languages and culture, have been devalued for a long time. The western centric model of education has disconnected learners from Indian cultural heritage and has fostered a sense of inadequacy towards familial and community centric *Bharatiya* value system that caters to the holistic growth of the individual and the society. After decades of neo-colonial educational bondage, the pioneer NEP 2020 nips these limitations to promote multilingualism, recognizing the centrality of the mother tongue in imparting education, especially in the early years of schooling. The policy envisions a shift from rote memorization to a more inquiry-based, experiential learning model that encourages critical thinking and problem-solving skills. All these aspects further set the pace for preparing a generation of well-rounded citizens with a deeper understanding of themselves, their culture, and the world around them. The NEP's emphasis on critical thinking and creativity mirrors the ideals of the *Gurukul shiksha parampara* wherein *shishyas* were nurtured to develop critical, analytical and creative abilities. *Gurukul* students were given personalized attention, and were encouraged to explore varied subjects ranging from philosophy to mathematics, theology to sciences and many more. The *guru-shishya* relationship in *gurukuls* was highly individualized and ensured that each student's unique strengths were enhanced, and needs were addressed. This is an aspect that the NEP 2020, in its focus on personalized learning and flexible curricula, seeks to reintroduce to the modern Indian education system.

One of the primary features of education in India was the deep and personal connection between the *guru* and *shishya*. The guru acted as a mentor and not just an instructor. The guru provided wisdom along with guidance and support

to the student throughout their educational journey. This personalized approach ensured that the education system addressed the intellectual, emotional, and spiritual needs of each individual to foster a sense of holistic development that prepared students to be thoughtful, responsible and compassionate members of society. The NEP 2020 emphasizes the need to instil a strong sense of duty and ethical responsibility in students so as to ensure that they remain grounded in their roles as responsible citizens. This focus on fundamental duties finds a strong parallel in the *gurukul shiksha parampara* where the concept of *dharma* refers to an individual's moral duties, rights, and ethical identity within society. In *gurukuls*, students lived in close-knit communities with their *gurus*, who shaped their character and values. The *gurus* had the opportunity and the required autonomy to closely observe and guide their students. This ensured that they stayed on the right path. This system naturally inculcated a sense of duty, discipline, and respect for societal responsibilities in students.

Furthermore, the NEP 2020 seeks to integrate technology in a way that enhances rather than detracts from the learning process. In contemporary times, technology serves as a

tool for personalized learning, allowing students to learn at their own pace, access resources from diverse fields, and connect with mentors and peers across the world. This approach aligns with the *gurukul* tradition, where the learning process was dynamic, individualized, and deeply interconnected with the larger community. Education, in India, was always understood as a lifelong process that extended beyond the classroom and integrated all aspects of life. Students were encouraged to develop practical skills that would serve them throughout their lives. At the heart of both the NEP 2020 and the *gurukul* model is the concept of holistic education which is focussed on personal growth, moral development and the cultivation of character. The NEP 2020 recognizes that students are not merely passive recipients of knowledge but active participants in their own learning journeys. In a world

that is increasingly interconnected and complex, the ability to contribute positively to society is just as important as professional success.

NEP 2020 envisions an educational landscape that fosters better learning by providing a free and supportive environment where students develop a sense of fraternity with their teachers and peers. Traditionally, education, in India, emphasized holistic development through meditation, yoga, and practical skills essential for livelihood⁴. Today, it has evolved to include interdisciplinary subjects that equip students with professional and experimental skills necessary for the modern job market. A key feature of ancient Indian education system was its focus on experiential learning, where students apply theoretical knowledge through hands-on practice. The blend of intellectual, practical, and spiritual training ensured that students grow into capable and conscientious individuals (Adhikari, 2023). On the other hand, HEIs face significant challenges in present times, including

The National Education Policy is significantly important because the present era marks a period of rapid transformation in the realm of knowledge. Due to rapid changes in the knowledge landscape such as ethical shifts in knowledge accumulation, technological innovation, ubiquitous internet, globalization, scientific breakthroughs, online hyper activity, AI utilization, and other associated factors.

⁴ <https://timesofindia.indiatimes.com/blogs/desires-of-a-modern-indian/the-importance-of-the-gurukul-system-and-why-indian-education-needs-it/>

poorly planned curricula, ineffective instructional methods, and a lack of alignment with national and individual goals. The quality of textbooks and study materials has also deteriorated, further impacting the learning experience. The education of the future will be driven by internet-based knowledge, mobile technology, and artificial intelligence (AI). With AI taking over various sectors such as banking, insurance, and even teaching, the role of human creativity, ethics, and empathy remains irreplaceable. Therefore, education must focus on fostering creativity, independence, self-learning, and self-motivation to ensure that humans continue to excel beyond the capabilities of machines. Modern education has much to learn from IKS based teaching and learning practices. A free and impartial education model is essential in today's world to instil qualities like independent thinking, discipline, respect, social ethics, hygiene, yoga, meditation and creativity. To move forward as a nation, it is imperative to collectively strive for excellence by reclaiming and revitalizing the vast ocean of knowledge that has been part of our heritage. Only then can we build a future where tradition and modernity coexist harmoniously, making our nation truly great again. In today's fast-evolving educational landscape, the principles of IKS based learning, deeply rooted in holistic development and moral values, are being revisited as potential solutions to contemporary challenges (Chouhan, 2016). The philosophical foundation of Indian education system offers profound benefits in shaping character, discipline, and ethical awareness, which are often overlooked in conventional, technology-driven learning environments (Jain, 2015). While theoretical studies in social sciences continue to assess the relevance and feasibility of this integration, specific advancements have been explored. For instance, the application of cloud computing in *gurukul*-based learning models has been proposed as a means of providing accessible, well-rounded education while preserving cultural traditions (Santhi et. al, 2013).

FUTURISTIC AGENDA

NEP 2020 has given a futuristic vision of education in India with emphasis on regulatory and transformative changes in curriculum and pedagogy so as to achieve technology integration, assessment reforms, multidisciplinary learning, holistic development, skill enhancement and integration of IKS in all disciplines. Indian education system needs to invest in the futuristic technologies by bridging the gap between current educational systems and new age demands of the evolving employment sector. This requires, periodic revisions in the school and university curriculums to focus on introducing courses and pedagogies that will upskill and reskill the youth to become a competitive workforce.

At the same time, emerging technologies such as AI, automation, robotics etc. are causing job displacement worldwide, this concern needs to be addressed at the level of curriculum designing for schools and HEIs in India. HEIs, in India, need to update and develop cutting edge and smart educational spaces and pedagogies that help to promote a culture of lifelong learning to tap the full potential of the human capital of the country. The focus should be on investing in emerging areas of study and innovation such as sustainable solutions, renewable energy, semi-conductor research and manufacturing, IT hardware, biotechnology, immersive technologies, edge computing, quantum computing, blockchain technologies and many more.

With these developments in mind, it is imperative that aspirational scope and quotient of different disciplines is enhanced in the contemporary competitive environment. NEP emphasises a return to the fundamentals of IKS while navigating in the global socio-economic spaces. Apart from fostering cultural legacy, IKS underscores cognitive benefits, practical applications of abstract concepts, sustainability solutions and more. An interesting example would be introducing knowledge of the local calendar and Indian astronomy in higher education as it can provide valuable insights into the cyclical patterns of nature, timings of festivals, agricultural cycle and cosmic events. Thus, the focus should be on introducing innovative combination/multidisciplinary approaches so as to improve the aspirational scope and quotient of learning. There is an urgent need to broaden the horizon, in such a manner that the learning stays aspirational for tech savvy and AI proficient future generations of learners.

CONCLUSION

As the world shifts toward AI-driven and digital learning, a pressing question emerges: Can technology truly replace the holistic, human-centred education that *gurukuls* once provided? While digital advancements offer efficiency and accessibility, they often lack the personalized mentorship and ethical grounding that ancient Indian education emphasized. Moving forward, education policymakers, researchers, and practitioners must explore innovative ways to merge these two worlds—ensuring that students not only gain technical knowledge but also develop the emotional intelligence, resilience, and cultural wisdom necessary for a well-rounded future. As NEP embraces the ancient Indian systems of learning, it would not be wrong to say that these systems serve as precursor to modern holistic education, where the focus is shifting back to multidisciplinary learning, values-based education, and experiential learning. One could possibly assume that the integration of traditional wisdom with modern science will ensure that the pursuit of knowledge remains aligned with both material progress and spiritual well-being.

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Position of Insider: A Tight Rope Walk [SEBI (PIT) Regulations, 2015]

This article explores the precarious position of corporate insiders under SEBI's Prohibition of Insider Trading (PIT) Regulations, 2015. The article outlines best practices like pre-clearance of trades, trading windows, digital hygiene, structured digital databases, and ongoing training. It highlights the psychological and reputational burden on insiders, regulatory scrutiny, and the zero-tolerance legal environment. Ultimately, the article emphasizes the role of Company Secretary in insider compliance, which is not just a legal necessity but a cornerstone of corporate integrity and trust in the securities market.



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INTRODUCTION

The integrity of securities market depends significantly on transparency, fairness, and investor confidence. One of the gravest threats to these pillars is insider trading. Recognizing this risk, the Securities and Exchange Board of India (SEBI) introduced the Prohibition of Insider Trading (PIT) Regulations, 2015, replacing the earlier 1992 regulations. These regulations have since acted as a bulwark against the misuse of Unpublished Price Sensitive Information (UPSI) by insiders.

However, the implementation of these regulations has created a challenging landscape for those who fall within the definition of an "insider."

Insider means any person who is:

- i) a connected person; or
- ii) in possession of or having access to unpublished price sensitive information.

These individuals are caught in a balancing act, treading a tight rope between performing their professional duties and avoiding any regulatory lapses, where one wrong step could lead to serious legal consequences, including penalties and reputational damage.

THE INSIDER'S BALANCING ACT

Insiders often find themselves walking a tight rope due to the simultaneous expectations placed upon them:

1. Access vs. Restraint

Insiders are expected to use critical information to advance the interests of the company. However, they must also exercise restraint, ensuring that such information is not misused for personal or third-party gain.

2. Disclosure vs. Confidentiality

There are situations where insiders must disclose material information to regulators or stakeholders. Yet, premature or unauthorized disclosure can violate confidentiality agreements and lead to legal action.

3. Loyalty vs. Independence

While insiders owe a duty of loyalty to their company, they are also expected to exercise independent judgment, especially in board roles. Striking a balance between supporting the company and questioning its decisions is inherently challenging.

4. Profit vs. Compliance

Opportunities to benefit from insider knowledge are frequent. But using such knowledge for personal gain constitutes insider trading - a serious offense in most jurisdictions.

NAVIGATING THE TIGHT ROPE: BEST PRACTICES FOR INSIDERS

1. Code of Conduct and Ethics

Every organization must have a clear, accessible, and periodically updated Code of Conduct that addresses insider responsibilities, trading restrictions, and reporting mechanisms.

2. Trading Windows and Pre-Clearance

Regulations mandate that insiders trade only during approved trading windows. Pre-clearance systems act as a safeguard against inadvertent trading on UPSI.

3. Digital Hygiene and Information Barriers

Use of secure systems, maintaining “Chinese Walls” (information barriers between departments), and digital access logs help track and limit the spread of UPSI.

4. Regular Training and Awareness

Ongoing training ensures that insiders are aware of their responsibilities, especially in dynamic business environments where regulatory updates are frequent.

5. Whistleblower Channels

Robust whistleblower mechanisms empower employees to report insider violations without fear of retaliation, reinforcing ethical behavior.

AREAS OF CONCERN IN INSIDER'S ROLE

1. Grey Areas in Interpretation

Not all cases of insider information are clear-cut. For example, speculation about a potential merger based on casual observation of insider knowledge, overhearing a conversation at a company meeting?

2. Cultural and Informal Leaks

Many corporate cultures allow information to flow informally, leading to unintentional leaks. This can result in accidental breaches, even when intent to benefit is absent.

3. Use of Technology and Surveillance

With digital records, emails, and trading data under constant surveillance, the margin for error has shrunk. Insiders must be constantly vigilant in their communication, both internal and external.

4. Rising Activism and Whistleblowing

Activist investors and whistleblowers are increasingly scrutinizing board decisions and insider conduct. While this promotes accountability, it also increases the risk of internal disagreements becoming public controversies.

THE BURDEN ON INSIDERS

1. Psychological

The role of an insider is not merely a legal position - it has deep psychological implications. Constant vigilance, fear of misinterpretation, and the weight of potential penalties can create stress and affect performance. Board members and executives often operate under intense scrutiny from investors, analysts, media, and regulators.

Moreover, honest insiders may suffer guilt by association if a scandal breaks out. This “guilt cloud” can lead to resignations, loss of reputation, or even litigation despite no wrongdoing.

2. Privilege

Being an insider comes with a wealth of sensitive information - strategic decisions, mergers and acquisitions, financial results, capital restructuring, etc. While this knowledge is essential for informed decision-making within the organization, it becomes a source of potential liability if misused or mishandled.

For example, the leak of quarterly financial performance prior to its disclosure to stock exchanges can lead to significant gains or losses in stock prices, creating opportunities for illegal gains or manipulation. In such scenarios, even inadvertent disclosure or action based on such information can lead to prosecution under insider trading laws.

THE INSIDER'S POSITION

1. Constant Exposure to Regulatory Scrutiny

Insiders, especially Key Managerial Personnel and Directors, are perpetually under the radar of SEBI and other regulatory bodies due to their access to price-sensitive information (UPSI).

2. High Stakes, Zero Margin for Error

Even an unintentional lapse or delay in disclosure or trading compliance can lead to severe penalties, reputational damage, and criminal prosecution.

3. Conflict Between Business Function and Compliance Obligation

Insiders often walk a fine line between executing business strategies and ensuring no misuse or leakage of confidential information occurs.

4. Moral and Ethical Dilemmas

Situations arise where insiders must balance loyalty to the company with broader ethical duties, particularly when in possession of material non-public information.

5. Pressure from Stakeholders and Internal Networks

Insiders may face undue pressure from peers, family, or influential parties to share information or facilitate favorable trades, testing their integrity.

6. Need for Continuous Vigilance and Self-discipline

Insiders must constantly monitor their actions, communications, and even relationships to ensure there is no real or perceived breach of fiduciary duties.

7. Risk of Misuse Despite Preventive Controls

Despite Chinese walls, codes of conduct, and compliance training, the temptation and opportunity to misuse information remain potent, requiring a culture of accountability.

8. Subject to Presumptions under Law

Under SEBI (Prohibition of Insider Trading) Regulations, 2015 the burden often shifts to the insider to prove innocence, reversing the usual presumption of innocence.

9. Impact on Personal Life and Reputation

Even the perception of insider trading can tarnish an individual's career, affect their mental health, and create long-term consequences in the corporate world.

10. Walking a Tightrope between Silence and Transparency

Insiders must avoid both information leakage and inadequate disclosures, making communication a highly sensitive and strategic exercise.

ROLE OF COMPANY SECRETARY FOR COMPLIANCE UNDER SEBI (PIT) REGULATIONS, 2015

1. Designation as Compliance Officer

- Typically, this role is assigned to the Company Secretary due to their statutory responsibilities, governance expertise, and access to board-level information.

2. Formulation and Monitoring of Codes

- Code of Conduct: Drafting, implementing, and monitoring the Code of Practices and Procedures for Fair Disclosure of UPSI and Code of Conduct for regulating, monitoring and reporting of trading by employees and connected persons.
- Ensuring these codes are consistent with SEBI guidelines and approved by the Board.
- Regular training and awareness sessions for directors, KMPs, and employees.

3. Handling of UPSI (Unpublished Price Sensitive Information)

- Establishing systems to maintain confidentiality of UPSI.
- Restricting communication of UPSI only on a need-to-know basis.
- Instituting Chinese walls within the organization.
- Maintaining structured digital databases of UPSI recipients.

Being an insider comes with a wealth of sensitive information which is essential for informed decision making within the organization. However, it becomes a source of potential liability if misused or mishandled.

4. Monitoring Trading Activities

- Pre-clearance of trades above threshold limits for designated persons (DPs).
- Maintaining records of trading approvals, denials, and disclosures.
- Monitoring trading window closures during sensitive periods (e.g., financial results, corporate actions).

5. Disclosures and Reporting

- Ensuring compliance with disclosure requirements under PIT Regulations:
 - Initial disclosures by promoters, directors, and KMPs.
 - Continual disclosures for crossing thresholds.
- Informing stock exchanges promptly about such disclosures, wherever applicable.

- Reporting violations of the Code to SEBI, if any.

6. Education and Training

- Conducting workshops and circulations to educate Directors, senior management, and employees about insider trading laws and company-specific compliance processes.
- Ensuring periodic affirmations from employees about adherence to the Code.

7. Liaison Role

- Acting as the link between Board of Directors, stock exchanges, SEBI, and internal stakeholders regarding PIT compliance.
- Advising the Board on updates/amendments in SEBI regulations.

8. Maintaining Records

- Keeping detailed records of:
 - Trading window closures
 - UPSI communication
 - Pre-clearance approvals
 - Disclosures by designated persons
- Retaining such records for at least 5 years as per regulations.

9. Enforcement and Action

- Investigating reported or suspected cases of insider trading within the company.
- Recommending disciplinary actions for violations of the Code of Conduct.
- Ensuring any violation is reported to SEBI promptly.

COMPLIANCE REQUIREMENTS FOR INSIDERS

1. Non-disclosure of UPSI

- No insider shall communicate or allow access to any unpublished price sensitive information, relating to a company or securities, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- Any sharing must be in compliance with the Code of Fair Disclosure and Conduct of the company.

2. Prohibition on trading while in possession of UPSI

- Insiders shall not trade in securities of the company when in possession of UPSI.

3. Pre-clearance of trades

- Designated persons must obtain pre-clearance before trading above a threshold limit, as per the company's Code of Conduct.

4. Trading Window Norms

- Designated persons and their immediate relatives shall not trade in securities when the trading window is closed, which is typically during the period leading to the announcement of financial results or other key events.
- Companies define and disclose the periods when the trading window is closed.

5. Disclosures

(A) Initial Disclosures:

- Form B – Every person on appointment as a key managerial personnel or a director of the company or upon becoming a member of the promoter group shall disclose his holding of securities of the company as on the date of appointment or becoming a member of the promoter group, to the company within seven days of such appointment or becoming a member of the promoter group.



(B) Continual Disclosures:

- Form C – Every promoter, designated person member of the promoter group and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified.

(C) Disclosures by Companies:

- Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

6. Code of Conduct

- Companies must implement a Code of Conduct to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons.
- Insiders must abide by the Code.

7. Maintenance of Structured Digital Database (SDD)

- Companies shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available.
- Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

8. Monitoring and Reporting

- Compliance Officers are responsible for:
 - ♦ Monitoring trading activity.
 - ♦ Enforcing the Code of Conduct.
 - ♦ Ensuring timely disclosures and compliance.
 - ♦ Reporting violations to SEBI.

PENALTY FOR VIOLATION

Section 15G - Penalty for insider trading:

If any insider who,

- ♦ either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or
- ♦ communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or
- ♦ counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

OPERATIONAL AND REGULATORY CHALLENGES FOR CORPORATE INSIDERS**1. Maintaining Confidentiality**

- Insiders often possess unpublished price-sensitive information (UPSI). They must ensure that this information is not leaked, inadvertently or otherwise.
- The challenge lies in maintaining confidentiality while executing day-to-day responsibilities.

2. Risk of Unintentional Insider Trading

- Even routine trades can attract suspicion if done during sensitive periods.
- There is a constant risk of violating insider trading laws inadvertently, especially during blackout periods or when handling UPSI.

3. Balancing Fiduciary Duties

- Insiders owe duties both to shareholders and to the company.

- Conflicts of interest can arise when business decisions benefit one group over another.

4. Regulatory Scrutiny

- Insiders operate under strict surveillance by regulators such as SEBI (in India).
- They must be able to demonstrate compliance with the Prohibition of Insider Trading (PIT) Regulations, 2015 and other corporate laws.

5. Timing of Disclosures

- They face pressure in determining when and how to disclose material information to the stock exchanges.
- Delay or premature disclosure can lead to legal or reputational consequences.

6. Personal Accountability

- Directors and Key Managerial Personnel can be held personally liable for insider trading violations.
- This adds to the psychological burden of decision-making.

7. Internal Communication Risks

- Coordinating within teams or with other departments without revealing UPSI can be difficult.
- Inadequate safeguards (like information barriers or “Chinese Walls”) may result in inadvertent leaks.

8. Navigating Market Expectations

- Insiders are often under pressure to meet market expectations.
- This could tempt manipulation of financial results or selective information disclosure, raising ethical and legal concerns.

9. Reputation Risk

- Even an allegation of insider trading can damage an individual's and a company's reputation.
- Maintaining ethical standards is essential, yet perception often matters as much as reality.

10. Compliance with Corporate Governance Norms

- Insiders must stay updated with ever-evolving corporate governance regulations.
- Ensuring compliance requires regular training, audits, and sometimes legal counsel.

SAFEGUARDS AGAINST INSIDER CHALLENGES: A GOVERNANCE PERSPECTIVE

- Implement robust information barriers (Chinese Walls) between departments (e.g., between investment and research teams).
- Enforce strict access controls to UPSI—only provide information on a need-to-know basis.
- Use secure communication channels and avoid discussing UPSI in informal settings.
- Establish trading windows and blackout periods where trading is prohibited during sensitive times.
- Insiders should pre-clear trades through the compliance officer.
- Maintain structured digital records of all trades and pre-clearance communications.
- Conduct regular board training on ethical decision-making and conflict resolution.
- Disclose any potential conflicts of interest and recuse from related decisions.
- Follow transparent decision making processes with proper documentation.
- Stay updated with SEBI guidelines and amendments to the PIT Regulations, 2015.
- Conduct periodic internal audits and mock compliance checks.
- Seek legal opinion in cases of doubt regarding information classification or disclosure timing.
- Set up a Disclosure Committee to evaluate what constitutes material and price-sensitive information.
- Use standard operating procedures (SOPs) for disclosures to stock exchanges.
- Ensure timely and fair dissemination through the stock exchange and company website simultaneously.
- Maintain training logs to ensure insiders are aware of their legal obligations.
- Ensure a Code of Conduct for Insider Trading is adopted and followed.
- Insiders should obtain D&O (Directors and Officers) liability insurance for protection in good faith actions.
- Define and enforce clear UPSI handling protocols.
- Use confidentiality agreements when dealing with consultants, bankers, and auditors.
- Deploy enterprise-level data loss prevention (DLP) tools.

- Focus on long-term performance rather than short-term stock price movements.
- Encourage a culture of integrity rather than pressure to “manage” earnings.
- Publish forward-looking guidance judiciously to temper speculative behavior.
- Proactively address rumors and speculative news through formal channels.
- Adopt whistleblower policies to detect and report insider trading breaches early.
- Appoint a strong compliance officer to advise on grey areas and ensure enforcement.
- Regular compliance training for all insiders, not just senior management.
- Employ a dedicated compliance team for insider trading and governance monitoring.
- Use compliance software to automate tracking of insider trades and UPSI access.

CONCLUSION

The position of an insider is a complex interplay of privilege and responsibility, influence and restraint. The path they walk is narrow and fraught with danger, but it is also essential to the functioning of capital markets and corporate governance. The future of ethical business practices depends largely on how well insiders perform their balancing act.

As regulatory frameworks grow more sophisticated and digital footprints become easier to trace, there is less room for ambiguity. Companies must invest in education, ethics, and compliance, while insiders must internalize the values of integrity, accountability, and caution.

In the end, walking the tightrope is not about escaping scrutiny — it's about mastering balance, supported by trust, transparency, and an unwavering commitment to doing what's right, even when no one is watching.

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Practical Perspectives on the RPT Industry Standards

This article enumerates concerns related to RPTs and the recent Industry Standards on “Minimum information to be provided for Review of the Audit Committee and shareholders for approval of RPTs” and further the revised Industry Standards on Minimum information to be provided to the Audit Committee and Shareholders for approval of RPTs (“RPT Industry Standards”) on June 26, 2025 w.e.f. September 01, 2025. The RPT Industry Standards aimed to critically analyse the adequacy and clarity of the information provided, ensuring that it meets the legal and regulatory requirements set forth under the LODR Regulations and the SEBI Master Circular.



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INTRODUCTION

Related Party Transactions (RPTs) have traditionally been viewed as a sensitive aspect of corporate governance, given their inherent risk of conflicts of interest, manipulation of financial reporting and excessive promoter influence. In the past, disclosures relating to RPTs were largely unstructured and inconsistent, often presented in a descriptive and subjective manner. Such practices created significant information gaps, leaving Audit Committees and shareholders without sufficient clarity to properly assess the business rationale and governance impact of these transactions.

In an effort to address these concerns and to enhance the quality of disclosures relating to RPTs, Industry Standards Forum (ISF) had issued Industry Standards on

“Minimum information to be provided for Review of the Audit Committee and shareholders for approval of RPTs”, effective from April 01, 2025. The RPT Industry Standards aimed to critically analyze the adequacy and clarity of the information provided, ensuring that it meets the legal and regulatory requirements set forth under the LODR Regulations and the SEBI Master Circular.

Following the circular, stakeholders voiced practical concerns and requested simplification. Acknowledging the feedback, SEBI extended the effective date to July 01, 2025 vide Circular dated March 21, 2025 and tasked the Industry Standards Forum (ISF)—comprising representatives from FICCI, CII and ASSOCHAM—to revisit and revise the Standards.

Pursuant to this direction, the ISF, after consultation with the working group members representing FICCI, CII and ASSOCHAM; independent directors and SEBI, has issued the **revised Industry Standards on Minimum information to be provided to the Audit Committee and Shareholders for approval of RPTs (“RPT Industry Standards”)** on **June 26, 2025 w.e.f. September 01, 2025**. These revised RPT Industry Standards not only replace the February version but also address industry concerns by streamlining the applicability matrix, reducing unnecessary disclosure burdens and ensuring better alignment with practical governance needs.

SEBI, vide Circular dated **June 26, 2025**, has amended **Section III-B of the SEBI Master Circular dated November 11, 2024**, mandating that listed entities must follow the RPT Industry Standards. The purpose of the RPT Industry Standards is to:

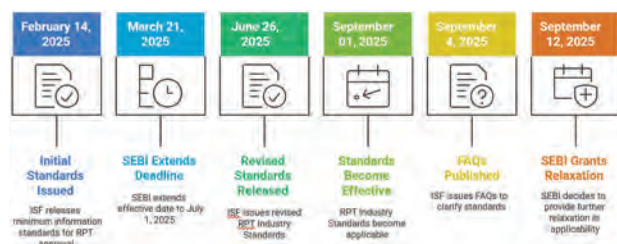
- Promote greater transparency in the disclosure of RPTs;
- Establish uniformity and comparability in reporting practices;
- Enhance the Audit Committee’s ability to exercise effective oversight; and
- Provide shareholders with clear, structured and dependable information.

After this Circular, ISF issued 25 FAQs on the RPT Industry Standards dated **September 4, 2025**, to provide clarity on

various aspects, including their applicability, guidelines for placing information before the Audit Committee and the minimum information to be provided to shareholders for the approval of material RPTs.

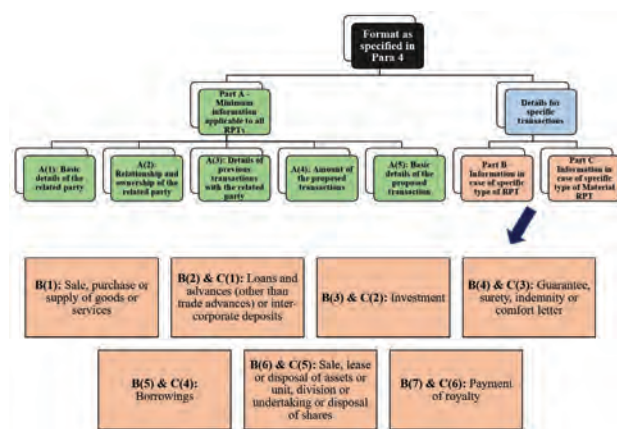
Recently, SEBI in its meeting held on September 12, 2025, approved further relaxations in the applicability of the RPT Industry Standards.

TIMELINE



ASPECTS COVERED UNDER THE RPT INDUSTRY STANDARDS

The RPT Industry Standards specify the minimum information required for the approval of RPTs, generally covering the following aspects in the format:



APPLICABILITY OF RPT INDUSTRY STANDARDS

The RPT Industry Standards shall apply to:

- All RPTs placed for review and approval by the Audit Committee of the listed entity, in terms of Regulation 23(2) and 23(3) of the LODR Regulations; and
- Material RPTs as defined under Regulation 23(1) & 23(1A) of the LODR Regulations, which are placed for approval of both the Audit Committee and the shareholders.

For material RPTs, Parts A, B and C of Para 4 of the RPT Industry Standards shall be applicable. For non-material RPTs, Parts A and B of Para 4 shall apply.

However, the RPT Disclosure Standards shall not be applicable to:

- Transactions exempted under Regulation 23(5) of the LODR Regulations; and
- Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of the LODR Regulations.
- Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed Rs. One Crore.

Further, the SEBI has relaxed the applicability of RPT Industry Standards for the transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed 1% of annual consolidated turnover of the listed entity or Rs. 10 Crore, whichever is lower.

For ease of understanding, a simplified applicability matrix is provided below:

Applicability Matrix

Type of Transaction	Threshold / Applicability Condition	Approvals required	Disclosure Requirement
Material RPT	As defined under Regulation 23(1) & (1A) of the LODR Regulations.	Audit Committee + Shareholders	Parts A, B and C shall be applicable.
Other than Material RPT	Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) exceeds 1% of annual consolidated turnover of the listed entity or ₹ 10 Crore, whichever is lower.	Audit Committee	Parts A and B shall be applicable.
	In any case, if 1% of the annual consolidated turnover is ₹1 crore or less, then the threshold limit shall be more than ₹1 crore.		
Residual RPT	Other than the above	Audit Committee	As provided in Section III-B of the SEBI Master Circular dated November 11, 2024.

After reading the applicability matrix mentioned above, the following questions may arise:

Q 1. Do the RPT Industry Standards apply to High Value Debt Listed Entities (HVDLEs), especially in light of Chapter VA and Regulation 62K applicable from April 1, 2025? Are there any exemptions for HVDLEs operating under PPP models?

Answer: The RPT Industry Standards have been formulated under Regulation 23 of the LODR Regulations, 2015. Listed entities that have listed non-convertible debt securities with an outstanding value of Rs. 1,000 crore or more (HVDLEs) are required to comply with Chapter VA (Regulations 62B to 62Q). However, if such an HVDLE also has its specified securities listed, it must comply with Regulations 15 to 27 as well. This means that HVDLEs which do not have specified securities listed are not required to follow the RPT Industry Standards.

¹[Q 2.] If a transaction is not covered under Part B and Part C, does it still need to comply with the RPT Industry Standards?

Answer: As stated in Para 4 of the Executive Summary of the RPT Industry Standards itself, Part A of Para 4 of the RPT Industry Standards applies to all related party transactions unless exempt under Para 1(3) of the RPT Industry Standards.

²[Q 3.] A listed entity enters into three related party transactions during the financial year, each amounting to ₹30 lakh. It then proposes a fourth transaction of ₹11 lakh with the same related party. Will the RPT Industry Standards be applicable to the fourth transaction? From when will the disclosure requirement apply?

Answer: Yes, the RPT Industry Standards will be applicable to the fourth transaction (assuming approvals are taken at different point in time during the financial year), as the cumulative value of transactions during the financial year will exceed the ₹1 Crore threshold. The disclosure requirement will apply from the point at which the cumulative value crosses the prescribed limit, i.e., at the time of entering into the ₹11 lakh transaction, if the transactions are approved at different points of time. In the instant case, the RPT Industry Standards would need to be complied with at the time of seeking approval for the RPT for Rs.11 lakh.

However, if the transactions are approved at the same time or on omnibus basis, then the disclosure requirements would become applicable at that time.

³[Q 4.] If a listed entity has an annual consolidated turnover of ₹5 Crore, then 10% of such turnover is ₹50 lakh. If the listed entity now seeks approval for a ₹90 lakh transaction with a related party, it falls below the ₹1 Crore threshold specified in Para 1(3) of the RPT Industry Standards. However, this would be a material RPT under Regulation 23(1) of the LODR Regulations, 2015. In such a case, will the RPT Industry Standards apply?

Answer: No. the RPT Industry Standards are not applicable for RPTs below ₹1 Crore. However, the Board of Directors and the Audit Committee may at its discretion, prescribe minimum information required to be placed for approval of RPT below ₹1 Crore in their internal policy for approval of RPT as formulated under Regulation 23(1) of LODR.

Q 5. The materiality threshold is defined as exceeding ₹1,000 crore or 10% of the annual consolidated turnover of the listed entity. If a listed entity enters into two separate transactions with a related party, such as a ₹500 crore sale of goods and a ₹600 crore sale of an undertaking, the combined value exceeds ₹1,000 crore and thus qualifies as a material RPT. In this case, at the time of seeking shareholder approval, will the RPT Industry Standards apply, since each individual transaction is below the materiality threshold?

Answer: Yes. Para 1(2) of the RPT Industry Standards clearly states that these Standards shall apply to material RPTs, as defined under Regulations 23(1) and 23(1A) of the LODR Regulations, which are placed before both the Audit Committee and the shareholders for approval. Further, Para 3(1)(f) of the RPT Industry Standards states that in case of multiple types of proposed transactions, details to be provided separately for each type of the proposed transaction.

TRANSITIONAL PROVISIONS FOR IMPLEMENTATION OF RPT INDUSTRY STANDARDS

The RPT Industry Standards have been applicable from **01st September, 2025**. However, ISF has clarified the following in the RPT Industry Standards:

- (a) **Approval Granted Before Effective Date for Future RPTs:** If the Audit Committee and/or shareholders have granted approval before **1st September 2025** for RPTs to be executed on or after that date, the listed entity shall not be required to seek fresh

approval during the validity of such approval, unless there is any material modification to the RPTs that is placed before the Audit Committee on or after **1st September 2025**.

- (b) **Omnibus Approval Prior to Effective Date for FY 2025–26:** If omnibus approval has been granted before **1st September 2025** for RPTs pertaining to the financial year 2025–26, the listed entity shall not be required to seek fresh approval with disclosures as per the RPT Industry Standards. However, any material modification to such RPTs on or after **1st September 2025** shall be subject to the RPT Industry Standards.
- (c) **Material RPT Approved by Audit Committee Before Effective Date:** If a Material RPT is approved by the

¹ Part of FAQs on the RPT Industry Standards issued by ISF.

² Part of FAQs on the RPT Industry Standards issued by ISF.

³ Part of FAQs on the RPT Industry Standards issued by ISF.

Audit Committee before **1st September 2025**, the RPT Industry Standards shall not apply, irrespective of whether the notice to shareholders is sent before, on or after **1st September 2025**.

MINIMUM INFORMATION REQUIRED FOR AUDIT COMMITTEE REVIEW

As per RPT Industry Standards, the following information shall be provided by the management of the listed entity to the Audit Committee:

- a) The information in the format as specified in Para 4 of the RPT Industry Standards. Where a field is not applicable, it shall be indicated as 'NA', with the reason for non-applicability to be disclosed to the Audit Committee, unless it is self-evident.
- b) Certificates from the CEO/Managing Director/Whole Time Director/Manager and CFO of the listed entity confirming that the terms of RPTs proposed to be entered into are in the interest of the Listed Entity.
- c) Copy of the valuation or other report of external party, if any.

At the time of providing the aforementioned information, the management of the listed entity shall also consider other important factors:

- If the audited financial statements of the related party for the immediately preceding financial year are not available, the related party shall provide financial extracts relevant to the minimum information required under the RPT Industry Standards. Such extracts shall be drawn from its books of accounts and duly certified by the related party.
- If the related party follows a different financial year, this fact shall be disclosed.
- In case of multiple types of proposed transactions, details to be provided separately for each type of the proposed transaction – *for example, (i) the sale of goods and the purchase of goods would need to be treated as separate transactions; (ii) the sale of goods and the sale of services would need to be treated as separate transactions; (iii) the giving of loans and the giving of guarantee would need to be treated as separate transactions*

MINIMUM INFORMATION REQUIRED FOR SHAREHOLDERS APPROVAL

As per RPT Industry Standards, the following information shall be provided to the shareholders:

- a) Information as placed before the Audit Committee in the format as specified in Para 4 of the RPT Industry Standards, to the extent applicable.

- b) Justification as to why the proposed transaction is in the interest of the listed entity, basis for determination of price and other material terms and conditions of RPT.
- c) Disclose the fact that the Audit Committee has reviewed the certificates provided by the CEO/ Managing Director/ Whole Time Director/ Manager and CFO of the Listed Entity.
- d) Disclosure that the material RPT or any other material modification, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction for the approval of shareholders.
- e) Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.
- f) The Audit Committee and Board of Directors, while providing access to the shareholders, may approve redaction of commercial secrets and such other information if it affects the competitive position of listed entity and in its assessment, confirms that the redacted disclosures still provide the necessary information for informed decision-making to the public shareholders.

- g) Any other information that may be relevant.

For regulatory authorities such as SEBI, stock exchanges and other corporate regulators, the Industry Standards bring greater clarity and efficiency to compliance, monitoring and enforcement processes by ensuring Consistency Across Listed Companies, Elimination of Regulatory Arbitrage, Stronger Oversight Mechanisms, Curbing Misreporting and Fraud.

KEY CHANGES IN REVISED RPT INDUSTRY STANDARDS

1. **Applicability Matrix Simplified:** The matrix has been completely modified and simplified. The RPT Industry Standards are now applicable to all Material RPTs and other RPTs with a transaction value exceeding ₹1 crore. However, the Standards shall not apply to transactions that are exempt under Regulation 23(5) of the LODR Regulations, as well as to the quarterly review of RPTs by the Audit Committee under Regulation 23(3)(d) of the LODR Regulations.
2. **Ease out the signatory requirement for RPT Certification:** Instead of promoter directors, the certificate confirming that the RPT terms are in the interest of the listed entity will now be signed by the CEO/ MD/ WTD/ Manager and CFO.
3. **Ease out the bidding requirement:** For transactions involving the sale or purchase of goods or services and the sale or disposal of assets, the listed entity must now disclose whether any bidding or other process was followed to select the counterparty, along with the basis for determining the transaction price. Previously, five detailed line items of mandatory disclosures regarding the bidding process were required.



4. **Elimination of various line items in royalty payment:** The number of disclosure line items, including disclosures on new and existing technology, in-house research and development, royalty paid or payable for imported technology and royalty related to brands or other intangible assets, have been done away with.
 5. **Ease out the peer comparison requirement:** The requirement for peer comparison in royalty-related disclosures has been eased, reducing the subjective burden and removing ambiguity.
 6. **Exemption to insurance companies:** Certain line items exempted for listed banks, NBFCs and insurance companies. Previously it was limited to listed banks and NBFCs.
 7. **Audit Committee's Role Clarified:** Rather than requiring a separate certificate, the audit committee is now expected to apply its mind and record its rationale for approving RPTs, striking a better balance between diligence and operational ease.
 8. **Web Link and QR Code for Accessing Valuation Reports in RPTs:** For the valuation report, the listed entity should provide a web link and a QR code through which shareholders can access the valuation or other external reports, if any, considered by Audit Committee while approving the RPT.
- *Management* benefits from clearer compliance pathways;
 - *Shareholders* enjoy stronger governance safeguards; and
 - *Regulators* can enforce compliance more effectively.

BENEFITS OF THE RPT INDUSTRY STANDARDS: A MULTI-STAKEHOLDER PERSPECTIVE

The RPT Industry Standards are a **win-win for all stakeholders**—

- *Audit Committee* to gain better oversight tools;

1. Benefits for Audit Committee & Independent Directors

- **Standardized Disclosure Format:** RPT information is now presented in a consistent and structured manner, enabling Audit Committees to review and analyze transactions more effectively.
- **Improved Decision-Making:** By requiring benchmarking of RPTs with industry peers and comparable third-party transactions, Audit Committees can better determine whether such deals are at arm's length and commercially justified.
- **Mandatory Certifications:** Declarations from the CEO, Managing Director, Whole-Time Director, Manager and CFO confirm that the proposed RPTs serve the best interests of the listed entity.
- **Enhanced Oversight Role:** With stricter scrutiny requirements, Audit Committees are empowered with stronger tools to question, assess and where necessary, reject transactions, thereby lowering governance-related risks.

2. Benefits for the Management of the Listed Entity

- **Clarity in Compliance:** Defined approval processes and standardized disclosure formats

make RPT approvals smoother and reduce ambiguity in compliance.

- **Stronger Market Reputation:** Transparent disclosures of RPTs enhance investor, regulator and analyst confidence, thereby strengthening the company's long-term credibility.
- **Efficient Internal Workflows:** A structured reporting framework ensures that both financial and non-financial aspects of RPTs are captured systematically, minimizing errors and compliance lapses.
- **Lower Regulatory Exposure:** Adhering to uniform procedures helps companies reduce the risk of penalties, regulatory intervention, and potential litigation, leading to more seamless business operations.

3. Benefits for Shareholders (Including Public Shareholders)

- **Improved Transparency:** Investors now have access to comprehensive and structured disclosures, allowing them to evaluate the necessity, fairness and commercial soundness of related party transactions.
- **Checks on Promoter Influence:** Mandatory certifications by the CEO, Managing Director, Whole-Time Director, Manager and CFO assure shareholders that proposed RPTs are aligned with the company's best interests.
- **Fair Pricing and Valuation:** Benchmarking with independent transactions and reliance on external valuation reports safeguard investors from unfairly priced deals favoring related parties.
- **Boosted Investor Confidence:** Consistent and reliable disclosures foster trust, encouraging greater participation from institutional and foreign investors, ultimately strengthening market sentiment.

4. Benefits for Regulators

For regulatory authorities such as SEBI, stock exchanges and other corporate regulators, the RPT Industry Standards bring greater clarity and efficiency to compliance, monitoring and enforcement processes by ensuring:

- **Consistency Across Listed Companies:** Standardized disclosure formats make supervision easier and guarantee that all entities follow a uniform level of transparency.
- **Elimination of Regulatory Arbitrage:** Clearly defined thresholds and detailed reporting norms prevent companies from exploiting gaps

or manipulating disclosures, ensuring fair and consistent practices.

- **Stronger Oversight Mechanisms:** The structured framework enables regulators to more effectively detect irregularities, questionable transactions, or governance failures, allowing for timely intervention.
- **Curbing Misreporting and Fraud:** With mandatory audit committee approvals, reliance on external valuations, and peer comparisons, regulators are better equipped to identify and prevent financial misstatements and RPT-related misconduct.

CONCLUSION

The RPT Industry Standards represent a significant milestone in strengthening corporate governance in India by ensuring that:

- Audit Committees receive comprehensive transaction information, thereby minimizing risks at the approval stage.
- Audit Committees are better equipped to critically evaluate and question proposed transactions.
- Management benefits from a clear, structured compliance framework, reducing uncertainty.
- Public shareholders gain from greater transparency, which helps limit the scope for financial irregularities.

The RPT Industry Standards make corporate governance more transparent, accountable and investor-friendly. This is not just a compliance requirement — it is a fundamental shift towards corporate integrity, transparency and financial accountability.

REFERENCES:

- FAQs on "RPT Industry Standards" issued by ISF on 04th September, 2025: https://www.assochem.org/uploads/files/FAQs_RPT%20Industry%20Standards_04.09.2025.pdf*
- Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of RPTs": https://nsearchives.nseindia.com/web/circular/2025-06/NSE_Circular_26062025_20250626233339.pdf*
- Webinar on "RPT Industry Standards: Practical Perspectives with Q&A" conducted by Corporate Professionals on 11th July, 2025: <https://www.youtube.com/watch?v=m463D7Gzp1g>*



Governance Landscape for Unlisted Entities Approaching Listing on Stock Exchanges: A Perspective for Company Secretaries

With the convergence of boom in IPOs and increasing emphasis on the role of Company Secretaries as governance professional, it becomes extremely imperative for Company Secretaries, to understand how the governance landscape transforms from an unlisted entity to a listed entity, due to the applicability of securities laws. However, beyond merely understanding the technical compliances, Company Secretaries should understand the spirit of governance framework applicable to a listed entity, and adopt best practices with comprehensive planning, co-ordination with internal stakeholders, creating awareness within the organisation and implementing controls and procedures across the organisation. This article encapsulates the key corporate governance areas that require close attention of Company Secretaries, in an organisation approaching listing on stock exchanges.



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INTRODUCTION

Capital markets continue to be the preferred fund-raising avenue over traditional bank funding for India Inc., particularly for the new age companies. However, for an organisation aiming to approach capital markets, the dynamics significantly change from pre-listing stage to post listing on stock exchanges. A listed entity faces increased regulatory oversight and continuous scrutiny of various stakeholders viz. shareholders, investors (Institutional, HNIs and Retail investors), regulators, proxy advisory firms, research analysts, peer group / competitors, value chain partners, consumers etc. transcending geographical boundaries. Any action or decision (and communication with respect to that in public domain) must go through a well-laid out process and protocol formed on the principles of integrity, transparency and good governance. This makes the role of Company Secretaries very significant and crucial.

During the journey towards listing of an entity, the management focuses on building a robust growth story; finance teams work towards implementing internal controls to ensure accurate, adequate and timely disclosure of financial information during the IPO as well

as post listing and maximising the valuation; similarly, Companies Secretaries must strive to implement a robust governance system suitable to meet the demands of a listed entity, in a proactive and planned way. A well laid out governance system of the organisation helps in bringing confidence in the ethical working and sustainability of the organisation, achievability of the stated growth strategies and can help many investors in taking that final investment call. Thus, the governance system of an entity becomes a crucial element of the benefits perceived from public listing.

During the investors' engagement in IPO, besides the growth story, financial and operational performance indicators; the governance practices and discipline in business conduct is the key focus area that many investors want to discuss with founders/promoters. Founders or promoters also acknowledge that public listing and rigorous scrutiny of stakeholders brings efficiency in business and creates a long-term sustainable organisation beyond individual identities.

Transforming the governance culture of an organisation involves significant time. Therefore, it can be prudent for Company Secretaries to implement the governance requirements as applicable to a listed entity at least one year prior to listing, to overcome operational challenges.

As regards the regulatory framework, a listed entity needs to ensure compliance with both Companies Act, 2013 and SEBI regulations, which are generally not inconsistent but more stringent than Companies Act, 2013. Further, SEBI Listing Regulations primarily follow a principle and disclosure-based approach as articulated in regulation 4. This expansion of applicable legal framework from Corporate and labour laws, to various securities laws such as SEBI ICDR Regulations, SEBI LODR Regulations, SEBI (PIT) Regulations, and various other SEBI laws requires a well-planned strategy, to ensure smooth transition.

Some of the key corporate governance areas (*list is not exhaustive*) that requires close attention of Company Secretaries during this transformational journey to become a listed entity, are encapsulated below:

1. Alignment of constitutional documents, shareholders' agreement and other material agreements, identification of promoter:

The first checkpoint is alignment of constitutional documents from listing perspective. The Articles of association of listed entity should not have any restrictive clauses with respect to issue, transferability and/or listing of securities. Investors in privately held companies, especially the new age companies enter into shareholders' agreements, with or without the company being a party to the agreement, that grants such investors certain special rights in relation to control and management of the company such as Nomination Rights, Veto Rights / Affirmative voting, Information Rights, Anti-Dilution Rights, Right of First Refusal, Tag Along Rights, Divestment Rights, etc. These rights are generally granted to private equity investors as well as founder / promoter investors that, directly or indirectly, have an impact on the management or control of the company. These rights are also generally reflected in Articles of Associations of the company. From the perspective of IPO/ listing, such special rights (whether stipulated under shareholders' agreements or the articles of association) need to be terminated or they will automatically fall away from the date of listing and fresh shareholders' approval will be required to reinstate such rights, subject to approval by way of special resolution of the shareholders in general meeting every five years.

The terms of such agreements also have an impact on disclosure of founders and/or investors as promoter in the IPO offer documents. Hence, the Company Secretary shall review such shareholders' agreements, constitutional documents, annual reports etc. and align all concerned stakeholders to identify individuals / entities to be named as promoter.

Apart from the abovementioned shareholders agreements, the Company Secretary also need to execute / review the existing material agreements such as agreements relating to payment of Royalty and brand licensing arrangement with promoters / parent entities / third parties, common services and/or common infrastructure agreements and ensure that the terms of such agreements are not unfairly biased and are at arms' length basis. Company Secretaries should be cognizant of these requirements and ensure all such agreements and constitutional documents are suitably modified in consultation with internal concerned stakeholders.

2. Alignment of Corporate Structure, Capital Structure and Compliance Framework:

A multi-faceted review of corporate structure is extremely essential ahead of the IPO. In this regard, the Company Secretary should:

- Review the corporate structure of entities within the Group to assess need for jurisdictional shift/ reincorporation outside the home jurisdiction, merger, demerger or consolidation of business/ divisions to generate investors' interest and maximising valuation.
- Review the capital structure of the company to assess need for bonus issue / stock split / rights issue, conversion of convertible securities as it may have implications on IPO requirements.
- Review organisation structure to identify Key Managerial Personnel, senior managerial personnel and other key employees, their profiles, employment agreements etc. from marketing as well as legal perspective.
- Assess need to implement employee stock option plans, to enhance employees' trust and align employees' interest with organisation goals, or review existing employee stock option plans, to ensure compliance with securities laws.
- Implement measures to ensure oversight over subsidiaries as per the requirements of SEBI Listing regulations.

The Company Secretaries also need to review all existing corporate and business approvals, intellectual property rights registrations, litigations, secretarial and legal compliances, tax registrations and compliances, statutory dues compliance and take appropriate actions to address / redress non-compliances, if any.

3. Changes in Board Structure:

Listing transforms governance culture from the Board level, requiring a listed entity to appoint Independent Directors (IDs), or more number of IDs than that envisaged under Section 149 read with companies (Appointment and Qualification of Directors) Rules, 2014. Further, the eligibility criteria of IDs is wider under SEBI Listing Regulations as compared to Companies Act, 2013 e.g. the criteria of 'pecuniary relationship' is subjective under SEBI Listing Regulations as it is based on 'material' pecuniary relationship as compared to an objective threshold specified under the Companies Act, 2013. This may require re-assessing the eligibility of existing IDs and a detailed scrutiny of new IDs. E.g. in a recent informal guidance issued by SEBI on May 14, 2025 in the case of InfoBeans Technologies Limited¹, SEBI highlighted the requirements of SEBI Listing regulations that in the absence of any threshold to determine 'material pecuniary relationship' for eligibility of independent director, the regulations require the Board of Directors and Nomination and Remuneration Committee to undertake due assessment of the veracity of the declaration of independence submitted by Independent Directors, while acknowledging, but not suggesting to technically follow the threshold of 10% of the director's total income as prescribed under the Companies Act,

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2013. This informal guidance reinforces SEBI's approach to follow the spirit of corporate governance and not just the letter of the law.

The appointment of IDs is not merely a technical requirement to be fulfilled; it shapes governance culture of the entity post listing. While the selection of IDs is mostly overseen by the management, Company Secretaries as governance professionals, have the responsibility to familiarise the IDs with the business and operations of the company and provide necessary information and means to enable IDs to effectively discharge their role and obligations and meaningfully contribute to the company management while ensuring compliance with relevant legal framework. In the current scenario, the involvement of Independent Directors is increasing significantly from merely supervisory role to proactive participation in all business areas. E.g. as per SEBI Listing Regulations, the related party transactions shall be approved by only those members of audit committee who are Independent Directors. Therefore, Company Secretaries are not just required to arrange necessary information but have a strategic and active participation during the entire decision-making process to ensure that Independent Directors are able to discharge their role meaningfully.

Besides the appointment of Independent Directors, a Company Secretary would also need to review the terms of appointment or employment contracts of existing executive or non-executive non-independent directors and align such terms or contracts with the requirements of SEBI regulations, since SEBI regulations prescribe certain conditions that are more stringent than Companies Act, 2013. e.g. SEBI Listing regulations does not permit board permanency. As per SEBI Listing regulations, w.e.f. April 1, 2024, the continuation of a director serving on the Board of Directors of a listed entity, other than the Directors liable to retire by rotation as per the Companies Act, 2013 shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be.

4. Constitution of committees / change in composition of existing committees, Appointment of compliance officer:

While the Companies Act, 2013 mandates constitution of committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR committee for listed entities, certain 'public' companies or companies meeting certain threshold criteria, SEBI Listing regulations prescribes detailed requirements relating to composition, meetings, quorum, terms of reference etc. that are more stringent from those prescribed under the Companies Act, 2013. SEBI Listing regulations additionally require Risk Management Committee to be constituted by top 1000 listed entities by market capitalisation and high value debt listed entities (HVDLEs).

A well laid out governance system of the organisation helps in bringing confidence in the ethical working and sustainability of the organisation, achievability of the stated growth strategies and can help many investors in taking that final investment call.

In reality, the dynamics of these Board committees have become a lot more complex, where doing a merely technical compliance can be a vulnerable proposition. It is important to understand the spirit of these regulatory requirements and align the conflicting forces within the organisation system to ensure smooth and efficient functioning.

Further, the provisions relating to maximum number of directorships by any director are more stringent under SEBI Listing regulations as compared to the Companies Act, 2013. This requires Company Secretaries to assess the status of compliance in case of each director and take appropriate steps.

The most pertinent matter for Company Secretaries is to understand the role of Compliance Officer under SEBI Listing Regulations. These regulations require every listed entity to appoint a qualified Company Secretary to act as Compliance officer. Further, pursuant to SEBI LODR (Third Amendment) Regulations, 2024 w.e.f. December 12, 2024, the regulations now require the Compliance Officer shall be in whole time employment of the listed entity, not more than one level below the Board of Directors and shall be designated as a Key Managerial Personnel. The responsibilities of Compliance Officer are defined in regulation 6(2) to, inter-alia, *ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit* and ensure redressal of investor grievances. While SEBI ICDR regulations also require a qualified Company Secretary to be the Compliance Officer but does not specify level of reporting within the organisation structure. However, on a coherent reading of both SEBI ICDR Regulations and SEBI LODR Regulations, it will be prudent to align the hierarchical position of Compliance Officer one level below the Managing Director or Whole Time Director, who are part of Board of Directors, at the time of IPO.

Directors, at the time of IPO.

5. Policies and code of conduct

While Companies Act, 2013 mandates every company meeting certain thresholds as prescribed under the relevant section, to form certain policies, SEBI Listing Regulations prescribes many other additional policies to be framed and complied with, that may require substantial planning and execution for successful implementation such as materiality policy for determining material subsidiaries, policy on dealing with related party transactions, policy for determining materiality for disclosures, policy for prevention of insider trading, Code of Practices and Procedures for fair disclosure of unpublished price sensitive information, policy on board diversity, succession planning etc. The existing policies should also be reviewed prior to listing to ensure compliance with SEBI norms and make appropriate amendments. Further, in order to ensure compliance with the policies, Company Secretaries should frame detailed procedure and create awareness in internal teams to ensure adequate and timely information is available for reporting and disclosure purposes.

6. Related Party Transactions (RPTs):

The legal framework relating to RPTs has significantly evolved in recent years. RPTs are one of the crucial considerations which require close analysis and planning ahead of IPO, not just from disclosure perspective but also from implementing the right internal controls and workflows to ensure compliance post listing. The Company Secretaries need to carry out an extensive exercise to identify related parties (in joint reading of Companies Act, 2013 SEBI Regulations, and Indian Accounting standards), identify related party transactions and 'material' RPTs as per the thresholds defined under the SEBI Listing Regulations read with industry standards, assess and ensure compliance for each RPT in terms of approval of Audit committee, Board of Directors and Shareholders' approval. In order to comply with legal requirements, the Company Secretaries are required to implement rigorous policies and procedure for identification, approval, certification and reporting of RPTs in compliance with SEBI Listing regulations and industry standards. It is important to note that legal framework relating to RPTs is significantly wider under SEBI Listing Regulations as compared to Companies Act, 2013. E.g. the latest industry standards on RPTs², which have evolved pursuant to various rounds of discussions with industry stakeholders and are applicable to listed entities from September 1, 2025³ provides detailed guidelines for threshold for material RPTs, minimum information to be disclosed to audit committee and shareholders for approval of RPTs, and certification requirements.

Stock Exchanges and SEBI can *suo moto* seek clarifications from listed entities if any RPT disclosed to stock exchanges have been approved by audit committee and shareholders (if applicable).

7. Regular Compliances and event-based Compliances:

One of the most significant aspect for a Company Secretary is to upgrade the organisation's systems to disseminate more elaborate, frequent and faster information post listing. The post listing regulatory framework requires many additional disclosures on quarterly/half-yearly/annual basis, within the specified timelines which are different and more stringent from those defined under the Companies Act, 2013 such as:

- Declaration of quarterly financial results.
- Statement of RPTs every six months along with dissemination of unaudited financial results.
- Submission of quarterly compliance report on corporate governance and statement of investor complaints in integrated filing (Governance).
- Disclosure of shareholding pattern on a quarterly basis.

Besides the regular compliances, every listed company is also required to make disclosures of any event or information which, in the opinion of the Board of Directors of the listed company, is material. Certain events, as specified in Para A of

Part A of Schedule III are per-se deemed material and are required to be disclosed irrespective of the thresholds of materiality. Other 'material' events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality are also required to be disclosed within 30 minutes or 12 / 24 hours or such other timelines as specified in the regulation for a particular event. These events, inter-alia, include extra-ordinary events in company, clarifications on market rumours, material updates in the business and structure of the company. In order to ensure compliance with event-based disclosure requirements, a Company Secretary is required to frame detailed internal controls and procedures and create awareness at all levels of the organisation so that the information is available to the compliance officer in adequate and timely manner.

8. Compliances under SEBI (Prohibition of Insider Trading) Regulations:

Prevention of insider trading is one of the major focus areas of SEBI to maintain market integrity and create level playing field for all investors. The regulatory intent and expectations from listed entities to ensure prevention of insider trading beyond the technical compliance, is very clearly articulated in case of SEBI (PIT) Regulations. These regulations provide for a preventive mechanism through the code of conduct and fair disclosures, however pursuant to Report of T.K. Viswanathan Committee on Fair Market Conduct⁴ published in August 2018, SEBI PIT Regulations were amended to require listed entities to implement an institutional mechanism to prevent insider trading, as depicted below:

Board of Directors	Ensure that CEO, Managing Director or such other analogous person of a listed entity ensure compliance with internal controls, mentioned below.
CEO, Managing Director or such other analogous person of a listed company	- Put in place adequate and effective system of internal controls* to ensure compliance with the requirements given in these regulations to prevent insider trading. *Indicative internal controls are specified in SEBI (PIT) Regulations.
Audit Committee	- Review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively. - Decide whether non-implementation of trading plan approved (Full/partial), was bonafide or not.
Compliance Officer	- Report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee. - Decide on closure of trading window and re-opening, other than as may be specifically required under SEBI regulations. - Pre-clearance of trades. - Approval of trading plan.

With increasing use of technology and AI based surveillance, the number of insider trading cases investigated and adjudicated by SEBI has increased significantly over the last few years. Many of these cases included penalties for violation of these regulations by top brass of large corporates.⁵ This clearly highlight the regulatory intent.

Further, one of the key aspects of these regulations is that it prohibits insider trading in securities that are listed or 'proposed to be listed on a stock exchange' when in possession of UPSI, subject to certain exemptions. 'Proposed to be listed' includes securities of a company that has filed offer document with the Board or stock exchanges or ROC in connection with listing, or has filed a copy of scheme of merger or amalgamation under the Companies Act, 2013 if such company is getting listed pursuant to a scheme of merger or amalgamation. Thus, it is crucial for Company Secretaries to take

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appropriate measures prior to filing of the draft offer document or draft scheme, as applicable. With increasing investor base in capital markets, it is very crucial for Company Secretaries to implement robust internal controls to prevent insider trading in its securities. Some of the key requirements under SEBI (PIT) Regulations, 2015 that Company Secretaries should understand are:

- i. Identify designated persons based on their role and function in the organisation and the access that such role and function would provide to UPSI in addition to seniority and professional designation. Maintain database of designated persons and their immediate relatives.
- ii. Restrict communication of unpublished price sensitive information (UPSI) and trading by insiders, require execution of confidentiality agreements.
- iii. Implement and maintain structured digital database containing the name of persons or entities with whom UPSI is shared along with specified details. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.
- iv. Obtain initial disclosures from Promoters, members of promoter group, KMPs, Directors etc.
- v. System driven disclosures to be made.
- vi. Formulate policies and code of conduct for fair disclosure and conduct, and policy for prevention of insider trading, as prescribed under the SEBI (PIT) regulations.
- vii. Identify a senior officer as 'Compliance Officer' to administer the compliance of Code of Conduct and other requirements under these regulations.

9. Investor Grievance mechanism

Due to the involvement of public interest post listing, investors may raise complaints to a listed entity relating to any corporate action, non-payment of dividend, share transfer delays/non-receipt of credit in demat account, demat issues, and discrepancies in shareholding records etc. SEBI Listing regulations requires a company to redress investor grievances promptly, not later than 21 days. For this purpose, a listed entity is required to take put in place an effective investor grievance mechanism, involving the following:

- i) Have a dedicated investor relations department and appoint an investor relations officer, usually the compliance officer, to look into investor complaints on timely basis.
- ii) Listed entities are also required to register on SEBI Complaints Redressal System (SCORES)

platform – a centralised web-based complaint redressal facilitation platform. Any complaint registered on SCORES need to be resolved by the listed entity within 21 days and an action taken report is required to be submitted. Investors may also request for review of the complaint, if not satisfied with the resolution. ATR is reviewed by stock exchanges at the first level and by SEBI at the second level.

- iii) A listed entity shall also enrol on the SMART ODR portal, though they are deemed to be enrolled on ODR Portal as per the SEBI Circular dated August 4, 2023, as amended. An investor shall first take up their grievance with the listed entity by lodging a complaint directly with the concerned entity. If the grievance is not redressed satisfactorily, the investor may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. After exhausting these options for resolution of the grievance, if the investor is still not satisfied with the outcome, they can initiate dispute resolution through the ODR Portal. Alternatively, the investor can initiate dispute resolution through the ODR Portal if the grievance lodged with the concerned listed entity was not satisfactorily resolved or at any stage of the subsequent escalations mentioned before.

10. ESG and Business Responsibility and Sustainability Reporting

ESG has become one of the corner stone of corporate growth strategy and in ESG, i.e. Environment, Social and Governance, Governance is the most important element. Without good governance, an entity can't fulfill environment and social objectives.

ESG investing is rapidly transforming the financial markets. Increasing awareness of stakeholders regarding risks associated with unsustainable practices, and increasing gamut of long-term investors having mandate to invest in companies with strong ESG performance, it is becoming crucial for companies to respond to these investors' demands by improving their ESG performance. Thus, ESG framework is evolving, both in terms of increased emphasis on implementing sustainable business practices as well as accurately measuring and reporting the outcomes of such practices, to ensure comparability across the globe and avoid greenwashing.

BRSR reporting by listed entities

As per SEBI Listing regulations read with LODR Master Circular dated November 11, 2024, Top 1000 companies by market capitalisation are required to disclose Business Responsibility and Sustainability Report (BRSR) from financial year 2023-24 onwards. Further listed entities are also required to undertake reasonable assurance of BRSR Core indicators as per the glide path mentioned in LODR Master Circular.

BRSR reporting framework extends beyond the listed entity to its value chain partners as well. Top 250 listed entities by market capitalisation are also required to disclose ESG Disclosures for the value chain on comply or explain basis from FY 2024-25 and also obtain limited assurance on the above on comply or explain basis from FY 2025-26.

BRSR reporting requires an intensive exercise involving identification of KPIs, data requirements, creating awareness amongst the internal and external stakeholders and assigning roles and responsibilities, and adequate as well as accurate data collection to enable assurance from independent assurance service provider. Therefore, it is pertinent for Company Secretaries to make a comprehensive plan for ESG compliance in co-ordination with all internal stakeholders. In this regard, the first Principal that requires 'business to conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable' is particularly noteworthy for Company Secretaries.

Besides the above key areas, there are many other crucial areas that require Company Secretaries to strategize and meticulously upgrade the governance framework ahead of listing.

CONSEQUENCES OF NON-COMPLIANCE WITH SEBI REGULATIONS

Company Secretaries should also be aware of the consequences of non-compliance with SEBI Regulations. Stock exchanges and SEBI can either suo-moto or based on information submitted by the listed entity or market information / rumours, or on receipt of any investor / whistleblower complaint, may take action against the listed entity. As per regulation 98 of SEBI Listing Regulations, if the non-compliance is proved, the listed entity shall, in addition to liability for action in terms of the securities laws, be liable for the following actions by the respective stock exchange(s),

- (a) imposition of fines;
- (b) suspension of trading;
- (c) freezing of promoter/promoter group holding of designated securities, as may be applicable, in coordination with depositories.
- (d) any other action as may be specified by the Board from time to time

Similar provisions are included SEBI (ICDR) Regulations. Further, in certain cases, e.g. as per SEBI Circular dated September 20, 2023 for non-redressal of investor grievance and upon exhaustion of steps prescribed in the circular, the stock exchanges can intimate the depositories to freeze the entire shareholding of the promoter(s) in such listed company as well as all other securities held in the demat account of the promoter(s).

Besides the above, in case a listed entity is not in compliance with the provisions of SEBI Listing regulation, further fund raising through Equity or NCDs may be restricted or the issuer may be not eligible to certain relaxations / exemptions available in case of such fund-raising transactions, under the SEBI Regulations. Hence, it is very important to ensure compliance with SEBI Regulations, at all times as the consequences of non-compliance extends beyond monetary penalties.

Lastly, in the era of investors and social activism, governance lapses have far-reaching implications on business, reputation and financial performance of an organisation. Thus, when a company is approaching listing, Company Secretaries need to be at the forefront to upgrade and articulate, the governance aspect of an equity story.

CONCLUSION

For Company Secretaries, IPO is not an end goal to be achieved, it can though be considered as a journey towards an important milestone in corporate life, that gives a new identity to the company post listing. However, it can best be described as an opportunity to achieve a larger objective—an opportunity to put into action a complete governance culture transformation that creates a long-term value for the organisation, helping it becomes more disciplined, resilient, efficient and sustainable. Thus, for Company Secretaries, securities laws rightly reflect compliance, governance and opportunities, rolled together. The Company Secretaries should utilise this opportunity to create a long-term value by transforming the governance culture of the organisation on the principles of integrity, transparency and accountability in all operations and decision-making process. Hence, Company Secretaries as governance professionals, are a critical stakeholder in securities market ecosystem, who helps in fostering confidence in integrity of securities market by building robust governance systems in the organisations.

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The Emergence of ‘Demerger Strategy’ in India’s Corporate Sector: Significant Impacts and Major Challenges

In the present wave of corporate restructuring, ‘Demerger’ has become an effective and popular strategy in India’s corporate landscape. A demerger makes possible enhanced value contribution and synchronization with industry movements. Considering the significance of this business reformation, all concrete and specific aspects of the strategic plan of demerger have been analyzed in this article. Keeping in view the phase and path of the current corporate improvements, the Company Secretary ought to have played an important role as a catalyst in this changed scenario.



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INTRODUCTION

In the present dynamic business environment, big business houses of India are regularly observing ways to make a strong position in the competitive world. They would like to unlock hidden value of their overall business and minimize administrative costs of each business unit through corporate restructuring strategies. In this scenario, ‘Demerger’ has become a highly effective device for organizational restructuring in the present-day corporate culture of India.

In fact, a demerger is a strategic restructuring tool in which a company divides itself into two or more separate entities. Each entity has a distinct identity and performs functions independently with its own strategic insight, direction, better funds and upgraded administration. A demerger permits a clearer valuation and improved market observation. The newly formed legal entity/resulting company can focus on its specialized market segment and functioning competences. Additionally, it provides several benefits including superior shareholder worth, sectoral concentration, healthier assessment and market perception, etc. Demergers can be categorized as Spin-offs, Split-offs, Split-ups, Equity Curve-outs, etc. Although there are so many benefits of a demerger, it also presents several challenges, like obtaining approvals from regulatory authorities, managing expenses related to valuation and deal implementation, tax implications, handling the hopes of all stakeholders and perceptions of the market, etc.

These must be carefully analyzed and managed by KMPs of the demerged and resulting companies.

Over the past three years, reputed Indian companies having different business segments have made various forms of demergers with commonly similar aims and ideas.

The National Company Law Tribunal (NCLT) approves the scheme of demerger under Sections 230, 231 and 232 of the Companies Act, 2013. In the case of listed companies, an approval related to the Listing Obligations and Disclosure Requirements (LODR) of the SEBI is also required. Section 2(19AA) of the Income Tax Act, 1961 specifies the conditions for tax exemptions for the parent and resulting companies. Moreover, the companies (Compromises, Arrangements and Amalgamations- CAA) Rules-2016, Competition Commission of India (CCI), RBI, Stamp Duty Rules, Registrar of Companies (ROCs) etc. also provide guidelines for demergers. If a demerger is made by a sector-specific company, an additional sanction is essential from associated sector-specific authorities.

Considering the significance of corporate reform events in India, in April, 2025, the Ministry of Corporate Affairs (MCA) has proposed the ‘Companies (CAA) Amendment Rules, 2025’. This proposal is aligned with the announcement made under the Budget 2025-26 for rationalizing and simplifying corporate restructuring mainly emphasis on widening the framework for fast-track mergers and arrangements. In short, all these efforts of the Government of India are being made to ensure the success of the concept of ‘Ease of Doing Business’ in India and the government is conscious about the issues and problems related to the restructuring of organizations.

TYPES OF DEMERGERS

Types	Main Characteristics
Spin-Offs	- The parent company creates a separate independent subsidiary company and distributes new shares in the form of a special dividend on a pro rata basis to its existing shareholders. - The parent company can retain an interest (not more than 20%) in the resulting subsidiary company.

Split-Offs	- The shareholders are given the opportunity/offer to exchange their shares of the resulting company. - Such an offer is known as a "Tender Offer" having an attractive premium to motivate shareholders. - This type of demerger results in a hygienic separation of two or more companies.
Split-Ups	- In contrast to the Split-Offs, the parent company split / liquidated into two or more new resulting companies in Split-Ups. - All the assets and operations of the parent company are distributed among new companies. It means the parent company is dissolved.
Divestiture	- In this corporate action, a company trades or transfers a segment of its business to another existing company. - Cash or security is received by the parent company against the divested business.
Equity Carve-Out	- In this demerger, a small portion or all the stake of a subsidiary company is sold to external investors through an Initial Public Offer (IPO). - The parent company retains significant control over the resulting company. - A public market valuation for the subsidiary company can be created through this type of demerger. - Parent company avails an opportunity to sell a non-core business unit.

- Demerger usually results in the formation of two or more new companies, but in the hiving-off only one business segment/unit is transferred to operate as a separate subsidiary company.
- In case of demerger, the resulting company avails the advantage of carry forward of unabsorbed depreciation and loss. But in hiving-off, such an advantage can only be availed by the parent company.

PROCESS OF DEMERGER

The provisions confined in sections 230, 231, 232 and 233 of Chapter XV of the Companies Act, 2013 and the 'Companies (Comprises, Arrangements and Amalgamations) Rules, 2016' framework the process of application and approval of a demerger offer. Major steps in the process of demerger can be enumerated as below –

- I. **Convening the meeting of the Board of Directors:** The main aim of this meeting is to receive an approval of the draft of the scheme of arrangement /demerger and sanction of the valuation report.
- II. **Preparation of the Scheme of Arrangement/Demerger:** This scheme outlines the strategic objectives of the demerger and it deals with aspects such as details of the transfer of debt, payment to creditors, transfer of assets and liabilities, etc. The scheme of arrangement must be accepted by the shareholders, creditors, employees, and all other related stakeholders.
- III. **Filing of an application for meetings of Shareholders and Creditors with NCLT:** It aims to obtain directions to convene meetings of shareholders and creditors. The NCLT may set the time and place for such meetings and direct how to hold and accomplish meetings. 'Petition' in Form No. NCLT-1&2 and 'Affidavit' in Form No.

NCLT-6 must be enclosed along with this application. According to the Companies (CAA) Amendment Rules, 2022, if an arrangement (demerger) is made between an Indian company and a company which has been incorporated in a country that shares a land border with India, a declaration in Form No. 'CAA-16' must be provided at the time of submission of application.

- IV. **Notice of Meetings:** The notice of meetings of shareholders and creditors would have to be given individually to each shareholder and creditor, in Form No. CAA-2. According to Rule-6 of 'CAA Rules, 2016'; such notice must be circulated at least one month before the meeting date.

- V. **Submission of Report of the Meeting:** The meeting report must be submitted by the Chairperson to the NCLT for approval of the scheme in Form No. CAA-4 within three days after the meeting. After getting the meeting report, the NCLT examines and confirms that the demerger is impartial, in obedience with the rules and regulations, and in the interest of all the stakeholders. If satisfied, the NCLT issues an order approving the schemes.

DEMERGER V/S HIVING-OFF

In the present corporate world, both concepts are being followed for restructuring a business and unlocking unseen values. But there is a common misconception that these are similar terms. Despite this, these have significant differences that can be pointed out as follows –

- In case of demerger, the assets and liabilities of the demerged company are transferred at the original value recorded in the books, while in hiving-off, the lump-sum consideration is transferred without assigning values to individual assets and liabilities.
- A demerger is a complex procedure in comparison to the hiving-off.
- As consideration, shares of the new entity are issued to the shareholders of the parent company. But in case of hiving-off, the lump-sum consideration may be any one of the shares /shares & bonds /cash.
- Demerger can be made to achieve tax neutrality; on the other side, hiving-off might have different tax impacts. Capital gains are taxable in the hands of the parent company.

In big corporate businesses operated under joint family ownership, demerger is used to ensure hassle-free transfer of control and to avoid clashes & conflicts among household members.

VI. **Consent from Registrar of Companies:** A copy of the sanction order or approval of the NCLT in Form No. INC-28 must be filled (within 30 days of receiving the order) by the company to the ROC to confirm the demerger legally. Additionally, Rule 21 (CAA Rules, 2016) says that the company must submit a statement in Form No. CCA-8 with the ROC until the scheme is fully implemented. This type of statement is required to be submitted within 210 days following the end of each F.Y.

VII. **Permission from SEBI:** To maintain transparency, all the listed companies would have to disclose all relevant information about the demerger to the SEBI or stock exchange.

VIII. **Information to Competition Commission of India (CCI)** - If the demerger has the potential to influence market competition, the CCI must be informed through an application. It is notable that the CCI may reject the offer of demerger if it limits fair competition or creates an environment of monopoly.

IX. **Approval from Sector-Specific Regulators:** If a demerger is made by a sector-specific company like banking, insurance, healthcare, renewable energy, etc. an additional approval is a must from related sector-specific authorities.

X. **Notifying the Demerged Plan:** To ensure a smooth transition, the final demerged plan must be communicated to all the stakeholders.

emerging marketing opportunities, to attract the target investors, to enhance operational strategy, to improve market position, to pursue refocus on core business areas and deprive non-core assets, to avail tax incentives and benefits of changing regulatory framework, etc. In big corporate businesses operated under joint family ownership, demerger is used to ensure hassle-free transfer of control and to avoid clashes & conflicts among household members.



FORCES INFLUENCING DEMERGER MOMENTUM

Present day companies may adopt a plan of demerger for numerous strategic benefits. It is usually propelled by the requirement to unlock shareholder's value, to avail the

SIGNIFICANT IMPACTS

Demerger process carries positive and negative impacts for all related stakeholders. Impacts on key stakeholders can be summarized as below:

Key Stakeholders	Overall Impacts	
	Positive Impacts	Negative Impacts
• Shareholders	- Helps in value creation. - Enhancing market perception. - Sustaining trust and confidence. - Permits for targeted independent and specialized business ventures. - Availability of more accountable and transparent administration in a separate unit. - Provides opportunities for comparison of investment. - Full growing possibilities of a new entity may increase returns.	- Risks regarding stock price volatility. - Creates tax liabilities in case of selling the shares of the new entity. - Increased operational expenses which may affect the shareholder's returns. - Unfair debt distribution may also affect the returns. - Lack of liquidity in the shares of the resulting company.
• Employees	- Provides retention benefits and good opportunities for career and skill development. - Availability of attractive packages and performance incentives. - Provides more clarity regarding new job roles.	- Uncertainties about new organizational structure and future development. - Morale may drop due to new leadership and changed supportive mechanisms. - Difficulties in accepting the new administrative environment. - Problems related to new geopolitical burdens.

• Customers	• Availability of improved quality products due to exclusive concentration on specialized business. • Developing a clearer brand product with greater transparency. • Quicker settlement of issues related to customer services. • Increased competition may motivate the companies to lower prices of products.	• Restructuring process may affect the delivery mechanism. • Customers may lose level of satisfaction and trust regarding sales services of the new entity. • Confusion about new names, brands and products could lead to some buying problems. • Loss of economies of scale may increase the prices of products.
• Suppliers	• Provides good opportunities for more supply to fulfill increased demand concerning specific products. • Offers prospects for new business partners. • Availability of clearer strategic focus on supply for specialized sector. • Risks related to less or non-profitable units may be reduced.	• Contractual changes may cause delays in payments, which can create financial instability. • Operational disruption may also create so many hurdles related to supply. • Alteration in existing relationship may lose the confidential level of suppliers. • The changed procurement system may lead to problems concerning logistics and warehouse management.

MAJOR EXECUTORY CHALLENGES

Demerger is a complex process. Its execution involves several obstacles/challenges, some of which can be highlighted as follows:

- **Regulatory Procedures:** The process of demerger involves momentous regulatory procedures. It requires compliance with various rules and regulations issued by different regulators like NCLT, RBI, SEBI, CAA, CCI etc. Any gaps in obedience might result in legal problems and damage the goodwill of the companies.
- **Market Cognition:** Suppliers, customers, bankers, investors, merchants, dealers, etc. may have panics about the market cognition or perception of both the companies. Unhappy and unsatisfactory cognition may undesirably impact the stock value of the parent company and can create uncertainty about the future performance of the resulting company.
- **Harmony Damages:** Demerger process also has the potential for the loss of harmony that existed when the resulting companies were part of the parent company. This type of loss may be related to economies of scale, joint technology, common human and physical resources, shared office accommodation etc.
- **Customers, Employees and Other Stakeholder Management:** Managing the expectations and interests of all related stakeholders is also a critical challenge. Lack of effective and proper communication with them and poor support mechanisms regarding the demerger process could give rise to severe risks and significant complications.
- **Contractual Disputes:** Transfer of existing contracts to the resulting company could also produce disputes about job standards, WIP and work completion time, quality control techniques, payment modes, penalty procedures, performance reports etc.

CONCLUSION

Now a days, the trend of demerger replicates India's developing corporate growth. It provides Indian corporate

houses a journey towards strategic improvement, valuable opportunities to enhance the shareholder's worth and to avail benefits of the changing regulatory framework along with tax considerations. It also offers so many attractive chances to refocus on core business areas. But its implementation presents challenges that cannot be overlooked. To ensure the achievements of the demerger scheme, top management and KMPs of companies must adopt effective and long-term plans & policies. They should follow a well-defined and transparent execution approach with the consent of all related stakeholders. As a chief governance officer and compliance professional, the Company Secretary can play a pivotal role to secure success in the demerger process.

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RESEARCH CORNER



- Legal, Taxation & Accounting Aspects of Reduction of Share Capital
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Legal, Taxation & Accounting Aspects of Reduction of Share Capital

This article interprets and analyses the sections and sub-sections pertaining to Reduction of Share Capital as given in Companies Act, 2013 vis-a-vis the erstwhile Companies Act, 1956 with references to case laws. The examples of Types of reduction offer valuable information for Company Secretaries and other practitioners. The comprehensive understanding of the various scenarios such as Reduction in case of Loss of Capital, Overcapitalisation, amalgamation, selective reduction provides meaningful insights to the reader. Additionally, the authors address the Taxation and Accounting implications of Capital Reduction.



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INTRODUCTION

MEANING OF 'REDUCTION OF CAPITAL'

Section 66 of the Companies Act, 2013 ("the 2013 Act"), corresponding to Section 100 of the Companies Act, 1956 ("the 1956 Act") deals with Reduction of share capital of a company and lays down the requirements in regard to reduction of share capital of a company. A company limited by shares or limited by guarantee and having a share capital may, by a special resolution, reduce its share capital.

The share capital, for the purposes of this Section, means subscribed and/or paid-up share capital, and not authorised capital. Reduction of subscribed and/or paid-up capital may or may not, of course, result into consequential reduction in the authorised share capital or some other alteration of the memorandum (and also of the

articles) with respect to the share capital stated therein depending upon the mode of reduction of capital.

However, regardless of reduction in the face value of a share, in most cases, its main effect is on the paid-up share capital. For instance, when a company having authorised share capital of Rs. 10 crores divided into 1 crore shares of Rs. 10 each and subscribed and paid-up capital of Rs. 5 crores divided into 50 lakhs shares of Rs. 10 each proposes to reduce 50% of its share capital, the true effect is reducing the subscribed and paid-up capital from Rs. 5 crores to Rs. 2.50 crores. In such a case, the face (nominal) of Rs. 10 may remain intact even after the proposed reduction but every shareholder will lose 50% of his subscribed and paid-up capital.

Reduction contemplated by this Section is not the same as cancellation of shares under Section 61(1) (e).

A COMPANY CAN REDUCE CAPITAL "IN ANY MANNER"

Although there are two principal methods by which share capital is reduced in reality, namely firstly, when the company has capital in excess of its needs, it extinguishes or reduces the liability of its members on any uncalled capital or it can repay to them the nominal value of their shares; and second, when the company has suffered losses, it can cancel paid-up shares because they are unrepresented by available assets, the law, however, gives companies liberty to decide the mode of reducing share capital. The reduction of share capital may be brought about in one or more of the ways namely,

- (a) Extinguishment or reduction of the liability in respect of unpaid portion of the face value of any share;
- (b) Cancellation of any paid-up share capital which is lost or is unrepresented by any available assets of the company;
- (c) Repayments of any paid-up share capital, which is in excess of the wants of the company.

But these are only illustrations of modes of reduction of capital and not the only modes in which share capital can be reduced. Capital may be reduced in any other way. Sub-section (1) of Section 66 expressly provides that a company may reduce its share capital 'in any manner'.

Section 100(1) of the 1956 Act used the expression 'in any way' and this Section uses the words 'in any manner'. Both have the same meaning and effect. The words 'in any manner' are very wide enough to clarify that there is no limit on the modes in which capital may be reduced.

Subject to the confirmation by the court, which is required, and which is the safeguard of the minority, the question of reducing capital is a domestic one for the decision of majority, and the Companies Act leaves the company to determine the extent, the mode and the incidence of the reduction and the application of any capital moneys which the reduction may set free.¹

It was held that the words "Subject to the confirmation by the court, which is required, and which is the safeguard of the minority, the question of reducing capital is a domestic one for the decision of majority, and Companies Act leaves the company to determine the extent, the mode and the incidence of the reduction and the application of any capital moneys which the reduction may set free."²

The words "in any way" were held to be extremely wide and general. There were then given three particular instances of ways, but they are expressly given without prejudice to the generality of the foregoing "in any way".³ A scheme of reduction proposed as a method for non-promoter shareholders to exit the company by paying off non-promoter equity shareholders of the company was allowed as a valid means of reduction of capital.⁴

In *Imperial Chemical Industries, In re*⁵ Article 44 of the articles of association of a company gave the company power by special resolution to reduce the capital by paying off capital, canceling capital which had been lost or was unrepresented by available assets, reducing the liability on shares, or otherwise as might seem expedient. The Court of Appeal⁶ held that on the plain meaning used in Article 44, the company took power by the article to reduce its capital in any way in which it was authorised under the statutes so to do. On appeal, the House of Lords held that the reduction so proposed was not *ultra vires* the company, as upon the true construction of Article 44 the company had power to reduce its capital in any way authorised by the Companies Act, 1929.

In *Poole v National Bank of China Ltd.*⁷, Lord Macnaghten expressed surprise "to hear it argued that the Court has no jurisdiction to entertain a petition for the reduction of capital unless it be proved that the capital which the company proposes to cancel is lost or unrepresented by available assets."

The phrase "in any way", meaning in any manner, without any particular way or method, is a clear indication of the legislative intent, namely that a company is free to resort to any manner or mode or method of reducing its share capital and that there is no restriction on how or in what way a company may do it. The Section does not place any fetter on the power of the company. With regard to the expression "*without prejudice to the generality of the foregoing power*", the Supreme Court has held that, anything contained following this expression is not intended to cut down the generality of the meaning of the preceding provision.⁸ When general provisions are followed by certain particular provision and when it is stated that the particular provisions are without prejudice to the general provision the particular provisions do not cut down the generality of the meaning of the preceding general provisions.⁹

It is well-settled that the enumeration of the specific matters 'without prejudice to the generality' of a particular provision does not restrict the general application of that provision to the matters enumerated because the words 'without prejudice' have the effect of preserving the full effect of the general provision and also because the rule of *ejusdem generis* has no inverse application.¹⁰

In *Pasupati Acrylon Ltd, In re*¹¹, the company was unable to pay its debts having incurred huge losses. Company approached the joint lenders to restructure its debts under Debt Restructuring Mechanism which was approved with the condition to reduce 10% share capital of the company. Shareholders approved the same and High Court confirmed the scheme of reduction of capital.

In *Comtec Components Ltd., In re*¹², confirming the proposal the court held that the decision taken for reduction of share capital is purely a commercial decision to have a true reflection of the financial position of the company; considering the fact that such move has been approved by the overwhelming majority of the shareholders, apart from the fact that such reduction does not involve any cash out flow to prejudice the rights of the creditors, the proposal was to be confirmed.

Several cases have been reported in the recent past on the question whether the High Court has the power to sanction reduction of capital under Section 100 of the Companies Act, 1956, if the reduction is of only some and not all of the members of the company, and it has held in all such cases that the High Court can sanction such reduction of capital.

Once again, in *RS Livemedica P. Ltd., In re*¹³, the Delhi High Court has sanctioned such selective reduction and

Reduction of Share Capital under Section 66 of the Companies Act, 2013, is a significant restructuring tool that enables companies to cancel unutilized capital, return excess capital, or extinguish liability on unpaid capital. However, it can have multiple tax implications, especially in the hands of shareholders.

¹ See Buckley on the Companies Act, 2000 edition, paragraph 135.24.

² Buckley on the Companies Act, 2000 edition, para 135.24.

³ *Re, Ratners Group plc.* (1988) 4 BCC 293; (1988) BCLC 685 (Ch D).

⁴ *Organon (India) Ltd., In re* (2010) 157 Comp Cas 287 (Bom).

⁵ (1937) AC 707; (1938) 8 Comp Cas 181 (HL).

⁶ *Carruth v Imperial Chemical Industries* (1938) 8 Comp Cas 86 (CA).

⁷ (1907) AC 229.

⁸ *Shiv Kripal Singh v VV Giri* AIR 1970 SC 2097; (1970) 2 SCC 567.

⁹ *Raja Gowl Rajasimha Rao v State of A P* AIR 1973 AP 236.

¹⁰ *Seshkumar Pradhan v Keshav Narayan Acharya* 1980 MPLJ 335.

¹¹ (2007) 140 Comp Cas 702 (All).

¹² (2014) 186 Comp Cas 311 (Mad).

¹³ (2014) 187 Comp Cas 243 (Del).

held that Section 100 of the Companies Act, 1956, enables a company to reduce its capital provided it is authorised by its articles of association and members of the company approve by a special resolution. Clauses (a) to (c) of Section 100(1) are merely illustrative and not exhaustive. The words “without prejudice to the generality of the foregoing power” expressly indicate that the power of a company to reduce its capital is not circumscribed by clauses (a) to (c) of Section 100(1) of the Act.

It is permissible for a company to reduce its share capital in a disproportionate manner and consideration payable to different shareholders on account of reduction of share capital can be calculated at different rates. The mode, manner and incidence of reduction has been regarded as a matter of domestic concern and there is no restriction under the Act which curtails the discretion of a company in adopting the manner in which the company chooses to reduce its capital.

Examples of types of reduction¹⁴

Examples of types of reduction of capital, extracted from decided cases.—

- (a) Reducing the liability of shareholders in respect of uncalled or unpaid capital, *e.g.*, where the shares are ₹10 each with ₹5 paid up, reducing them to ₹5 fully paid-up shares, and thus relieving the shareholders from liability of the uncalled amount.
- (b) Paying off or returning paid-up capital not wanted for the purposes of the company, *e.g.*, where the shares are ₹10 fully paid up, reducing them to ₹5, and paying back ₹5 per share. Section 100 expressly provides that this kind of reduction is to be allowable.
- (c) Paying off unpaid-up capital by issuing debentures or debenture stock in satisfaction or where a company is satisfied that it can finance its requirements to the extent of capital repaid by raising money or loan or borrowing from its bankers.
- (d) Paying off paid-up capital on the footing that it may be called up again. Thus, if the shares are ₹10 fully paid up, paying off 5 per share on the footing that when desired the company may call it up again. Repaying capital to the holders of fully paid up shares of a class on the footing that it can be called up again so as to bring them into line with the partly paid shares of the class.
- (e) Cancelling shares surrendered, or the holders of which consent to cancellation.
- (f) Paying off and cancelling preference shares, in pursuance of a contract in the memorandum and articles binding on both preference and ordinary shareholders, by applying for the purpose, a portion of the profits of the company.
- (g) Lost capital. Cancelling capital which has been lost or is unrepresented by available assets. This is one of the commonest modes of reduction. A company, whose capital amounts to ₹1,00,000, has lost, say ₹50,000 by continued adversity or by some business disaster. The company can write off the lost capital.
- (h) A company may reduce its share capital by cancelling part of the paid-up capital and then restructure its capital by sub-dividing or consolidating the remaining shares. However, if such restructuring is accompanied by a selective reallocation or allotment to only a subset of shareholders, such action must be implemented under a Court-approved Scheme of Arrangement (Sections 230–232), of Companies Act, 2013), ensuring compliance with minority protection principles.
 - (i) Cancelling shares of two members by agreement to repay the company, the losses resulting from misappropriation of funds by an official.
- (j) Reduction to rectify an irregular repayment or purchase of shares by the directors.
- (k) Reduction in excess of the wants of the company satisfied by the distribution of investments of greater value than the amount of the reduction.
- (l) Reduction to reduce all shares of a company which has lost its register of members and cancel all shares the holders of which do not signify their wish to continue as members.
- (m) Reduction in excess of the wants of the company by a return to the shareholders of excess capital at par or at premium (the premium will be drawn from the reserves and/or accumulated profits).
- (n) Paying off part of the shares out of capital in excess of wants so as to enable the holders of the remaining shares in effect to acquire the interest of those paid off and become the only shareholders.
- (o) Where the amount unpaid on shares was cancelled and money was raised by the *issue* of new shares.
- (p) The cancellation of all the share capital as part of a scheme of arrangement.

REDUCTION IN CASE OF LOSS OF CAPITAL

Clause (b)(i) of Section 66(1) (similar to clause (b) of sub-section (1) of Section 100 of the 1956 Act), recognises as a mode of reduction of share capital, cancellation by a company, either with or without extinguishing or reducing liability on any of its shares, or any paid-up share capital which is lost, or is unrepresented by available assets.

Reducing the paid-up share capital by writing off a certain portion of the paid-up value of each share which is fully paid-up, and then consolidating the shares of such reduced value into the share of the desired value is one of the common modes of reduction of capital. The aggregate of the written-off portion of each share is applied for writing off loss or other fictitious assets. Thus, in this mode of reduction of capital, the paid-up share capital is reduced by cancellation of certain portion of the paid-up value of the shares, which is lost or unrepresented by the available assets of the company.

¹⁴ Adapted from Palmer's Company Precedents, 17th edition, Vol. I, pages 998-1000.

In *Palmer's Company Law*, 25th edition, para 4.305, it is stated as follows:

"This is one of the most common modes of reduction, and is a very useful means of reintroducing reality into the balance sheet position of the company. Where a company has lost a large part of its capital so that its profit and loss account is heavily in debit, the effect is, *inter alia*, that the assets side of the balance sheet will show an item (the profit and loss account debit balance) which will prevent the distribution of dividends until the loss has been eradicated by subsequent profits. As far back as 1877, it was realised that it is desirable for the company to be able to write off the loss and put itself with a clear balance sheet in a position to resume payment of dividends out of subsequent profits."

The factors which the court considers were described by Buckley J in *Re, Welsbach Incandescent Gas Light Co Ltd*¹⁵ as follows:

"..... it is to be borne in mind that when a company is writing off lost capital it is in a sense doing something which is no injury, but on the contrary is a benefit to its shareholders. The effect of the writing off of the loss may be — and its object generally is — to enable the company to resume payment of dividends, which, of course is for the benefit of the shareholders. It results, no doubt, in the reduction of the nominal amount of the shares; and, inasmuch as the nominal amount of a share has some commercial effect on the saleable value, it may affect the shareholder in that way. Broadly speaking, however, a reduction of capital by writing off loss is, I repeat, not to the injury, but to the benefit of the shareholder. The persons whom it may injure are the creditors (if any). The result of writing off the loss is, that the company is no longer bound to keep to the balance of its debit in respect of capital as large a sum; but, to the extent to which it resumes paying dividends at an earlier date, of course the creditors lose assets to which they would otherwise be entitled. The question whether the loss has been sustained, therefore, is always one which is carefully looked into by the court for the purpose of protecting the creditors."

Cancelling capital which has been lost or is unrepresented by available assets is one of the commonest modes of reduction. Where a company has lost part of its capital, nothing can be more beneficial to the company than to admit the loss, and to write it off, e.g., to reduce part of its capital and thus place itself in a position to resume payment of dividends, or raise further capital.¹⁶ The provisions empowering a company to cancel any paid-up share capital which is lost or unrepresented by available assets are alternative provisions, and the latter is not explanatory of the former.¹⁷

It may be noted that clause (b) of sub-section (1) of Section 66 itself permits cancellation of any paid-up share capital with two alternative motives, namely—(a) cancellation of any paid-up share capital because of loss of capital; and

(b) cancellation of any paid-up share capital because it is unrepresented by available assets. That these two modes are alternative to each other is clear from the use of the disjunctive "or".

In one case, a company sought court approval of a reduction in its capital and share premium account on the grounds that the capital had been lost or was unrepresented by available assets. The reduction was sought in order to reflect the loss the company had incurred as a result of unexpected defects in property it owned. However, in the affidavit supporting the petition it was stated that the company had been advised by counsel that it had more than an even chance of succeeding in recovering damages for the loss attributable to the defective property. The court held that, where a company seeks to reduce its capital on the grounds that it has been lost, the loss of capital must be a permanent loss so far as was presently foreseeable and not a temporary fall in the value of some capital asset. On the facts, it was not proved that there had been a permanent loss of capital and the court could not confirm the reduction on that ground. However, since the company had given an undertaking to place in capital reserve any sums recovered with respect to the defective property up to the amount of the reduction sought and thus there would be no possibility of moneys which represented capital of the company being used to pay a dividend, the court would exercise its discretion under Section 68 of the Companies Act, 1948 to confirm the reduction on this basis.¹⁸

REDUCTION IN CASE OF OVERCAPITALIZATION

According to clause (b) of sub-section (1), of Section 66 a company may reduce its share capital either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the company. This clause enables a company to reduce its share capital by paying off to its shareholders a part of the share capital of the company.

In the *Palmer's Company Law*, 25th edition, para 4.304, it is stated:

"A company may wish to repay capital either because it is in excess of its needs or because it may wish to obtain fresh capital more cheaply elsewhere.¹⁹ It may do this by:—

- (a) extinguishing or reducing the liability of shareholders in respect of uncalled or unpaid capital;
- (b) paying off or returning paid-up capital not wanted for the purposes of the company;
- (c) paying off paid-up capital on the footing that it may be called up again. Thus, if the shares are £10 fully paid up, paying off £2 per share on the footing that when desired the company may call it up again, the uncalled liability not being extinguished;
- (d) a combination of the preceding methods.

¹⁵. (1904) 1 Ch 87, 89 LT 645 at 647, 648 (CA).

¹⁶. In *Ebbw Vale Steel, etc., Co.* (1877) 4 Ch.D. 827.

¹⁷. *Re, Hoare & Co. Ltd.* (1904) 2 Ch. 208.

¹⁸. *Re, Jupiter House Investments (Cambridge) Ltd* (1985) BCLC 222; (1985) BCC 99, 456 (Ch D).

¹⁹. *On a fluctuation of interest rates or fiscal considerations: e.g. Lawrie & Symington Ltd., Petitioners* 1969 SLT 221; *David Bell Ltd.* 1954 SC 33.

A company need not necessarily return cash to the shareholders. It may return capital in kind and such assets may be in excess of the amount by which the paid-up value of the shares is reduced, provided that the company does not thereby render itself insolvent.²⁰ If a company acquires its own shares on a reduction of capital this is permitted method of such acquisition.”

This mode of reduction of capital is often resorted to where a company is overcapitalized and wishes to restructure its share capital by repayment of the capital which is in excess of its wants. The excess capital is returned to the shareholders in cash or by exchange of different shares.

A company may find itself overcapitalized, that is to say, its capital is in excess of its needs or wants, so it can repay a part of its subscribed and paid-up share capital, or it may realize that restructuring its capital by repaying a part of the capital and replacing it by some cheaper finance, in the form either share capital or some other form (e.g. loan capital) would be more conducive to its business and profitability. In such eventualities, a company may resort to reduction of capital by repaying it (at par or at a premium). A company may repay share capital at a premium, i.e. at a sum higher than the face value of the shares. For example, a company may repay Rs. 5 per shares of the face value of Rs. 10 at Rs. 25, so that it will be said to be repaying capital of Rs. 5 at a premium of Rs. 20 per share. If the company wishes to repay capital at a value higher than the face value of the shares comprised in the reduction (which would be the situation in most cases of profitable companies with accumulated profits), two requirements become imperative: first, the company must have adequate liquid funds to meet the repayment obligation on account of both, the face value as well as the premium. Secondly, the company must have adequate accumulated profits in the form of reserves or profit and loss account credit balance. In such a case, the amount of the premium would be drawn from the existing share premium if any and / or from the accumulated profits or reserves or both, as the case may be.

REDUCTION OF CAPITAL IN A SCHEME OF AMALGAMATION

There was no legal impediment for reduction of share capital being a part of the scheme of amalgamation. It is permissible under rule 85 of the Companies (Court) Rules, 1959. All that is required is that the procedure prescribed for reduction of share capital be complied with. Where there was a substantial compliance of the procedure under Section 100 of 1956 Act and now with Section 66 of 2013 Act, reduction of share capital can be brought about as a part of the scheme of compromise, arrangement or amalgamation.²¹

²⁰ *Exp. Westbun Sugar Refineries Ltd. (1951) AC 625. In a South African case it was held that the grant to shareholders of a permanent right to occupy flats belonging to the company was not a return of capital in kind: Rosslare (Pty) Ltd. v Registrar of Companies (1972) S.A.10R. (2) 524 (SA).*

²¹ *Comat Infoscribe Pvt Ltd., In re (2005) 128 Comp Cas 152 (Kar).*

SELECTIVE REDUCTION OF CAPITAL

When a company proposes to reduce share capital by repayment to only some of, and not all, of its shareholders, it is called 'selective reduction of capital. Selective reduction was held to be permissible within the framework of law for any company limited by shares. Extinguishment of portion of equity shares permissible.²² Selective reduction of share capital is legally permissible.²³

It is permissible for a company to reduce its share capital in a disproportionate manner and consideration payable to different shareholders on account of reduction of share capital can be calculated at different rates. The mode, manner and incidence of reduction have been regarded as a matter of domestic concern and there is no restriction under the Act which curtails the discretion of a company in adopting the manner in which the company chooses to reduce its capital.

There are a number of precedents with regard to the petitions for 'selective reduction of capital' under Section 100 of the 1956 Act and they are binding on the NCLT and will be followed in considering petitions filed under Section 66 of the 2013 Act, which corresponds to and is substantially similar to the provisions of Section 100 of the 1956 Act. Various Courts in India have laid down the lawfulness and validity of the principle of *selective buyback of shares by way of reduction of capital*, starting with the Division Bench decision in the case of *Sandvik Asia Ltd v Bharat Kumar Padamsi*.²⁴ Thereafter, in a series of decisions of the Bombay and some other High Courts.

The Bombay High Court has held that the adoption by Parliament of the words “any shareholders” in Section 101 of the Companies Act, 1956 indicates that a reduction of share capital need not necessarily be qua all shareholders of the company, but can take place from one or more amongst the body of shareholders. A classification of shareholders for the purposes of effecting the reduction of capital is, therefore, not an act which is extraneous to the provisions of Section 101. The Court must give effect to the plain meaning and intendment of the provisions of Section 101. Corporate autonomy must have a wholesome recognition in law and unless the law circumscribes it by a clear provision, the Court would not read limitations where the Legislature has not imposed them.²⁵

*British and American Trustee and Finance Corporation v Couper*²⁶ is a clear-cut authority on this proposition. There, a company carried on business in the United Kingdom and in America, and a portion of its investments and some of its shareholders were in America. Differences having arisen between the directors in England and the American committee, it was agreed that the American shareholders should take over the American investments upon the terms that the company should cease to carry on

²² *Re, Siel Ltd, (2008) 144 Comp Cas 469 (Del).*

²³ *Re, Elpro International Ltd, (2009) 149 Comp Cas 646 (Bom).*

²⁴ *Sandvik Asia Ltd v Bharat Kumar Padamsi, [2009] 151 Comp Cas 251 (Bom).*

²⁵ *Re, Elpro International Ltd, [2009] 149 Comp Cas 646 (Bom).*

²⁶ *British and American Trustee and Finance Corporation v Couper, 1894 AC 399; (1891-4) All ER Rep. 667 (HL).*

business in America and the capital of the company should be reduced by the amount of the shares held in America. A special resolution for carrying out this agreement was passed and confirmed. All the creditors of the company had either been paid or had assented to the arrangement. The House of Lords held that the arrangement was not *ultra vires* the company, and should be sanctioned by the court.

In *British and American Trustee and Finance Corporation v Couper*²⁷, it was observed: "If there is nothing unfair or inequitable in the transaction, I cannot see that there is any objection to allowing a company limited by shares to extinguish some of its shares without dealing in the same manner with all other shares of the same class. There may be no inequality in the treatment of a class of shareholders, although they are not all paid in the same coin, or in coin of the same denomination."

In *Re, Robert Stephen Holdings Ltd.*²⁸ the proposed reduction was to be effected, by return of capital paid on a certain number of shares held outside one Rubin family and cancellation of such shares. The Rubin shareholders had all consented to the reduction but the consent of all ordinary shareholders had not been obtained. Confirming the reduction, in *Buckley on the Companies Act*, it is stated:

A reduction ... by which capital moneys are to be returned to some or only and not to all shareholders may be resolved upon and confirmed if it be fair and equitable. However, where the reduction involves paying a part of the share capital and not all the shareholders have consented, it is desirable to proceed by way of a scheme of arrangement under Companies Act, 1985,²⁹ Section 425, which provides better protection for the interests of the minority shareholders than is provided by the right of a dissident to oppose the petition for the reduction.³⁰

In *Carruth v Imperial Chemical Industries* (supra), Lord Maugham observed:

..... I think the fairness or unfairness of the scheme as a whole, including the reduction, is not a matter for the discretion of the learned Judge in a technical sense, but is a matter to be decided on the evidence. The question in this case depends on the view which should be taken as to the future commercial success of the company. We are not entitled to substitute our own views for those of the directors and experts who have given evidence. Considerable importance should be attached to the unanimous opinion of the directors whose good faith I repeat is not in question, and having regard to their standing and position I think little weight can be given to the circumstance that their combined holding are predominantly in ordinary shares. I am also impressed by the fairness and candour with which the experts called on behalf of the company gave the evidence.³¹

In *Re, Sandvik Asia Ltd.*,³² a proposal for reduction of the share capital of the appellant-company approved by a majority of 99.95% of its equity shareholders present in the meeting convened for that purpose was objected to by the respondents who were non-promoter shareholders. It was contended that a scheme for reduction could not be resorted to in order to extinguish an entire class of public shareholders. The single judge declined sanction on the ground that amongst the paid-up equity shareholders, there were distinct groups, the promoters group and the non-promoters group and therefore, a meeting of non-promoters group ought to have been convened separately and that the minority shareholders were not given any option under the proposal. Thus, the proposal was for reduction of capital by paying it off at a premium to the shareholders other than the company's promoters. They were given no option for not opting for the repayment of capital. S Radhakrishna J. of the Bombay High Court held that even a single minority shareholder was entitled to oppose the proposal and if the court found the scheme to be unjust, the court should not confirm the reduction as proposed. Dismissing the petition, a single judge held that the proposal was highly inequitable, unjust and unfair, in the sense that the minority shareholders will have to leave the company. Therefore, the promoters group could virtually bulldoze the minority shareholders and purchase their shares at the price dictated by them. However, allowing the appeal and setting aside the decision of the single Judge, the Division Bench held that the non-promoter shareholders were being paid a fair value for their shares and an overwhelming majority of the non-promoter shareholders had voted in favour of the resolution. There was no justification in withholding sanction of the resolution. The prayer for reduction was to be allowed.³³ The Division Bench held that there was no justification in withholding sanction of the resolution. The prayer for reduction was allowed. [see *Sandvik Asia Ltd v Bharat Kumar Padamsi*].³⁴

The Bombay High Court has taken similar view in *re, Elpro International Ltd.*³⁵

The ratio that can be derived from all the above cited cases is that, the Act leaves the company to decide for itself the extent and mode of reduction of the capital and that the courts will consider the reduction of capital as a domestic affair to be decided by the majority. However, concurrently, the responsibility of the court would be to safeguard the interests of the minority shareholders and creditors and seeing that the reduction is fair and reasonable. One more general principle that can be deduced from the decided cases is that, the courts do consider the equity (being fair and reasonable; treating everyone in an equal way) as one of the cardinal requirements for sanctioning a scheme of reduction of capital; and if the scheme is inequitable to some, consent of those who are likely to be so affected, would be necessary for sanctioning of the scheme.

²⁷ *British and American Trustee and Finance Corporation v Couper*, 1894 AC 399 : (1891-4) All ER Rep. 667 (HL).

²⁸ *Re, Robert Stephen Holdings Ltd.*, (1968) 1 All ER 197.

²⁹ *The English Companies Act*, 1985.

³⁰ *Buckley on the Companies Act*, 2000 Edn, Vol I, para 135.25.

³¹ *Re, Carruth Imperial Chemical Industries*, (1937) AC 707 : (1938) 8 Comp Cas 181, per Lord Maugham.

³² *Re, Sandvik Asia Ltd.*, (2004) 121 Comp Cas 58 (Bom); (2004) 58 CLA 125 (Bom).

³³ *Sandvik Asia Ltd v Bharat Kumar Padamsi*, [2009] 151 Comp Cas 251 (Bom).

³⁴ *Sandvik Asia Ltd v Bharat Kumar Padamsi*, [2009] 151 Comp Cas 251 (Bom).

³⁵ *Re, Elpro International Ltd.*, [2009] 149 Comp Cas 646 (Bom).

There is nothing in the Section regarding value of the shares and the extent of reduction and therefore a company may go to any extent in writing off the paid-up value of a share, even writing off the entire share capital of the company. In *re, Wartsila India Ltd*,³⁶ the Bombay High Court has held that the role of the court whilst approving schemes is limited to the extent of ensuring that the scheme is not unconscionable or illegal or unfair or unjust. Merely because the determination of the valuation of shares is done by a different method which might result in a different conclusion, it alone would not justify interference, unless found to be unfair.

In *Re, Comtec Components Ltd*,³⁷ confirming the proposal the court held that the decision taken for reduction of share capital is purely a commercial decision to have a true reflection of the financial position of the company; considering the fact that such move has been approved by the overwhelming majority of the shareholders, apart from the fact that such reduction does not involve any cash outflow to prejudice the rights of the creditors, the proposal was to be confirmed.

In *Chander Bhan Gandhi v Reckitt Benckiser (India) Ltd*,³⁸ the single judge allowed the reduction holding, *inter alia*, that separate meeting of classes of shareholders was not necessary and also that the valuation of shares could not be faulted. On appeal, affirming the decision of the single judge of the Delhi High Court in *Re, Reckitt Benckiser (India) Ltd*,³⁹ it was held, dismissing the appeal, that there was no fault in the reasoning given by the single judge while approving the action of the company reducing the share capital. There could be no better index of valuation than market forces. The company had increased the valuation from Rs. 836 to 940 and further to Rs. 1,500 per share, which was accepted by all the other public shareholders. It established that Rs. 1,500 was the correct price.

Once again, in *Re, RS Livemedia Pvt Ltd*,⁴⁰ the Delhi High Court has sanctioned such selective reduction and held that Section 100 of the Companies Act, 1956, enables a company to reduce its capital provided it is authorised by its articles of association and members of the company approve it by a special resolution. Clauses (a) to (c) of Section 100(1) are merely illustrative and not exhaustive.

SELECTIVE REDUCTION OF CAPITAL AS PART OF A SCHEME OF CONTRACT OR ARRANGEMENT

The above question was before the T & AP High Court in *Astirix Laboratories Ltd*,⁴¹ but with regard to a scheme of compromise or arrangement. In this case, the scheme provided, among other things, for the cancellation and extinguishment of the equity shares held by its minority shareholders by paying cash in lieu of equity shares held

by them. The five minority shareholders objected to the valuation of their shares contending (i) that the valuer to which the valuation of shares was assigned was not an independent one as it was the advisor of one of the major shareholders of the transferee company, and (ii) that the valuer had not made a fair valuation of the shares. The High Court held that such a reduction was permissible and there were no serious anomalies in the valuation report.

TAXATION AND ACCOUNTING ASPECTS OF CAPITAL REDUCTION

Taxation aspects:

The question whether reduction of capital constitutes 'transfer' under Section 2(47) of the Income Tax Act has been answered by the Supreme Court in *Principal Commissioner of Income Tax-4 v. Jupiter Capital Pvt. Ltd.*⁴² The assessee had claimed capital loss arising due to reduction in share capital by the company (which was the assessee's subsidiary company) in which the assessee had shareholding, and subsequent proportionate reduction in shareholding of assessee. The Supreme Court held that the said capital loss would be covered within ambit of expression "sale, exchange or relinquishment of asset" used in Section 2(47) the Income Tax Act, 1961. Since the assessee was holding 15,33,40,900 shares prior to reduction and 9988 shares after reduction, it could be said that on account of reduction in number of shares held by assessee in company, assessee had extinguished its right of 15,33,40,900 shares, and in lieu thereof, had received 9988 shares at Rs. 10 each along with an amount of Rs. 3,17,83,474 - Assessee's claim for capital loss on account of reduction in share capital was rightly allowed.

The Supreme Court relied on its earlier decision in *Kartikeya v Sarabhai v. Commissioner of Income Tax*⁴³ in which it was held that on a reduction of share capital with the company paying a part of the capital by reducing face value of its share, results in extinguishment of right in the shares held by the share-holder and the amount paid on reduction of share capital would be exigible to capital gain tax. It is not necessary that for a capital gain to arise that there must be a sale of a capital asset. Sale is only one of the modes of transfer envisaged by Section 2(47) of the Act. Relinquishment of the asset or the extinguishment of any right in it, which may not amount to sale, can also be considered as a transfer and any profit or gain which arises from the transfer of a capital asset is liable to be taxed under Section 45 of the Act.⁴⁴

Capital reduction is a strategic corporate action governed by Section 66 of the Companies Act, 2013, wherein a company reduces its issued, subscribed, or paid-up share capital in a legally compliant manner. This process may involve extinguishing or reducing liabilities on unpaid share capital, cancelling paid-up capital that is lost or

³⁶ *Re, Wartsila India Ltd*, [2010] 160 Comp Cas 508.

³⁷ *Re, Comtec Components Ltd*, [2014] 186 Comp Cas 311 (Mad).

³⁸ *Chander Bhan Gandhi v Reckitt Benckiser (India) Ltd*, [2012] 170 Comp Cas 363 (Delhi).

³⁹ *Re, Reckitt Benckiser (India) Ltd*, [2011] 167 Comp Cas 541.

⁴⁰ *Re, RS Livemedia Pvt Ltd*, [2014] 187 Comp Cas 243 (Delhi).

⁴¹ *Astirix Laboratories Ltd*, [2015] 191 Comp Cas 376 (T & AP).

⁴² AIR Online 2025 SC 167

⁴³ (1997) 7 SCC 524; AIR 1997 SC 3794

⁴⁴ In this judgment the term 'reduction of face value' should be read as 'reduction of paid-up value'

unrepresented by assets, or paying off excess capital to shareholders. While it serves various corporate objectives such as restructuring, capital optimization, and returning surplus funds to shareholders, it also triggers significant implications under the Income Tax Act, 1961, and necessitates accurate financial reporting under Ind AS and Indian GAAP.

Reduction of share capital under Section 66 of the Companies Act, 2013, is a significant restructuring tool that enables companies to cancel unutilized capital, return excess capital, or extinguish liability on unpaid capital. However, it can have multiple tax implications, especially in the hands of shareholders.

As per the Income Tax Act, 1961, capital reduction often results in a 'transfer' as defined in Section 2(47), which leads to computation of capital gains or losses under Section 45. The treatment varies based on the manner in which the reduction is effected i.e. cash payout, extinguishment, issue of debentures, or in-kind distributions. While the legal route is well-established, the tax implications—particularly for shareholders—can be complex and must be carefully considered to ensure compliance and tax efficiency.

1. Taxation Implications of Reduction of Share Capital under the Income Tax Act, 1961

Capital Reduction as a 'Transfer' under the Income Tax Act

The Income Tax Act, 1961 defines "transfer" under Section 2(47) in a wide manner. It includes sale, exchange, relinquishment, extinguishment of any right, and compulsory acquisition. When a company reduces its share capital, and in the process either pays shareholders or cancels shares, there is an extinguishment of rights in shares—triggering capital gains tax.

The Supreme Court in *Kartikeya V. Sarabhai v. CIT*⁴⁵ held that even where only a part of the share capital is extinguished, it results in a taxable transfer. This position was reaffirmed by the Supreme Court in *Jupiter Capital Pvt. Ltd.*⁴⁶, where the Court allowed the claim of capital loss arising from such extinguishment.

2. Modes of Capital Reduction and Corresponding Tax Treatments

a) Cash payout to shareholders

When a company reduces its share capital by returning cash (in whole or part) to shareholders, it results in extinguishment of shareholder rights, which qualifies as a 'transfer' under Section 2(47),

Supreme Court in *Jupiter Capital Pvt Ltd (2025)*. The amount received over and above the cost of acquisition (COA) is taxed as capital gain under Section 45. Cost of Acquisition, adjusted to face value or original purchase price proportionately, as per Section 48. Benefit of Indexation is available in this case as per normal LTCG/STCG provisions.

b) Cancellation of shares without consideration

Even without monetary payout, the extinguishment of rights is considered a transfer. Where shares are cancelled without any payout (such as extinguishing partly paid shares or surrendered shares), taxability depends on whether any cost of acquisition exists.

If COA > 0: Capital loss may be claimed. If COA = 0 (e.g., bonus shares): No gain/loss.

c) In-kind distribution

When the reduction is effected by transferring a non-cash asset (like land, securities, or other investments) instead of cash, during capital reduction, the fair market value (FMV) of the asset is deemed as the consideration for computing capital gains. The principle laid down in *CIT v. George Henderson & Co Ltd*⁴⁷ applies.

d) Selective reduction

In selective capital reduction—where only a class of shareholders (e.g., public or non-promoters) is paid off—the affected shareholders are considered to have relinquished their rights in exchange for consideration. It results in capital gains tax computation for the affected shareholders. *Sandvik Asia Ltd. v. Bharat Kumar Padamsi*⁴⁸ confirms the validity of such reduction schemes. Capital Gains in such case is taxable for the affected shareholders under Section 45. Fair Market Value may be considered under Section 50CA, if shares are unlisted and consideration is lower than FMV.

e) Reduction as part of amalgamation

If capital reduction is part of a court-approved amalgamation scheme (now NCLT), and shareholders receive shares in the transferee company, such transaction may be tax-neutral under Section 47(vii) subject to fulfilment of Conditions, 1) Amalgamation should satisfy Sec. 2(1B) and 2) Consideration must be in equity shares only in exchange for original shares [*CIT v. Gautam Sarabhai Trust*]⁴⁹.

⁴⁵. [(1997) 228 ITR 163 (SC)]

⁴⁶. [AIR Online 2025 SC 167]

⁴⁷. [(1967) 66 ITR 622 (SC)]

⁴⁸. (2009) 150 CompCas 545 (Bom)

f) Payout at premium

When shares are paid off at a value higher than face value (e.g., Rs 10 share repaid at Rs 25), the entire amount less COA is considered as taxable capital gains. However, in such cases, premium must be backed by free reserves or securities premium as per the provisions of the Companies Act, 2013.

g) Reduction with return of capital without full extinguishment

If part of capital is returned but the shareholding continues, extinguishment test may not apply fully. However, as held in *Anarkali Sarabhai v. CIT*⁵⁰, even partial extinguishment is taxable. As a result, the amount received less proportionate cost is taxable capital gain.

h) Preference shares buyback / reduction

If issued at par and redeemed/reduced at premium, will be taxable in shareholder hands depending on the extinguishment value. Difference received by the preference shareholder, over the cost is taxable as capital gain.

i) Applicability of Section 2(22)(d) – deemed dividend

Any distribution by a company to its shareholders on reduction of share capital, to the extent it represents accumulated profits (whether capitalised or not), is treated as deemed dividend under Section 2(22)(d) of the Income-tax Act, 1961. However, the Supreme Court in *Anarkali Sarabhai v. CIT*⁵¹ clarified that where the distribution on capital reduction does not fall within the scope of Section 2(22), it shall be treated as transfer of a capital asset, and capital gains provisions under Section 45 would apply.

j) Buyback provisions not applicable

Even though buyback of shares as per Section 68 of the Companies Act 2013 also results in reduction of capital. However, it is not the same as reduction of capital as per Section 66. The prime difference being the mode of implementation. While reduction of capital under Section 68 happens with the authority of the Board or the Shareholders depending on the quantum of buyback, reduction of capital as per Section 66 is essentially done with the approval of the NCLT. Section 115QA applies only for “buy-back” under Section 68 of Companies Act, not to reduction of capital under Section 66.

k) Capital loss treatment

If reduction leads to a loss (i.e., consideration < COA), such capital loss is eligible for set-off or carry forward under Section 70 (intra-head) and Section 74 (inter-year). Accordingly, capital losses arising from reduction are eligible for set-off and carry forward under Sections 70 and 74, respectively, as held in *Jupiter Capital Pvt. Ltd.*⁵²

l) For Non-residents

In case of non-residents shareholders, capital gains from Indian company shares are taxable in India under Section 9(1)(i), subject to DTAA relief. Treaty benefits (like India–Singapore or India–Mauritius) may override domestic provisions if applicable.

II. Accounting aspects

Reduction of share capital impacts the presentation and measurement of equity, related reserves and the assets. Reduction of share capital, though legal in nature, has deep implications for financial reporting. Under both Indian Accounting Standards (Ind AS) and Indian GAAP, such events affect the company's equity, reserve balances, assets and potentially its ability to declare dividends. Capital reduction impacts the shareholders' equity section of the balance sheet and may require restatement of reserves, capital accounts, or accumulated losses. The accounting treatment depends on the form of reduction i.e. extinguishment of liability, cancellation of capital, or payout.

Accounting treatment for capital reduction in some cases will also depend on whether the entity is covered under Ind AS or Indian GAAP (I-GAAP). Different standards under Ind AS and I-GAAP govern the accounting entries, disclosure, and classification of such transactions. The treatment depends on the nature of the reduction and is governed by different accounting standards under Ind AS and I-GAAP. The ones applicable in such situations are listed here below.

1. Indian Accounting Standards (Ind AS) relevant to capital reduction:

Under Ind AS, capital reduction accounting is governed by the following standards:

- (a) Ind AS 1 Presentation of Financial Statements, is the most frequently applied standard, dealing with equity, restructuring, and capital disclosures.
- (b) Ind AS 10 Events After Reporting Period, is applicable when reduction is approved after the reporting date but before signing of financials.

^{49.} (1988) 173 ITR 216 (Guj)

^{50.} [(1997) 224 ITR 422 (SC)]

^{51.} [(1997) 224 ITR 422 (SC)]

^{52.} (SC, 2025)

- (c) Ind AS 32 Financial Instruments: Presentation, governs classification of equity vs liabilities, relevant in capital restructuring.
- (d) Ind AS 103 Business Combinations, applies when reduction is part of amalgamation/restructuring schemes.
- (e) Ind AS 109: Financial Instruments, covers various aspects of different forms of financial instruments their presentation and related disclosures.
- (f) Division II– of Schedule III of Companies Act, 2013 stipulates norms of presentation of financial statements and disclosures therefor.

2. Accounting Standards or I-GAAP relevant to capital reduction:

Under Indian GAAP (I-GAAP), capital reduction accounting is governed by the following standards:

1. **AS 1:** Disclosure of Accounting Policies
2. **AS 4:** Contingencies and Events Occurring After the Balance Sheet Date
3. **AS 10:** Property Plant & Equipment (for in-kind adjustments)
4. **AS 14:** Accounting for Amalgamations (in schemes involving capital restructuring)
5. **Division I** – of Schedule III of Companies Act, 2013 stipulates norms of presentation of financial statements and for disclosures thereof.

3. Forms of capital reduction and corresponding Accounting Treatments

As listed hereinabove, there are different accounting standards under Ind AS and I-GAAP, that would be applicable to different situations of capital reduction as regards the measurement, presentation and disclosures. However, the nature of accounting entries would still be the same majorly, irrespective of whether the entity is required to follow Ind AS or I-GAAP. Discussions in the following paragraphs, explains accounting treat with regard to the specific situations of capital reduction.

a) Extinguishment of unpaid share capital

This involves waiving the unpaid liability on partly paid shares. When a company extinguishes liability on partly paid shares to the extent of the unpaid portion, no accounting entry is required. It would only require disclosure in the notes to accounts in accordance with Ind AS, I-GAAP as well as Division I & II respectively of Schedule III of the Companies Act, 2013.

b) Cancellation of lost capital

The entity writes off its fictitious assets or accumulated losses shown as debit balance in P&L Account, by reducing paid-up capital. In such a situation, the accounting entry shall be as follows:

Dr. Equity Share Capital A/C

Cr. Fictitious Assets or Debit balance in P&L Account

c) Cash Payout to shareholders (reduction at par)

When the reduction involves a cash payout to the shareholders, and the reduction is at par, the accounting entry shall be as follow:

Dr. Equity Share Capital A/C

Cr. Bank A/C

d) Cash payout to shareholders (reduction at a premium)

In case reduction is at a premium then the amount of premium paid is debited to Share Premium or Surplus in P&L or Retained Earnings / General Reserves. In such a situation, the additional accounting entry for accounting payment of premium shall be as follows:

Dr. Share Premium / Retained Earnings / General Reserve A/C

Cr. Bank (for the Premium Amount)

e) Distribution in kind

When capital is returned through distribution of non-cash assets such as PPE or investments, the accounting entry shall be as follows:

Dr. Equity Share Capital A/C

Cr. PPE / Investments A/C (at carrying amount)

In case reduction is at a premium, an additional entry will also be passed as follows:

Dr. Share Premium / Retained Earnings / General Reserve A/C

Cr. PPE / Investments A/C (for the Premium Amount)

f) Selective reduction

When the reduction is on selective basis then only the affected shareholders are paid. This involves reducing only the equity held by certain classes of shareholders. Depending on the mode of payment, cash or kind, at par or premium, the accounting entries shall be as follows:

In case of cash pay-out:

Dr. Equity Share Capital A/C

Cr. Bank A/C

In case of reduction in kind:

Dr. Equity Share Capital A/C

Cr. PPE / Investments A/C (at carrying amount)

In case reduction at a premium:

Dr. Share Premium / Retained Earnings / General Reserve A/C

Cr. Bank (by the premium amount) or

Cr. PPE / Investments A/C (by the premium amount)

g) Capital reduction in amalgamation scheme

Reduction of share capital may be part of a composite scheme of arrangement, sanctioned by the NCLT under Sections 230 to 232 of the Companies Act, 2013, which may include:

- Amalgamation / merger of companies, and
- Capital reorganization / capital reduction of the transferee company (or transferor), involving accounting treatment as covered herebelow.

4. Reduction of capital in amalgamated (transferee) company

Cancellation of existing share capital (e.g. eliminating losses or returning capital). Accounting entries in case of this situation shall be as follows:

1. For cancellation of paid-up share capital:

Equity Share Capital A/c Dr. Rs. (Face value)

To Fictitious Assets / Accumulated losses A/c Rs. (Face value)

(If being set off against Fictitious Assets or accumulated losses)

2. If capital is returned to shareholders:

Equity Share Capital A/c Dr. Rs. (Face value)

To Bank A/c Rs. (Amount paid)

To Share Premium / General Reserve A/c (If at premium)

ADDITIONAL REPORTING REQUIREMENTS UNDER IND AS AND I-GAAP

- Disclosure in notes to accounts: Proper disclosures are essential to show equity movements and preserve clarity in shareholder equity. Nature of reduction, quantum, and class of shareholders affected must be disclosed as per applicable Ind AS, I-GAAP and Schedule III.
- Effect on EPS: Capital reduction may affect equity base. EPS recalculated only if reduction happens mid-year (as per Ind AS 33 and AS 20 if applicable).
- Board and shareholder approvals: Accounting can be recognized only after all legal formalities (including NCLT order) are completed.
- Reserve Usage: Payout beyond face value must be drawn only from free reserves, not revaluation reserves or capital redemption reserves.
- NCLT approval: All reductions under Section 66 must be backed by NCLT approval and reflected in the balance sheet post-reduction date.
- Value measurement: Companies following Ind AS must use fair value measurements where applicable, whereas I-GAAP uses historical cost.

CONCLUSION

Reduction of share capital is more than just a legal step—it has far-reaching tax and accounting implications. From the Income-tax viewpoint, most reductions are treated as transfers, triggering capital gains or loss, and the relevant case laws have firmly established this position. From the accounting standpoint, different types of capital reduction require appropriate journal entries, classification, and disclosures under both Ind AS and Indian GAAP.

Companies and professionals should ensure that legal restructuring through capital reduction is planned with careful tax optimization and transparent financial reporting in mind. Equally, due regard must be given to creditor protection, minority shareholder fairness, and regulatory disclosures under SEBI and Companies Act, 2013.

Both the Income-tax Act and applicable accounting standards view capital reduction as a significant event, with detailed regulatory requirements. While legally permitted under Section 66 of the Companies Act, 2013, it must be carefully planned to avoid adverse tax or financial reporting consequences.

Reduction of capital is not merely a legal action—it is a multi-disciplinary decision involving Board strategy, legal compliance, tax planning, and accounting precision. Companies and professionals must approach it holistically.





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Parenting



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Well brought up children grow up to be well adjusted adults who can contribute in a positive way to the society in which they live. Therefore, parents must work in a purposeful manner to ensure that they provide the best environment for the child's all round growth and development, especially towards the development of the child's character and personality.

The importance of focused parenting cannot be under-estimated. What exactly does good parenting involve? How soon in life can parents hope to influence the behaviour pattern of their children and how soon must they begin to teach the rules of good behaviour to their children?

Behaviour patterns in children are strongly influenced by their observations. The codes of conduct and genteel behaviour are not learnt by teaching, but by example. Children, by instinct, want to imitate the behaviour and gestures of their parents and elders or caregivers in the family or the immediate environment. Therefore, it is of paramount importance that those who constitute the child's world, pay attention to the example that they set.

Ethical moral values form the backbone of character. Children learn these values from their elders when they watch them. If the parents uphold certain virtues, the children too will imbibe them. Children begin to learn by imitating as early as in the first six months of life. So it is never too early to set the example.

An important aspect of parenting is consistent behaviour by the elders. Parents must be clear about the rules of conduct to be followed at home. If it is time for a meal, all members of the family should follow the rules such as washing of hands, eating together, respecting the right of each other to speak and listen when others speak. Table manners and etiquette will be automatically learnt by the children if the elders teach by example. It is important not to contradict one's partner in the presence of the children. One 8 year old child would extract money from his mother by threatening to tell the father about an item of jewelry she had purchased against the father's wishes. The parents' disagreement in his presence gave him an opportunity to exploit the situation to his advantage.

Children will often ask both parents separately for permission to do something or go somewhere or for material things. The response of each parent must be the same. Since it may not be possible for the mother and father to decide beforehand about each issue, it would be best if the response is "I will talk to father/mother and let you know." The child then knows that both parents are in consonance. Firmness and non-conflicting opinions give a sense of security to the child who then learns to respect what he is told.

Needless to say, that our psychology and behavior are constantly undergoing change. A child of 2 years will show a definitely different response to a given situation than a child of 6 or 8 years of age. The purpose of this article is to highlight the normal behavior pattern of children in different phases of growth so that parents understand how to teach and respond to a child in different situations when parental control becomes necessary.

Children are influenced in their learning and behavior from their observations of those in their immediate environment. They see their parents and elders and want to be like them. Hence, the parents and elders in the family must ensure that their every act is worthy of being emulated. If we want our children to be well mannered, we must, at all times, exhibit good manners ourselves, and, especially, in their presence. If we want them to be truthful, we must be truthful, ourselves. How soon can we expect children to learn? The answer is from the time a child crawls and learns to move. The child wants to see and explore the mysteries of the world around. The first step is to touch and taste anything that the child can lay its hands on. Parents must be vigilant and help the child to explore. Let the child touch what is safe and indicate with a firm voice and action what must not be touched, such as an electric socket. As the child grows and learns to speak, then parents must qualify the NO with the reason and explain it as simply as possible. I would like to share a poem which is explanatory and written in the voice of a child.

*Don't spoil me. I know quite well that I ought not to have
all that I ask for. I am only testing you.*

*Don't be afraid to be firm with me. I prefer it.
It makes me feel more secure.*

*Don't let me form bad habits. I have to rely on
you to detect them in the early stages.*

*Don't make me feel smaller than I am.
It only makes me behave stupidly BIG.*

*Don't correct me in front of people, if you can help it.
I'll take much more notice if you talk quietly with me in
private.*

*Don't make me feel my mistakes are sins.
It upsets my sense of values.*

*Don't protect me from consequences.
I need to learn the painful way, sometimes.*

*Don't be too upset when I say "I hate you". It isn't you,
I hate but your power to thwart me.*

*Don't take too much notice of my small ailments.
Sometimes, they get me the attention I need.*

*Don't nag. If you do, I shall have to protect myself by
appearing to be deaf.*

One of the most common parenting concerns that I have encountered in my daily practice, is that the child is stubborn and does not listen to what the parents say. Children are not born stubborn or disobedient. How then, do they become stubborn? Stubborn behavior in children arises due to conflicting behavior

in parents. Let me explain this with a simple example. Suppose the child sees a balloon seller or a ice cream vendor and he asks for it, quite often, a parent refuses without a second thought. Since these vendors know in which houses there are children, they tend to remain there and repeatedly tempt the child. After a while, the child may ask again. This may happen several times. Sometimes, after a few requests, the parent gives in and buys the balloon or ice cream. When this form of behaviour gets repeated a few times, the child draws two conclusions:

- Parents don't really mean NO when they say it
- Parents yield after saying NO if one is persistent

If the parents subsequently refuse any demand, the child, irrespective of its age, begins to ask repeatedly and, if that does not yield the desired result, the child may begin to throw tantrums to the extent of banging the head against the wall / floor and getting injured till the parent relents and gives in to the demand. This is how children become stubborn. Unfortunately, the trait continues to adulthood in many and leads to abusive or violent behavior in families.

The lesson to be learnt is that one must think twice before refusing a request by a child. In this case, the parent could have told the child that a balloon is not a lasting toy and gives only short-lived pleasure as it will deflate or burst. Recall such an incident to the child. Once having said NO, a parent must adhere to that decision. Even when the child comes back and asks again and again, be firm and without any change in tone or volume of voice, refuse each time. After a few attempts, the child will conclude that a NO means a NO and will not only resist from requesting again but the next time, the child wants something, he will not ask again if refused once. So we are responsible for making our kids stubborn or obedient, as we choose. If a child's demand is reasonable, and the item is affordable then there is no harm in some indulgence but giving in to every demand, however unreasonable it is, does not make balanced adults out of children.

Another important aspect of parenting that I encounter is the system of Reward and Punishment. Is it good to reward and punish children? If so what parameters are to be followed to establish such a system? There are no absolute rules for ideal parenting. The home environment and socio-economic conditions vary from family to family and one has to adopt means that suit individual needs. If there is more than one child in the family then it would do well to remember that all children must be treated equally. There should be no inclination to treat one more favorably than another. Children should never be compared to each other or to other children known to them or be made to feel that one is better or more worthy than another. Fair and equal treatment must be given to all the children alike. The intellectual, creative and physical capabilities vary from child to child and these factors influence the academic and co-curricular performance of the child. Comparisons between children cause undue pressure, resentment and unhealthy rivalries leading to obstruction in cordial relationships within a family. Comparisons should only be made of the same child's performance previously and now. Recognition of the worthiness of each child and words of appreciation go a long way in encouraging a child to work harder and do better. Monetary rewards are best avoided, as it may lay the foundation of bribe giving and bribe taking, later on in life. Let the recognition be in the presence of the family and if, at all, let there be a meal celebration. Appreciation is the best reward. A fitting reward is to spend time with the children giving the choice to the child being appreciated. This makes children value the time with the parents. It could be a game of cricket or other sport or a visit to the park or seeing a suitable educational film together. If a monetary gift is to be given, let that be during festivals when all should be given an equal amount or given

according to an agreed upon system which is dependent on the age of the child. Whatever method is adopted, it is paramount to ensure there is a sense of fairness and justice in the decision. As far as punishments are concerned, the omissions and commissions of childhood should not be equated with crimes. The penalty must be in proportion to the wrong doing and should be simple like no TV today or no playing games for one hour today or tidy your room or learn and recite 8 times table without mistakes or write an essay on family. All these penalties are beneficial to the child so they serve a purpose without damaging the dignity of the child. A part of the penalty must be a loving gesture of understanding and supportive encouragement.

Children are told to tell the truth, but they often experience falsehoods in the home itself. The most common example that comes to my mind is that of a phone call that is received by the lady of the house who looks at the husband and gets a signal that he does not want to take the call so she just says he has gone out. If a child has been a silent witness to this scene, he draws a subconscious conclusion that although one is told to tell the truth, it is alright not to do so. The next time he is told he cannot watch the TV till he finishes his homework, he has no qualms in saying he has finished his homework. If he breaks an item, he does not hesitate to say he didn't break it. The blame then often goes to the servant or hired help. The first few times, the child may have a twinge of fear or guilt but by repeatedly telling lies, it becomes a habit. Therefore if we want to inculcate good traits of character and integrity in our children, we must scrupulously follow the rules we set. I would like to borrow from the words of UNICEF which published this short message in 1979 which was designated as the year of the Child.

- If a child lives with Criticism, He learns to Condemn.
- If a child lives with Hostility, he learns to Fight.
- If a child lives with Ridicule, he learns to be Shy.
- If a child lives with Shame, he learns to be Guilty.
- If a child lives with Tolerance, he learns to be Patient.
- If a child lives with Encouragement, he learns Confidence.
- If a child lives with Praise, he learns to Appreciate
- If a child lives with Fairness, he learns Justice.
- If a child lives with Security, he learns to have Faith.
- If a child lives with Approval, he learns to Like himself.
- If a child lives with Acceptance and Friendship, he learns to find Love in the world.

Adolescence is a difficult phase of life for many children. They want to feel grown up but often end up only feeling inadequate. They also crave for freedom from parental control and may sometimes show disrespectful and rebellious behavior. While all this is a part of growing up, parents must be vigilant and understanding without allowing unbridled freedom. Before noticing the changes of adolescence, parents must sit and discuss basic rules with children so that as they grow into teenagers, they are already aware of certain restrictions regarding freedom, pocket money and other liberties of going out, and cut off time for returning home. It should be a rule to inform the exact place where the adolescent is going and with whom one is going. Despite some thumb rules, there will always be situations which may cause heart burn and anxiety. Parents must be open to discussing with the children, any and every topic, without appearing to be judgmental.

In conclusion, I would like to say that unconditional love, understanding and patience in adults, automatically paves the way for good parenting traditions. Justice and fairness form the bedrock of the relationship of children with their parents. **Parenting is an opportunity to mould character and contribute well balanced adults to society.**



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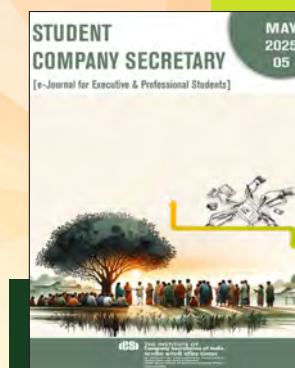
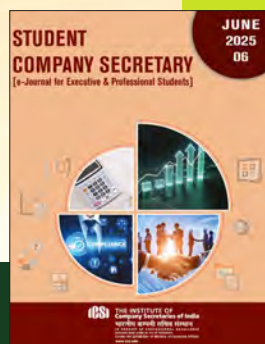
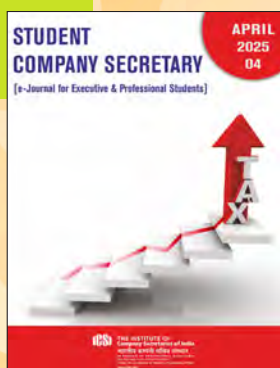
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LEGAL WORLD



- State of NCT of Delhi V. Rajiv Khurana [SC]
- Naman Gurumurthi Joshi V. Reliance Retail Ltd [NCLAT]
- Nalinesh Kumar Paurush V. Shree Vishvamurte Tradinvest Pvt. Ltd [NCLAT]
- Smt Rama Oberoi V. State NCT of Delhi & ANR [DEL]
- GEA Westfalia Separator India Pvt. Ltd V. SVS Aqua Technologies LLP [BOM]
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- Air Works India (Engineering) Private Limited V. GMR Hyderabad International Airport Limited & ORS [CCI]
- XYZ (Confidential) V. Emaar India Limited & ORS [CCI]



Corporate Laws

Landmark Judgement

LMJ 10:10:2025

STATE OF NCT OF DELHI v. RAJIV KHURANA [SC]

Criminal Appeal No. 1380 of 2010

Dalveer Bhandari K. S. Radhakrishnan, JJ. [Decided on 30/07/2010]

Equivalent citations: AIR 2010 SC2986; (2011) 2 MAD LJ(CRI) 375; (2010) 171 DLT 769; 2011 (1) SCC (CRI) 195; (2010) 158 Comp Cas 151; (2010) 98 CLA 160.

Insecticides Act, 1968- offence by company-criminal complaints against directors- vicarious liability - what averments to be made in the complaint-Supreme Court explains and reiterates the law.

Brief facts:

This appeal was filed by the appellant State of National Capital Territory of Delhi against the judgment of the High Court of Delhi whereby the High Court has quashed the summons issued by the trial court. The State instituted a criminal complaint against the company as well as its director who is the respondent here. The trial court issued the summons and the high court quashed it. The state challenged the quashing.

Decision: Dismissed.

Reason:

The ratio of all these cases is that the complainant is required to state in the complaint how a Director who is sought to be made an accused, was in charge of the business of the company or responsible for the conduct of company's business. Every Director need not be and is not in charge of the business of the company. If that is the position with regard to a Director, it is needless to emphasise that in the case of non-Director officers, there is all the more necessary to state what were his duties and responsibilities in the conduct of business of the company and how and in what manner he is responsible or liable.

In K.K. Ahuja's case (supra) the court summarized the position under section 141 of the Act as under:-

- (i) If the accused is the Managing Director or a Joint Managing Director, it is not necessary to make an

avermment in the complaint that he is in charge of, and is responsible to the company, for the conduct of the business of the company. It is sufficient if an averment is made that the accused was the Managing Director or Joint Managing Director at the relevant time. This is because the prefix "Managing" to the word "Director" makes it clear that they were in charge of and are responsible to the company, for the conduct of the business of the company.

- (ii) In the case of a Director or an officer of the company who signed the cheque on behalf of the company, there is no need to make a specific averment that he was in charge of and was responsible to the company, for the conduct of the business of the company or make any specific allegation about consent, connivance or negligence.

The very fact that the dishonoured cheque was signed by him on behalf of the company, would give rise to responsibility under sub-section (2) of Section 141.

- (iii) In the case of a Director, Secretary or manager [as defined in Section 2(24) of the Companies Act] or a person referred to in clauses (e) and (f) of Section 5 of the Companies Act, an averment in the complaint that he was in charge of, and was responsible to the company, for the conduct of the business of the company is necessary to bring the case under Section 141(1) of the Act. No further averment would be necessary in the complaint, though some particulars will be desirable. They can also be made liable under Section 141(2) by making necessary averments relating to consent and connivance or negligence, in the complaint, to bring the matter under that sub-section.
- (iv) Other officers of a company cannot be made liable under sub-section (1) of Section 141. Other officers of a company can be made liable only under sub-section (2) of Section 141, by averring in the complaint their position and duties in the company and their role in regard to the issue and dishonour of the cheque, disclosing consent, connivance or negligence.

The court further observed that the trauma, harassment and hardship of the criminal proceedings in such cases may be more serious than the ultimate punishment, it is not proper to subject all and sundry to be impleaded as accused in a complaint against a company, even when the requirements of Section 138 read with Section 141 of the Act are not fulfilled.

The legal position which emerges from a series of judgments is clear and consistent that it is imperative to specifically aver in the complaint that the accused was in charge of and was responsible for the conduct of business of the company. Unless clear averments are specifically incorporated in the complaint, the respondent cannot be compelled to face the rigmarole of a criminal trial. In view of clear legal position, we do not find any infirmity in the impugned judgment. This appeal being devoid of any merit is accordingly dismissed.

LW 73:10:2025

NAMAN GURUMURTHI JOSHI v. RELIANCE RETAIL LTD [NCLAT]**Company Appeal (AT) No.155 of 2025****Yogesh Khanna & Ajai Das Mehrotra. [Decided on 26/09/2025]****Companies Act, 2013 – Section 66 - capital reduction scheme- shareholder having miniscule shareholding- objecting to the capital reduction- whether tenable- Held, No.****Brief facts:**

The appellant is a shareholder of Reliance Retail Ltd. viz the Respondent and held 129 shares, constituting 0.0000014% of the authorized and issued paid-up capital of the Company. He as an intervenor had objected to the reduction of share capital alleging *inter alia* such reduction is against the minority interest and is not permitted under Section 66 of the Companies Act, 2013 since the Respondent company is forcefully removing its shareholders and that the promoters are increasing their stakes by using this process.

Decision: Dismissed.**Reason:**

Admittedly the Regional Director and ROC have not objected to the reduction of share capital, though it was remarked by the Regional Director, the proposed reduction is a selective reduction. The Ld. NCLT found the selective capital reduction allowable under Section 66 of the Act and held the shareholders are getting consideration of Rs.1380/- per share i.e. at a premium of 56% of the fair value, hence determined the reduction appears to be fair and reasonable and in the interest of minority shareholders.

The crux of the argument of the appellant is since there is no proof on record that the paid up capital is in excess of the want of the company, hence there cannot be a selective reduction. However, a bare reading of clauses (a) and (b) of sub-section (1) of Section 66, we find there are merely few instances of reduction of shares. Rather the section itself suggests the company may reduce its share capital in any manner though in particular, as suggested by Clauses (a) and (b) of sub-section (1) of Section 66 (Supra).

More so, admittedly the appellant held mere 129 shares, constituting 0.0000014% of the shareholding of the Respondent company. Admittedly no other shareholder has filed any appeal against the impugned order. Admittedly the argument that reduction is against the minority interest, has since been rejected by the Ld. NCLT, in para 13 of its impugned order. Further, admittedly the appellant has raised no grievance to the value given viz an amount of Rs.1380/- per share, being offered is either unfair or unreasonable. The only ground alleged by him is the

reduction is against the purpose envisaged under Section 66 of the Companies Act. This argument has been dealt with above by us and we say the list given in clauses (a) and (b) of sub-section 1 of Section 66 of the Companies Act, 2013 is not exhaustive.

Further, it is settled law the question of reduction of share capital is treated as a matter of domestic concern, i.e. it is the decision of the majority which prevails. In considering a petition for reduction of share capital, the Tribunal has to be satisfied the transaction is fair and reasonable. In any case the selective reduction is permissible if objecting shareholders are paid a fair value of their shares, as held in *Reckitt Benckiser (India) Ltd, (2005) 122 DLT 612, Brillio Technologies P Ltd Registrar of Companies & Anr, 2021 SCC OnLine NCLAT 508 and Elpro International Ltd. In Re: 2007 SCC OnLine Bom.*

Thus once it is established that non-promoter shareholders are being paid a fair value of their shares and at no point of time it was suggested the amount paid was less and where an overwhelming majority voted in favour of resolution, we find no reason to upset a reasoned order passed by the Ld. NCLT.

LW 74:10:2025

NALINESH KUMAR PAURUSH v. SHREE VISHVAMURTE TRADINVEST PVT. LTD [NCLAT]**Company Appeal (AT) (Insolvency) No. 346 of 2024****Md. Faiz Alam Khan & Arun Baroka. [Decided on 25/09/ 2025]****Insolvency and Bankruptcy Code, 2016- Section 66 - purchase of shares- fraudulent transactions- NCLT penalised the appellant- directed to contribute Rs.28 lakh – whether tenable- Held, No.****Brief facts:**

The instant appeal was preferred by the members of the Suspended Board of Directors of the CD against the order passed by the NCLT, Delhi Bench, whereby certain transactions done by the appellants have been designated as fraudulent and they were directed to contribute Rs. 28 lakhs to the liquidation estate of the CD.

Decision: Allowed.**Reason:**

Perusal of the impugned Judgment, would reveal that the adjudicating authority after noticing the nature of the transaction with regard to the purchase of the shares with regard to the companies who were not listed at stock exchange and their shares were not been traded at that point of time, at one place of its judgment has opined that may be one can think of giving the benefit of doubt to Respondents regarding the transactions with a view that there could be a thought regarding appreciation of the value of these shares in future but considering the fact that the shares were not actively traded on 02.08.2019 and 06.08.2019 and the petition for admitting CD in insolvency

was filed on 19.02.2020 the transaction in question is taken as fraudulent and consequently directed the appellants to contribute Rs. 28,50,000/- to the assets of the CD in liquidation.

The basis of passing the impugned order appears to be the transaction audit report submitted by the transactional auditor relevant except of the said report which has been made available along with the appeal is being reproduced as under:

It appears to be an admitted situation that the appellants who are suspended director of the CD were involved in the business of financial intermediation and it was their core business and the sole defence of the appellants is that the decision to purchase the shares of these two companies which were admittedly not being traded at that point of time was a commercial decision, taken for the reason that it was expected that in future the shares of these companies may be listed and may be transacted at the stock exchange and thereafter a high value may be fetched by selling them.

As noticed earlier, one of the main ingredients of Section 66 of the Code is that a transaction may only be termed as a fraudulent transaction if it has been carried on with a intention to defraud creditors and before the insolvency commencement date the directors knew that there was no reasonable prospect of avoiding the CIRP process along with the fact that the due diligence has not been exercised by directors for minimizing the losses to the creditors.

At this juncture, the financial position of the CD at the relevant point of time is also required to be seen, when these shares were purchased and a glimpse of the same may be assessed from the reply filed by the Respondent- Shree Vishvamurte whereby the minutes of stakeholder's consultation committee has been placed on record.

Thus, when the total debt owed to unsecured financial creditors was to the tune of Rs. 41,00,000/- (approximately) it may not be presumed that in order to deceive the creditors of this small amount the impugned transactions might have been undertaken. It is also evident that the appellants have categorically stated that the shares purchased by them were fetching a value of Rs. 15,00,000/- during CIRP, even when the CD was in CIRP and this fact has not been denied by the Respondent. To attract Section 66 though the standard of proof would be of preponderance of probability but the same is subjected to the heavy proof to the applicant, as each and every commercial transaction which has resulted in 'loss' may not be labelled as fraudulent. That is why under Section 66 (2) it is provided that the directors of the CD or partner must know or ought to have known that there is no reasonable prospect of avoiding the commencement of corporate insolvency resolution process and simultaneously another condition is added by putting the word "and" that such director or partner did not exercise due diligence in minimizing the potential loss to the creditors. Thus the clause "a" and "b" of Sub-Section 2 of Section 66 are required to be

read together and if a comprehensive reading of these provisions is done it would emerge that the director or partner of the CD at the time of making the impugned transactions must know that there is no reasonable prospect of avoiding the CIRP process and they did not exercise due diligence in minimizing the potential loss to the creditors of the CD. Thus non-exercise of due diligence alone may perhaps be not sufficient to label a transaction as fraudulent in order to attract sub-section 2 of section 66 of the Code.

The Ld. Tribunal has given much emphasis on the fact that the CIRP process application has been moved within 7 months of purchase of these equity shares. As we have already stated that having regard to the trade wherein the CD was involved and keeping in view the amount of debt owed by the CD it may be not presumed, in absence of any direct evidence that these transactions of purchasing shares of unlisted companies were made for the purpose of avoiding the CIRP or that these transactions have been done as the appellants knew that there is no reasonable prospect of avoiding the CIRP.

It is also reflected that only Rs. 15,00,000/- has been paid by the directors/appellants in making the impugned transaction and thus the whole amount of shares value has also not been paid. It may be taken that if the intention of the directors was to defraud the creditors they have shown payment of the whole amount of the shares i.e. Rs. 28,50,000/- and making part payment itself shows that they have exercise due diligence and unrebutted fact stated by the appellant is that these shares were fetching Rs.15 lakhs, during CIRP. It is also evident that only Rs. 15 lakhs, out of purchase value of Rs. 28 lakhs were paid by the appellant to Vishvamurte (Respondent) for purchase of these shares and thus Rs. 13 lakhs were further required to be paid to Vishvamurte (newly arrayed Respondent). Thus, when only Rs. 15 lakhs were paid to the Respondent by appellants for purchase of the impugned shares and this amount may be recovered by selling them, in fact no loss could be said to have been caused to the CD, as these shares are still in the possession of the CD and keeping in view the fact that Respondent is seller of these shares, he could not be the beneficiary of its own wrongful act. Therefore, the main ingredients of Section 66 (2) of IBC, i.e. (i)director of the CD knew or ought to have known that there is no reasonable prospect of avoiding insolvency proceedings and

(ii) that they did not take due diligence to minimize the potential loss to the creditors is conspicuously lacking in this case. Thus no case is emerging under Section 66 (2) of the Code against appellants. It is reiterated that every decision mode in business of taking risk, in order to earn more profit cannot be labelled as fraudulent or to have been done to deceive creditors.

Keeping in view all the facts and circumstances, together and the law described herein before we are of the view that the Tribunal has not correctly appreciated the facts of the instant case and only on the basis of the transactional audit report which may not be termed as a conclusive

piece of evidence, has arrived at an erroneous conclusion that impugned transactions made by the appellant at the relevant point of time were fraudulent without adverting to see the impugned transactions in the broad spectrum of commercial wisdom.

Thus, we find merit in the appeal. Resultantly, the appeal is allowed and the impugned order passed by the tribunal is hereby set aside. There is no order as to costs. Pending IA's if any are also closed.



General Laws

LW 75:10:2025

SMT RAMA OBEROI v. STATE NCT OF DELHI & ANR [DEL]

CRL.M.C.No.6228 of 2025, CRL.M.A. 26360/2025 & CRL.M.A. 26359/2025

Girish Kathpalia, J. [Decided on 03/09/2025]

Section 138 of the Negotiable Instruments Act read with Section 528 of BNSS 2023 – cheque dishonour-process issued by trial court- quashing petition filed by the accused- whether the complaint was premature-held No. -whether process to be quashed-Held, No.

Brief facts:

Petitioner seeks quashing of order passed by the learned trial magistrate, whereby the petitioner was summoned to face trial under Section 138 of Negotiable Instruments Act. It was contended on behalf of the petitioner/accused that the complaint under Section 138 of the Act was filed premature since according to the statute, the complaint has to be filed after 45 days of the statutory notice. It was also argued that the cheques in question do not bear signatures of the petitioner/accused. Further, it was contended that since the respondent filed civil suit for recovery of the outstanding amount pertaining to same transaction for which the subject cheques were issued, the complaint case was not maintainable in the eyes of law.

Decision: Dismissed.

Reason:

It is trite that where both, a civil remedy as well as a criminal remedy for any transaction are available, the aggrieved person can avail both the remedies. What has been filed by the present respondent through civil suit is a civil remedy pertaining to civil liability of the petitioner

to pay the outstanding amount. The complaint case filed by the present respondent pertains to criminal liability where despite being served with a statutory notice after dishonour of cheque, the petitioner/accused opted not to pay. The goal of the civil suit is the decree of the suit amount while the goal of the criminal proceedings is imposition of punishment, which can be imprisonment as well. There is no bar on the respondent proceeding with both remedies simultaneously.

So far as the complaint being premature, the argument is completely devoid of merit. The period of 45 days under reference is not a lump sum consolidated period; it is 15 days (after service of statutory notice, to pay vide proviso (c) to Section 138 of the Act) plus 30 days (to file complaint under Section 141(1)(b) of the Act). The period of 30 days or 31 days (the provision uses the expression “one month”) is akin to the limitation period after arising of cause of action. The cause of action arises if by 15th day of service of the statutory notice, the cheque amount is not paid by the drawer. As submitted by learned counsel for petitioner, the statutory notice, which was issued in time, was served on the petitioner/accused on 22.09.2022. That being so, the time to make payment of the cheque amount expired on 07.10.2022 and the complaint case could be filed by 06.11.2022. As submitted by learned counsel, the complaint case was filed on 29.10.2022, that is within the prescribed period of limitation to file such complaint.

Lastly comes the argument of signatures on the cheques. Both cheques clearly bear in print, name of the present petitioner/accused as drawer/signatory of the cheques. Whether or not those signatures under name of the present petitioner/accused are genuine is a matter of trial. It is trite that the High Court while adjudicating upon a petition under Section 528 BNSS shall not carry out a mini trial. The petition is not just devoid of merit but completely frivolous, so dismissed with costs.

LW 76:10:2025

GEA WESTFALIA SEPARATOR INDIA PVT. LTD v. SVS AQUA TECHNOLOGIES LLP [BOM]

Arbitration Petition (L) No. 7677 of 2025 with connected cases

Somasekhar Sundaresan, J. [Decided on 10/09/2025]

Section 34 of the Arbitration and conciliation Act, 1996 read with Section 18 of the MSMED Act- arbitration by MSEFC- award passed- arbitration took place in Pune where the seller was located— Buyer located in Vadodara- purchase contract does not have exclusive jurisdiction clause- arbitration clause in the purchase agreement provided for Mumbai- contended that place of arbitration should have been Mumbai- whether correct-Held, No.

Brief facts:

These petitions have been filed under Section 34 of the Arbitration and Conciliation Act, 1996 ("Arbitration Act") impugning arbitral awards (collectively, "Impugned Award") passed by the Micro and Small Enterprises Facilitation Council, Pune ("Facilitation Council").

The Petitioner, GEA Westfalia Separator India Private Limited ("GEA") has been directed to pay the Respondent, SVS Aqua Technologies LLP ("SVS Aqua") a awarded sums along with interest in connection with resolution of disputes and differences emanating from a Manufacturing and Supply Agreement dated November 13, 2019 ("Agreement") by the Facilitation Council.

At the threshold, SVS Aqua has objected to the territorial jurisdiction of this Court. SVS Aqua's contention is that the Facilitation Council conducted the arbitration in Pune and therefore, as a matter of territorial jurisdiction, a challenge under Section 34 of the Arbitration Act ought to be before the Civil Courts in Pune. GEA's contention is that this Court has jurisdiction in view of Clause 23 in the Agreement, which is an explicit arbitration clause. The Agreement does not have any clause recording confirmation of the parties about exclusive or non-exclusive jurisdiction of any Court.

This is the specific issue that lies at the threshold of these Petitions. Only if this issue is answered in favour of this Court having jurisdiction, can these Petitions be considered under Section 34 of the Arbitration Act. Therefore, this was framed as a preliminary issue.

Decision: Dismissed.**Reason:**

After elaborately discussing various judgements, the Court held as under:

- a. The parties in the instant case do not have any contractual commitment in the Agreement that the Courts in Mumbai would have exclusive (or even non-exclusive) jurisdiction in relation to their disputes;
- b. Had there been such a provision by which the parties agreed on a specific forum having jurisdiction, the principles from the case law cited by GEA could have potentially had relevance;
- c. In the absence of such a provision, this is not a case where one can wish away that every activity in the arbitration proceedings gravitated to Pune since Section 18 of the MSMED Act statutorily conferred territorial jurisdiction on the Facilitation Council in Pune for purposes of conducting arbitration. That is a strong pointer to the seat of these arbitration proceedings being Pune;

- d. In the absence of a binding and committed provision on exclusive jurisdiction in the Agreement, the conflict is between the arbitration by ICADR Rules that could have potentially been conducted in Mumbai; and the arbitration in terms of the MSMED Act that was actually conducted in Pune;
- e. In the factual matrix obtaining in the instant case, not only is the discussion in Gammon Engineers totally distinguishable owing to the absence of a clause recording consent to a forum having jurisdiction, but also as a matter of fact and law, nothing in the conduct of the arbitration proceedings that led to the Impugned Award had any connection or gravitation towards the contractual arbitration clause;
- f. Neither was the substance nor the procedure of the arbitration clause in the contract applicable and therefore, in the facts of this case, the actual arbitration agreement that ran its intended course was the statutory arbitration agreement deemed to have been executed within the meaning of Section 7 of the Arbitration Act, but in terms of Section 18 of the MSMED Act;
- g. Without any clause on jurisdiction - not even a non-exclusive jurisdiction clause - in the Agreement, there is no connecting factor at all to lead to jurisdiction in this Court being attracted for purposes of Section 34 read with Section 2(1)(e) of the Arbitration Act. Nothing has taken place in Mumbai - GEA operated in Vadodara, SVS Aqua operated in Pune, the only activity envisaged for Mumbai (arbitration) did not take place;
- h. In this light, the supplanting of the contractual arbitration provisions by the statutory arbitration provisions flowing from Section 18 of the MSMED Act, would lead to an inexorable consequence that it would be the Court that would be responsive to Section 34 read with Section 2(1)(e) of the Arbitration Act that would have jurisdiction. Such Court would, therefore, necessarily be the relevant court in Pune.

In these premises, it is held that this Court does not have jurisdiction in the matter and these petitions cannot be entertained. All the captioned Petitions and the attendant Interim Applications are dismissed for want of jurisdiction.

LW 77:10:2025

INTEC CAPITAL LTD v. SHEKHAR CHAND JAIN & ANR [DEL]

ARB. A. (COMM.) 25/2024 & I.A. 10158/2024

Jasmeet Singh, J. [Decided on 04/09/2025]

Arbitration and Conciliation Act, 1996 - loan agreement with the borrowers- personal guarantors executed personal guarantee- personal guarantee inferred in the loan agreement- loan agreement contained arbitration clause while the guarantee agreement did not contain – disputes arose- arbitrator held guarantors are not covered by the arbitration clause of the loan agreement- whether correct- Held, No.

Brief facts:

The appellant is the lender and the respondents are personal guarantors to the financial facility provided to the borrowers. The loan agreement contained an arbitration clause. Further the loan agreement incorporated by reference the guarantee obligations of the guarantors. The guarantee agreement does not contain any arbitration clause. Disputes arose between the parties and the appellant invoked arbitration against the borrower as well as the guarantors. The arbitrator held that arbitration is not applicable to the guarantors as the guarantee agreement does not contain arbitration clause. Aggrieved by the impugned order passed by the learned arbitrator, the appellant has filed the present appeal.

Decision: Allowed.

Reason:

The core issue requiring determination is whether the arbitration clause contained in the Loan Agreement binds the respondents, who executed contemporaneous Deeds of Guarantee securing the said loan.

At the outset, it is undisputed that the Loan Agreement, executed between the appellant and the principal borrowers, contains an arbitration clause, being Clause 32. It is also not in dispute that the respondents did not sign the Loan Agreement but executed separate Deeds of Guarantee on the same date. The question, therefore, turns on whether the arbitration clause in the Loan Agreement can be said to have been incorporated into the Deeds of Guarantee.

It is seen that Clause 4 of the Deeds of Guarantee is not a mere general reference but expressly acknowledges that the Guarantor has read and understood the Loan Agreement, agrees to be bound by its terms and accepts the Guarantee to be an “integral part” of the Loan Agreement. The use of the phrase “integral part” is significant, as it denotes that the Guarantee is not intended to operate as an isolated instrument, but in conjunction with and subject to the terms of the Loan Agreement.

Thus, this satisfies the test of incorporation of the Loan Agreement in entirety. Further, the reliance of the

appellants on Shinhan Bank (supra) is well-founded. In that case, the Hon'ble Supreme Court held that where the amenities agreement forms part of the leave and license agreement, all terms of the leave and license agreement, including the arbitration clause, would stand incorporated.

Even assuming that Clause 4 of the Deeds of Guarantee amounts only to a reference to the Loan Agreement, the present case would still fall within the exception recognized in *Inox Wind Ltd.* (supra), wherein the Hon'ble Supreme Court held that in the context of standard form contracts, even a general reference is sufficient to incorporate the arbitration clause. In the present case, the Loan Agreement and the Deeds of Guarantee are standard form documents, thereby satisfying this test as well.

The learned arbitrator, however, held that *Inox Wind Ltd.* (supra) was inapplicable, reasoning that the Loan Agreement and the Deeds of Guarantee constitute two separate contracts and, therefore, the case falls within the “two-contract” scenario.

I am of the considered view that this finding of the learned arbitrator is erroneous, as the Hon'ble Supreme Court clarified in paragraph 16 of *Inox Wind Ltd.* (supra), the principle applicable to “single contract” cases has been extended even to situations where separate contracts exist, provided they are part of a single commercial relationship.

In light of this exposition, the Loan Agreement and the Deeds of Guarantee, though distinct in form, are part of a single composite transaction executed on the same date and intended to govern the same commercial arrangement. The evident commercial intention was to secure the repayment of the loan by binding both the borrower and the guarantors to the same set of obligations, including the dispute resolution mechanism. The principle that contemporaneous documents forming part of a single transaction must be read together, as enunciated in *Punjab National Bank Ltd.* (supra), also fortifies the case of the appellant. Therefore, the present case squarely falls within the “single contract” scenario envisaged in *Inox Wind Ltd.* (supra) and the arbitration clause contained in the Loan Agreement stands duly incorporated into the Deeds of Guarantee.

In view of the considered analysis, this Court finds that the learned arbitrator erred in treating the reference to the Loan Agreement in the Deeds of Guarantee as a mere general reference. On a proper construction, the terms of the Deeds of Guarantee establish incorporation of the Loan Agreement in entirety, thereby binding the respondents to its arbitration clause. Hence, the impugned order passed by the learned arbitrator suffers from patent illegality under Section 37(2)(a) of the Act and is liable to be set aside.



Competition Laws

LW 78:10:2025

AIR WORKS INDIA (ENGINEERING) PRIVATE LIMITED v. GMR HYDERABAD INTERNATIONAL AIRPORT LIMITED & ORS [CCI]

Case No. 30 of 2019

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 15/09/2025]

Competition Act, 2003- Section 4- non-renewal of complainants license- whether abuse of dominance-Held, No.

Brief Facts:

The present matter concerns non-renewal of the Informant's license by OP-1 for space at the airside of RGIA which is stated to be required, inter alia for the provision of LMS. This was stated to have been done for limiting the services provided by the Informant, denying market access to the Informant by withholding access to the premises in the said airport and leveraging its dominant position at the airport to eliminate competition in the market of provision of LMS wherein OP-2, which is a subsidiary of OP-1, is also functioning. The aforementioned conduct is alleged to be in violation of Sections 4(2)(b), 4(2)(c) and 4(2)(e) of the Act.

Decision: Dismissed.

Reason:

Regarding allegation raised under Section 4(2)(b) of the Act, whereby OP-1 is alleged to have limited/restricted the services provided by the Informant, the Commission observes that as per the reply filed by OP-1, 8 airlines are undertaking self-line maintenance and 24 airlines are availing third party maintenance services. It is also noted by the reply of OP-1 dated 26.07.2023, that at RGIA, British Airways is also working as a third party LMS provider, which implies that the 8 airlines undertaking self-maintenance can also be employed as third party service providers by the 24 airlines which are availing third party maintenance. In view of the above, the Commission disagrees with the conclusion of the DG that any exit of one existing player from the market will adversely impact either the prices or the services, since self-handling entities can also provide LMS to the airlines availing third party services. Moreover, the Informant was never out of the relevant market as it was offering services as per scheduled timings of airlines using vehicles, tools and engineers based on necessary passes issued by OP-1 to make entry and exit

from the airport. The Commission further notes that OP-1 has given a list of LMS providers which operate without space but the same was not taken into consideration by the DG. This indicates that space at the airport is not an essential ingredient for providing LMS. The Commission, further notes that the DG has not collected sufficient evidence to show that the OP-1 has limited/restricted provision of LMS or technical/scientific development. In this regard, OP-1 has started third party selection of LMS provider by tender and this conduct of OP-1 cannot be said to be anti-competitive more so when the Informant participated in the said tender. Thus, OP-1 has not denied services of the Informant but only conveyed its intention not to renew the license. In view of the above, the Commission observes that non-renewal of the Informant's license for space on the airside of RGIA by OP-1 does not have the potential to limit and restrict the provision of LMS and technical development relating to such services, so as to cause prejudice the consumers and hence, is not in contravention of Section 4(2)(b) of the Act.

With regard to the allegation of denial of market access under Section 4(2)(c) of the Act, the Commission has perused the observations of the DG and reply of the OPs and observes that OP-1 itself admitted that the reason for non-renewal of the Informant's license was not the adoption of the Ground Handling Regulations only, but the space constraints on the airside. As per the Concessionaire Agreement, OP-1 has the right to grant SPRs to any person for the purpose of carrying out the activities and business on such terms and conditions as it deems appropriate as per law. The Commission further notes that it is not necessary to analyse the adoption of such regulations by OP-1. Further, the Concessionaire Agreement has conferred exclusive right to OP-1 for management and operation of RGIA and it can take executive decisions in pursuance of the same as per law. Unless and until, there is any contravention of the provisions of the Act, there is no occasion to interfere with the autonomous functioning of OP-1. Simply because OP-1 conducted a tender in line with Ground Handling Regulations and selected an entity, it cannot be said that it has violated the provisions of the Act. Adopting a benchmark or a method for selection of a service provider per se cannot be termed as anti-competitive. At this juncture, it is noted that OP-1 had given sufficient time to vacate the premises by way of a legal notice to the Informant conveying its intention not to renew the license in due course.

Going by the justification offered by OP-1, it appears that the reason for not renewing the Informant's license was the OP-1's need for readily available enclosed space on the airside of the airport. Hence, the space which was about to become available on expiry of the Informant's license was chosen. In contrast, the space which was reserved for Bird Execujet, was an open space and establishment of an enclosure/office may have taken time.

The Commission also observes that OP-1, had provided information to the DG about the allocation of 178 sqm space on the ground floor in the AEMB after June 2019, which was also taken back from Spice Jet for OP-1's

operational use. Further, OP-1 provided information to the DG that space had been taken from OP-2 and allotted to British Airways since an airline operator is given primacy over other third party service providers but this fact has been ignored by the DG.

Thus, refusal of OP-1 to renew the Informant's space license cannot be perceived as a denial of market access to the Informant from the downstream market of provision of LMS at RGIA. Further, the Commission notes that Informant continued with the services of LMS even without the space, which shows that space is not a sine qua non for provision of LMS because there are several airlines and third party providers which provide LMS without any space at the airport. Had space been so crucial, the Informant and other LMS providers could not have continued the service. All these facts establish that there was no denial of market access to the Informant. Accordingly, no case of violation of Section 4(2)(c) of the Act has been made out in the matter.

On the allegation of leveraging of dominant position by OP-1 in the upstream market to benefit its own subsidiary (OP-2) in the downstream market, the Commission observes that in the emails sent by OP-1 to certain airlines informing them about the non-renewal of the Informant's license, whereby the airlines were asked to choose an alternate vendor, OP-1 did not urge them to choose OP-2 or any other specific vendor. Further, in 2 cases OP-2 got the LMS work through a bidding process and in 1 case it was approached by the airline itself. It is also observed that the shift of employees from the Informant to OP-2, both before and after the expiry of the Informant's license, does not necessarily point towards any uncertainty arising in the minds of the employees due to non-renewal of licence as observed by the DG. Thus, the non-renewal of the Informant's license by OP-1 cannot be considered to be an attempt to leverage its dominant position in the delineated upstream market to benefit its subsidiary (OP-2) in the downstream market, in violation of Section 4(2)(e) of the Act. Accordingly, the matter is directed to be closed.

LW 79:10:2025

XYZ (CONFIDENTIAL) v. EMAAR INDIA LIMITED & ORS [CCI]

Case No. 10 of 2025

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 29/08/2025]

Competition Act, 2002- Sections 3 and 4- anti-competition restrictions and abuse of dominance- purchaser of villas- no specific allegations in the complaint- whether complaint to be allowed- Held, No.

Brief facts:

The present Information has been filed by XYZ (Confidential) against M/s Emaar India Limited ('OP-1'),

M/s Emaar India Community Management Private Limited ('OP-2'), Department of Town and Country Planning, Haryana through its Director ('OP-3'), Senior Town Planner ('OP-4'), District Town Planner, Department of Town & Country Planning ('OP-5') and Union of India, through Chief Secretary, Foreign Investment at DPIIT ('OP-6') (hereinafter collectively referred to as 'OPs') inter alia alleging contravention of the provisions of Sections 3 and 4 of the Act.

Decision: Dismissed.

Reason:

As regards dominance of OPs in the instant matter, the Commission has examined the list of licenses along with the land schedule for the years 2009 to 2013 mentioned on the website of Department of Town & Country Planning, State of Haryana and observes that there are various players in the relevant market along with OP-1. The Commission also observes from the information available in the public domain that there are several other reputed real estate developers such as DLF, Godrej Properties, Tata Housing, Signature Global, Vatika Group, ATS Group, and Tulip Infratech who have been building villas in Gurugram since 2010. These developers offer a range of villa options in Gurugram. Hence, the Commission is of the view that prima facie OP-1 does not appear to be dominant in the relevant market of "the provision of services for development and sale of villa in Gurugram". In absence of dominance of OP-1 in the relevant market, there is no requirement to examine the allegations of abuse of dominance. Hence, there can be no case of abuse of dominance in terms of Section 4 of the Act.

With regard to contravention of Section 4 by OP-2, the Commission notes that OP-1 and OP-2 are related as part of the Emaar India group. OP-1 is the real estate development arm, while OP-2 focuses on community management services within Emaar's projects. Hence, the Commission is of the view that dominance of OP-2 and its abuse do not arise in the specifics of this case.

With respect to the allegation under Section 3(4) of the Act, the Informant has not provided any evidence to support his allegations. Hence, the Commission is of the view that no case of anti-competitive arrangement can be made out against OP-1 under Section 3 of the Act.

The Commission also observes that with regard to OP-3 to OP-6, the Informant has neither made any specific allegations against them nor provided any evidence. Hence, the Commission is of the view that no case can be made out against OP-3 to OP-6 under the provisions of the Act.

In view of the facts and circumstances of the present case, the Commission finds that no prima facie case of contravention of the provisions of Sections 3 and 4 of the Act is made out against the OPs in the instant matter. Accordingly, the matter is ordered to be closed forthwith in terms of the provisions contained in Section 26(2) of the Act. Consequently, no case for grant for relief(s) as sought under Section 33 of the Act arises and the said request is rejected.



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5

FROM THE GOVERNMENT

- Extension of time for filing e-form DIR-3-KYC and web-form DIR 3-KYC-WEB without fee upto 15.10.2025 -reg.
- Clarification on hold ing of Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with rules made thereunder - reg.
- Invitation for public comments on establishment of Indian Multi-Disciplinary Partnership (MDP) firms by the Government of India – reg.
- The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025
- Extension of timeline for implementation of SEBI Circular dated February 04, 2025 on ‘Safer participation of retail investors in Algorithmic trading’
- Compliance Guidelines for Digital Accessibility Circular ‘Rights of Persons with Disabilities Act, 2016 and rules made thereunder- mandatory compliance by all Regulated Entities’ dated July 31, 2025 (Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/111)
- Ease of Doing Investment - Smooth transmission of securities from Nominee to Legal Heir
- Framework on Social Stock Exchange (“SSE”)
- Revised regulatory framework for Angel Funds under AIF Regulations
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- Framework for AIFs to make co-investment within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012
- Format of ‘Disclosure Document’ for Portfolio Managers
- Streamlining of the process for surrender of (Know Your Client) Registration Agency (KRA) registration
- Framework for Intraday Position Limits Monitoring for Equity Index Derivatives
- Reserve Bank of India (Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas) Directions, 2025
- Reserve Bank of India (Lending Against Gold and Silver Collateral) – (1st Amendment) Directions, 2025
- Reserve Bank of India (Interest Rate on Advances) (Amendment Directions), 2025
- Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025
- Special Clearing in Cheque Truncation System on October 3, 2025
- Investment by State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) in Shared Service Entity (SSE) established by NABARD
- Reserve Bank of India (Authentication mechanisms for digital payment transactions) Directions, 2025
- Participation of Standalone Primary Dealers in Non-deliverable Rupee Derivative Markets
- Returns – Department of Payment and Settlement Systems – Submission in CIMS



Corporate Laws

Ministry of Corporate Affairs

01 Extension of time for filing e-form DIR-3-KYC and web-form DIR 3-KYC-WEB without fee upto 15.10.2025 - reg.

[Issued by the Ministry of Corporate Affairs [F. No. &/4/2018_CL-I(P)] dated 29.09.2025]

The Ministry has received suggestions to extend the time beyond 30.09.2025 for filing of e-form DIR-3-KYC and web-form DIR-3-KYC-WEB without payment of filing fee.

- The matter has been examined in the Ministry and it has been decided to allow filing of e-form DIR-3-KYC and web-form DIR-3-KYC-WEB without filing fee upto 15th October, 2025.

This issue with the approval of Competent Authority.

CHIRADEEP BALOONI

Deputy Director

02 Clarification on holding of Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with rules made thereunder - reg.

[Issued by the Ministry of Corporate Affairs [File No. Policy-17/57/2021-CL-V-MCA] dated 22.09.2025]

In continuation to this Ministry's General Circular No. 20/2020 dated 05.05.2020, General Circular No. 02/2022 dated 05.05.2022, General Circular No. 10/2022 dated 28.12.2022, General Circular No. 09/ 2023 dated 25.09.2023 and General Circular No. 09/2024 dated 19.09.2024, and after due examination, it has been decided to allow companies to conduct their AGMs through VC or OAVM, till further orders, in accordance with the requirements laid down in Para 3 and Para -1 of the General Circular No. 20/2020 dated 05.05.2020.

- However, it is hereby clarified that this General Circular shall not be construed as conferring any extension of statutory time for holding of AGMs by the companies under the Companies Act, 2013 (the Act) and the companies which have not adhered to the relevant statutory timelines shall be liable to legal action under the appropriate provisions of the Act.

- Further, in continuation to this Ministry's General Circular No. 14/2020 dated 08.04.2020, General Circular No. 03/2022 dated 05.05.2022, General Circular No. 11/2022 dated 28.12.2022, General Circular No. 09/ 2023 dated 25.09.2023 and General Circular No. 09/2024 dated 19.09.2024, and after due examination, it has also been decided to allow companies to conduct their EGMs through Video Conference (VC) or Other Audio Visual Means (OAVM) or transact items through postal ballot in accordance with framework provided in the aforesaid Circulars till further orders. All other requirements provided in the said Circulars shall remain unchanged.
- This issues with the approval of the Competent Authority.

DR. AMIT KUMAR

Deputy Director

03 Invitation for public comments on establishment of Indian Multi-Disciplinary Partnership (MDP) firms by the Government of India – reg.

[Issued by the Ministry of Corporate Affairs [F. No. 01/5/202-PI/MCA] dated 17.09.2025]

The undersigned is directed to refer to the subject mentioned above and to say that the Government of India is committed to enabling the growth of large Indian firms capable of competing with leading international players by facilitating establishment of Indian Multi- Disciplinary Partnership (MDP) firms. In this context, a Background Note has been prepared to identify the challenges faced by Indian firms and to seek suggestions for necessary amendments to laws, rules, and regulations. These inputs will help strengthen Indian firms to compete not only in the domestic market but also globally.

- The Ministry of Corporate Affairs is actively working towards amending the relevant Acts, rules, and regulations to support the growth of domestic MDPs and enhance their international competitiveness.
- All stakeholders are requested to review the Background Note and submit their responses on the same latest by 30.09.2025 on "e-Consultation Module" or at the email so-pimca@gov.in .
- This issues with the approval of the Competent Authority.

Encls.: As above.

RANDHIR KUMAR

Under Secretary to the Government of India

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04 The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025

[Issued by the Ministry of Corporate Affairs [F. No. 2/31/CAA/2013 – CL.V Part] dated 25.09.2025]

In exercise of the powers conferred by sub-sections (1) and (2) of section 469 read with section 233 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies

(Compromises, Arrangements and Amalgamations) Rules, 2016 namely :-

1. Short title and commencement. (1) These rules may be called the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (hereafter referred to as the said rules in rule 25.
(a) for sub-rule (1), the following sub-rule shall be substituted, namely:-
(1) The notice of the proposed scheme under clause (a) of sub-section (1) of section 233 of the Act, to invite objections or suggestions from the Registrar and official liquidator or persons affected by the scheme shall be in Form No. CAA.9.

Provided that in case of a company regulated by a sectoral regulator such as Reserve Bank of India, Securities and Exchange Board, Insurance Regulatory and Development Authority of India or Pension Fund Regulatory and Development Authority, as the case may be, the notice shall be issued to the concerned regulator and to respective stock exchanges, for listed companies, for objections or suggestions within the period specified in clause (a) of sub-section of Section 233.

BALAMURUGAN D.

Joint Secretary

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Securities and Exchange Board of India

05 Extension of timeline for implementation of SEBI Circular dated February 04, 2025 on 'Safer participation of retail investors in Algorithmic trading'

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/132 dated 30.09.2025]

1. SEBI issued circular on "Safer participation of retail investors in Algorithmic trading" on February 04, 2025. The provisions of the circular were to come in to effect from August 01, 2025. However, based on representation from stock brokers and algo vendors, timeline for implementation of circular was extended to October 01, 2025 vide circular dated July 29, 2025.
2. The detailed operational modalities for algo framework were issued by exchanges on July 22, 2025. In this regard, based on the representation received by exchanges from stock brokers and algo vendors, certain clarifications and modifications were issued by exchanges in second fortnight of September, 2025.
3. In order to ensure smooth implementation of the framework, SEBI has been engaging with exchanges, broker associations and algo vendors. During the discussion, it was informed that majority of the stock

brokers require more time to carry out the necessary changes in their systems on the basis of clarifications/modifications specified in operational modalities.

4. Accordingly, it has been decided that stock brokers who are ready with the required systems shall go live w.e.f. October 01, 2025. Further, in order to provide more time to stock brokers who are yet to carry out the required system changes, a glide path is being provided which shall be adhered to by stock brokers, with the following milestones:

ARADHANA VERMA

General Manager

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06 Compliance Guidelines for Digital Accessibility Circular 'Rights of Persons with Disabilities Act, 2016 and rules made thereunder- mandatory compliance by all Regulated Entities' dated July 31, 2025 (Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/111)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/131 dated 25.09.2025]

1. SEBI issued circular on 'Rights of Persons with Disabilities Act, 2016 and rules made thereunder- mandatory compliance by all Regulated Entities' on July 31, 2025.
2. The Compliance Guidelines are enclosed at Annexure-A of this circular.
3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
4. This circular is issued with the approval of Competent Authority.
5. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal" and drop "Circulars".

DEEPANKAR CHATTERJEE

Deputy General Manager

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07 Ease of Doing Investment - Smooth transmission of securities from Nominee to Legal Heir

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/130 dated 19.09.2025]

1. SEBI has streamlined the process of appointing nominee. The nominee acts as a Trustee of the securities of the original security holder and transfers the securities to the legal heir as per succession plan.
2. As per existing procedure for effecting such transfers, the nominee, while transferring the securities to legal heir,

may get assessed for capital gains tax. Payment of tax by the nominee in such a situation may not be appropriate considering that in terms of clause (iii) of Section 47 of the Income Tax Act, 1961, such transmission is exempted and not considered as “transfer”. While the nominee may claim refund of such tax, this process causes inconvenience to the nominee.

3. In order to alleviate this inconvenience, a Working Group (“WG”) was formed. The WG, based on engagement with the Central Board of Direct Taxes (“CBDT”), recommended that to address the issue, reporting entities should use the reason code “TLH” (i.e. Transmission to Legal Heirs), while reporting such transactions to the CBDT.
4. Accordingly, in order to streamline the process of transmission of securities from nominee to legal heir and resolve the abovementioned issues related to taxation, it has been decided that a standard reason code viz. “TLH” shall be used by the reporting entities while reporting the transmission of securities from nominee to legal heir, to the CBDT so as to enable proper application of the provisions of the Income Tax Act, 1961.
5. The procedural requirements for transmission of securities to legal heir shall continue to be as provided under the provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Master Circular for Registrars to an Issue and Share Transfer Agents dated June 23, 2025 (as updated from time to time).
6. RTAs, Listed Issuers, Depositories and Depository Participants are directed to take note of above and make necessary system changes and implement above proposal with effect from January 01, 2026.
7. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992, Section 19 of Chapter IV of the Depositories Act, 1996, Regulation 40(1) read with Regulation 101 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
8. This circular is available on SEBI website at www.sebi.gov.in under the category: ‘Legal → Circulars’.

ARADHANA VERMA
General Manager

08 Framework on Social Stock Exchange (“SSE”)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/129 dated 19.09.2025]

1. SEBI vide its circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022 and subsequently vide circular SEBI/HO/CFD/PoD-1/P/CIR/2023/196 dated December 28, 2023 has notified the detailed framework on Social Stock Exchange.

2. Based on the recommendations of Social Stock Exchange Advisory Committee (SSEAC) and the feedback received through public consultation on the recommendations of SSEAC, the Board approved amendments to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

3. Accordingly, the provisions of ICDR Regulations and LODR Regulations in this regard, have been amended vide Gazette Notification dated September 09, 2025 and September 08, 2025 respectively. The same is available at following links: ICDR Amendment Notification – https://www.sebi.gov.in/legal/regulations/sep-2025/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-second-amendment-regulations-2025_96524.html

LODR Amendment Notification – https://www.sebi.gov.in/legal/regulations/sep-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-third-amendment-regulations-2025_96523.html

4. Partial modification to the circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022 pursuant to the amendments to ICDR Regulations and LODR Regulations are as under.

VIMAL BHATTER
Deputy General Manager

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09

Revised regulatory framework for Angel Funds under AIF Regulations

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/128 dated 10.09.2025]

1. With the objective of improving ease of doing business, enhancing risk reduction and providing operational clarity to Angel Funds, Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”) have been amended and notified on September 09, 2025, to prescribe the revised regulatory framework for Angel Funds. A copy of the notification is given here. In this context, the specific conditions and modalities with respect to various provisions pertaining to Angel Funds are being prescribed by way of this circular.

A. Fund raising by Angel Funds –

2. In terms of Regulation 19D(1) of AIF Regulations, Angel Funds shall raise funds only from Accredited Investors by way of issue of units, in the manner as may be specified by SEBI from time to time. In this regard, the following is specified –

- 2.1. Angel Funds which are granted registration by SEBI post the issuance of this circular, shall onboard and offer investment opportunities to Accredited Investors only.

2.2. Angel Funds registered with SEBI on or before the date of issuance of this circular shall comply with the following –

- (a) Such Angel Funds shall implement the aforesaid mandate on or before September 08, 2026 and shall not offer investment opportunity to more than 200 non-Accredited Investors during this period.
- (b) Such Angel Funds shall not accept contribution for investment in an investee company from non-Accredited Investors, post September 08, 2026.
- (c) Existing investors of such Angel Funds shall continue to hold their investments already made in the Angel Fund as per the terms of the Private Placement Memorandum (PPM) and/or fund documents of the Angel Fund.

2.3. Managers of Angel Funds shall ensure that, at the time of accepting contribution for investment in an investee company, the investor providing contribution qualifies as an Accredited Investor, either by holding a valid accreditation certificate or by meeting the criteria for deemed Accredited Investor as specified in Regulation 2(1)(ab) of AIF Regulations.

APARNA THYAGARAJAN
Chief General Manager

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10 Ease of regulatory compliances for FPIs investing only in Government Securities

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-PoD-3/P/CIR/2025/127 dated 10.09.2025]

1. SEBI vide “Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors” No. SEBI/HO/AFD/AFD-PoD-2/P/CIR/P/2024/70 dated May 30, 2024 as amended from time to time (hereinafter referred to as the ‘FPI Master Circular’), *inter alia*, specifies the guidelines for registration of FPIs, KYC requirements and attendant investment conditions/ restrictions under Parts A, B and C of the FPI Master Circular respectively.
2. In order to facilitate ease of regulatory compliances for ‘FPIs investing only in Government Securities’ (hereinafter referred to as “GS-FPIs”), SEBI (Foreign Portfolio Investors) Regulations, 2019 were amended vide notification dated August 11, 2025.
3. Accordingly, the FPI Master Circular stands modified as follows:
 - 3.1. Under Para 1 of Part A, after sub-para “FPI applicant belonging to.....with the investor group ID.” and before sub-para “Where the application

form...within a reasonable time.”, the following sub-para shall be inserted:

“FPIs that invest exclusively in Government Securities under Fully Accessible Route shall not be required to furnish investor group details.”

3.2. Following sub-para shall be added after sub-para (ii)(d) of Para 1 of Part A:

“da. The provisions mentioned at a to c above shall not apply to ‘FPIs investing only in Government Securities’ (hereinafter referred to as “GS-FPIs”). However, they shall be subject to the provision that contribution of resident Indian individuals shall be made through the LRS notified by RBI and shall be in global funds whose Indian exposure is less than 50%.”

MANISH KUMAR JHA
Deputy General Manager

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11 Framework for AIFs to make co-investment within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/126 dated 09.09.2025]

1. With an objective to enhance ease of doing business for Alternative Investment Funds (“AIFs”), Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (‘AIF Regulations’), have been amended and notified on September 09, 2025 to permit Category I and Category II AIFs to offer co-investment facility to accredited investors by launching a separate co-investment scheme (“CIV scheme”) within AIF Regulations. This is in addition to the co-investment currently being facilitated to investors of AIFs through Co-investment Portfolio Managers under SEBI (Portfolio Managers) Regulations, 2020 (“PMS route”).
2. In terms of sub-regulation 7 of regulation 17A of AIF Regulations, co-investment through a CIV scheme shall be carried out by manager of Category I or Category II AIFs in the manner and subject to the conditions as may be specified by the Board from time to time. In this regard, below mentioned operational modalities are being specified by this circular:
 - 2.1. Managers of AIFs shall make co-investment for an investor in an investee company either through PMS route or CIV scheme route.
 - 2.2. In terms of regulation 17(A)(2), manager of AIF shall file a shelf placement memorandum (template available at Annexure), that *inter alia* includes, principal terms relating to co-investments, governance structure, and regulatory framework for co-investment, etc.
 - 2.3. Each CIV scheme shall have separate bank account and demat account and assets of each CIV scheme shall be ring fenced from assets of the other schemes.

2.4. Co-investments of an investor in an investee company across CIV schemes shall not exceed three times of the contribution made by such investor in the total investment made in the said investee company through the scheme of the AIF to which aforesaid CIV schemes are affiliated. However, the aforesaid restriction shall not apply to the following types of investors (i.e. these investors may invest any amount in an investee company through CIV schemes):

2.4.1. Multilateral or Bilateral Development Financial Institutions;

2.4.2. State Industrial Development Corporations;

2.4.3. Entities established or owned or controlled by the Central Government or a State Government or the Government of a foreign country, including Central Banks and Sovereign Wealth Funds.

APARNA THYAGARAJAN

Chief General Manager

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12 Format of 'Disclosure Document' for Portfolio Managers

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125 dated 09.09.2025]

1. Regulation 22(3) of SEBI (Portfolio Managers) Regulations, 2020 mandates submission of 'Disclosure Document' by Portfolio Managers:

"The portfolio manager shall provide to the client, the Disclosure Document as specified in Schedule V, along with a certificate in Form C as specified in Schedule I, prior to entering into an agreement with the client as referred to in sub-regulation (1)."

2. As a part of an initiative for ease of doing business, it has been decided, in consultation with the Association of Portfolio Managers of India (APMI), to delete the Schedule V from the SEBI (Portfolio Managers) Regulations, 2020 containing the format of 'Disclosure Document' and issue the same in a simplified manner through this circular.

2.1. The 'Disclosure Document' has been divided into two sections viz. static and dynamic. The format of 'Disclosure Document' along with template is given in Annexure-I.

2.2. PMS to ensure that each parameter of 'Disclosure Document' begins on a fresh page. Only the page(s) containing change(s) in any parameter would need to be certified by independent Chartered Accountant and Principal Officer of the PMS. The same shall also be highlighted in the communication to clients.

2.3. The updated Disclosure Document Page(s) in which changes are carried out shall be simultaneously communicated to the clients, updated on the website of portfolio manager and filed with the Board within 7 working days from the date of change.

2.4. All other requirements, terms and conditions as enshrined in the SEBI (Portfolio Managers) Regulations, 2020 shall remain unchanged including the contents of the 'Disclosure Document' which have been specified in Regulation 22 (4) of SEBI (Portfolio Managers) Regulations, 2020 and their certification from an Independent Chartered Accountant as specified under Regulation 22 (5) of SEBI (Portfolio Managers) Regulations, 2020.

3. The provisions of this circular shall be applicable with immediate effect.

4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 43 of SEBI (Portfolio Managers) Regulations, 2020, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

VIR SAHAB SINGH

General Manager

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13 Streamlining of the process for surrender of (Know Your Client) Registration Agency (KRA) registration

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/PODFATF/P/CIR/2025/123 dated 05.09.2025]

1. Background :

1.1. Regulation 13 of {KYC (Know Your Client) Registration Agency} Regulations, 2011 provides that a KRA, who has been granted a certificate of registration under the Act or the regulations made thereunder, may make a request for surrender to the Board, duly satisfying the Board, about the factors, as it deems fit, including but not limited to :

- The arrangements made by KRA for maintenance and preservation of records and other documents required to be maintained under these regulations;
- Transfer of records of its clients;
- The arrangements made by it for ensuring continuity of service to the clients;
- Redressal of investor grievances;
- Defaults or pending action, if any.

1.2. In this context, based on the inputs received from the stakeholders, it is decided that the process for surrender of KRA registration should be streamlined for voluntary/involuntary scenarios so that critical operations and services of KRA are wind down in orderly manner.

1.2.1. Voluntary: The KRA wishes to surrender its registration i.e. wind down its critical operations and services and exit as a result of strategic or business decision.

- 1.2.2. Involuntary: Where surrender of registration (winding down) arises, is due to financial distress, or regulatory actions, including suspension or cancellation of SEBI registration.

SAPNA SINHA

Deputy General Manager

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14 Framework for Intraday Position Limits Monitoring for Equity Index Derivatives

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/TPD/CIR/P/2025/ 122 dated 01.09.2025]

- SEBI consultation paper dated February 24, 2025 on 'Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives', proposed the following Future Equivalent (FutEq) or delta equivalent positions limits for index options:

S No.	Position type	Limit
1.	End of day	Net FutEq : ₹500 crores Gross FutEq : ₹1,500 crores
2.	Intraday	Net FutEq : ₹1,000 crores Gross FutEq : ₹2,500 crores

- On the basis of feedback received from market participants and subsequent deliberations in Secondary Market Advisory Committee (SMAC) of SEBI as well as with Market Infrastructure Institutions (MIIs), following was stipulated for position limits for index options (Para 5.5 of SEBI circular SEBI/HO/MRD/TPD-1/P/ CIR/2025/79 dated May 29, 2025):

S No.	Position type	Limit	Implementation Timeline
1.	End of day	Net FutEq : ₹1,500 crores Gross FutEq : ₹10,000 crores	Glide path : From July 01, 2025 to December 05, 2025 Normal implementation : December 06, 2025
2.	Intraday	No limit specifically defined however end of day position limits would be monitored by Stock Exchanges on an intraday basis through random snapshots from the perspective of market integrity / surveillance concerns	July 01, 2025

- On the basis of observed instances of outsized intraday FutEq positions created by certain entities in index options on the day of contract expiry and the risks to market integrity thereof, discussions were held with Stock Exchanges to strengthen the intraday monitoring framework for index options.

DARSHIL D. BHATT

Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

Reserve Bank of India

15 Reserve Bank of India (Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/87 DOR.CAPREC. No.55/21.01.002/2025-26 dated 29.09.2025]

The Reserve Bank had issued a circular DOR.CAP.REC. No.56/21.06.201/2021-22 dated October 4, 2021 on "Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas" (hereinafter referred to as "the circular"). On a review, it has been decided to revise the existing eligible limit applicable to PDIs denominated in foreign currency/rupee denominated bonds overseas.

- Accordingly, in exercise of the powers conferred by section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Directions hereinafter specified.
- (i) These Directions shall be called the "Reserve Bank of India (Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/ Rupee Denominated Bonds Overseas) Directions, 2025".
(ii) These Directions shall come into force from October 01, 2025.
- In supersession of the circular *ibid*, the revised limits applicable to PDIs denominated in foreign currency/ rupee denominated bonds overseas shall be as under:
"Perpetual Debt Instruments (PDIs) issued in foreign currency/ rupee denominated bonds overseas shall be eligible for inclusion in Additional Tier 1 (AT1) capital up to a maximum amount of 1.5 per cent of Risk Weighted Assets (RWAs) as per the latest available financial statements (audited or subjected to limited review)."
- The circular DOR.CAP.REC.No.56/21.06.201/2021-22 dated October 4, 2021 on "Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas" shall stand repealed.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

16 Reserve Bank of India (Lending Against Gold and Silver Collateral) – (1st Amendment) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/84 DOR.CRE. REC.52/21.01.023/2025-26 dated 29.09.2025]

Reserve Bank had issued Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025 (hereinafter referred to as "the Directions"). Upon a review based on market feedback, certain amendments are envisaged with a view to clarifying certain aspects.

2. Accordingly, in exercise of the powers conferred by the sections 21, 35A and 56 of the Banking Regulation Act, 1949; Sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934; and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987, and all other laws enabling the Reserve Bank in this regard, the Reserve Bank, being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Amendment Directions hereinafter specified.
3. The proposed amendments modify the Directions as under:

- (i) Paragraph 12 shall stand amended with the insertions and deletions as highlighted:

12. A lender shall not grant any advance or loan:

(i) for purchase of gold in any form including primary gold, ornaments, jewellery, or coins, or for purchase of financial assets backed by gold, e.g., units of Exchange-traded funds (ETFs) or units of Mutual Funds; and

(ii) against primary gold or silver or financial assets backed by primary gold or silver., e.g., units of Exchange-traded funds (ETFs) or units of Mutual Funds.

Provided that a Scheduled Commercial Bank or a Tier 3 or 4 UCB may extend need-based working capital finance to borrowers who use gold or silver as a raw material, or as an input in their manufacturing or industrial processing activity, for which such gold or silver can also be accepted as security. A bank extending such finance shall ensure that borrowers do not acquire or hold gold for investment or speculative purposes.

- (ii) In Annex 2, the following shall be inserted after serial number 17, namely:

Sl No.	Circular No.	Date	Subject
17A.	DBOD.No.Dir. C.57/13.03.00/2012-13	November 19, 2012	Bank Finance for Purchase of Gold
17B.	RPCD.O.BC.50/03.05.33/2012-13	December 5, 2012	Bank Finance for Purchase of Gold
17C.	UBD.BPD.(PCB) Cir No.36/13.05.001/ 2012-13	February 6, 2013	Bank Finance for Purchase of Gold
17D.	RPCD.RCB. BC.No.64/07.51.014/2012-13	February 7, 2013	Bank Finance for Purchase of Gold

4. These amendments shall come into force from the date of adoption of the Directions, as provided under paragraph 4 thereof. For a lender that has already adopted the Directions, the Amendment shall be effective from October 1, 2025.

VAIBHAV CHATURVEDI
Chief General Manager

17 Reserve Bank of India (Interest Rate on Advances) (Amendment Directions), 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/83 DOR.CRE. REC.51/13.03.00/2025-26 dated 29.09.2025]

Please refer to the Reserve Bank of India (Interest Rate on Advances) Directions, 2016 ('Directions') and the Circular on Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans dated August 18, 2023 ('Circular'), read with FAQs issued on January 10, 2025 ('FAQs').

2. On a review, in exercise of the powers conferred by the sections 21, 35A and 56 of the Banking Regulation Act, 1949 and Section 45JA, 45L and 45M of the Reserve Bank of India Act, 1934 and sections 30A and 32 of the National Housing Bank Act, 1987, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the following Amendment Directions.

A. Reserve Bank of India (Interest Rate on Advances) Directions, 2016

In Chapter – IV, the following proviso shall be inserted after sub-paragraph 8 (e):

Provided that, the other spread components may be reduced by banks for a loan category earlier than three years for customer retention, on justifiable grounds, in a non-discriminatory manner, and in terms of the bank's policy.

B. Circular dated August 18, 2023 on Reset of Floating Interest Rate on EMI based Personal Loans

Paragraph 2 (ii) shall be modified as under:

At the time of reset of interest rates, REs shall may, at its option, provide the option a choice to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.

C. FAQs on Reset of Floating Interest Rate on EMI based Personal Loans

- (i) Answer (b) to FAQ No 3 shall be modified as under:

(b) Switch to fixed interest rate for the remaining portion of the loan, where such an option is provided by the RE; and

- (ii) FAQ Nos 4 and 5 shall be deleted.

3. The above amendments shall come into force from October 1, 2025.

VAIBHAV CHATURVEDI
Chief General Manager

18 Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/82 DoR.MCS. REC.50/01.01.003/2025-26 dated 26.09.2025]

I. Introduction

The nomination facility in deposit accounts, safe deposit lockers and articles in safe custody under the provisions of Sections 45ZA to ZF of the Banking Regulation Act,

1949 read with Section 56 of the Act *ibid* is intended to facilitate expeditious settlement of claims by banks upon death of a deceased customer and to minimise hardship caused to the family members. Further, in cases where nomination is not registered, the extant instructions require banks to adopt a simplified procedure for settlement of the claims up to a threshold limit. However, it is observed that divergent practices are being followed by banks. Hence, it has been decided to review the extant instructions and issue revised regulations to streamline the procedures and standardise the documentation to bring improvement in the quality of customer service in this regard.

II. Preliminary

A. Preamble

- These Directions are issued to provide a harmonized framework and to standardise the documentation for settlement of claims in respect of deposit accounts, safe deposit locker and articles in safe custody of a deceased customer and to minimise the difficulties faced by the nominees, survivors and legal heirs.

B. Powers Exercised

- In exercise of the powers conferred under Sections 35A, 45ZC(3) and 45ZE(4) of the Banking Regulation Act, 1949 read with Section 56 of the Act *ibid*, the Reserve Bank of India (hereinafter called the Reserve Bank), being satisfied that it is necessary and expedient in public interest to do so, hereby, issues the Directions hereinafter specified.

VEENA SRIVASTAVA
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

19 Special Clearing in Cheque Truncation System on October 3, 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/81 CO.DPSS.RLPD. No.S680/04-07-001/2025-2026 dated 26.09.2025]

A reference is invited to the circular CO.DPSS.RLPD. No.S536/04-07-001/2025-2026 dated August 13, 2025 on 'Introduction of Continuous Clearing and Settlement on Realisation in Cheque Truncation System' wherein it has been advised that phase 1 shall be implemented on October 4, 2025.

- To facilitate transition to continuous clearing, it has been decided to modify session timings and conduct special clearing in Cheque Truncation System (CTS) on October 3, 2025 as detailed below:

Day	Session Details	Timing
October 3, 2025 (Friday)	Return Session for Presentation done on October 1, 2025	08:00 AM – 10:00 AM
	Special Clearing Presentation Session	11:00 AM – 03:00 PM
	Special Clearing Return Session	05:00 PM – 08:00 PM

- After closure of return session on October 3, 2025 for presentation done on October 1, 2025, there shall be no regular clearing sessions in CTS on the day. All types of instruments will be accepted in special clearing only.
- For the special clearing on October 3, 2025, banks are advised to use clearing type as "99" and session numbers as "21" (for presentation) and "22" (for return). Instruments presented with any other clearing type and session number will not be attached to the special clearing session.
- Settlement will be posted for both presentation and return sessions in special clearing. Banks should maintain sufficient balance in their settlement account to meet settlement obligations arising out of the Special Clearing.
- Sponsor banks may bring the contents of this circular to the notice of their sub-members.
- This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

SAURABH NATH
Chief General Manager

20 Investment by State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) in Shared Service Entity (SSE) established by NABARD

[Issued by the Reserve Bank of India vide RBI/2025-26/80 DOR.MRG. REC.49/00.00.011/2025-26 dated 26.09.2025]

Please refer to circular DCBR.BPD.BC. No.01/19.51.026/2016-17 dated July 14, 2016 (hereinafter called the extant instructions), on Investments in Non-SLR instruments by State / Central Co-operative Banks. The circular, *inter alia*, specifies the permissible non-SLR instruments, the prudential limit on a bank's total non-SLR investments, and restriction on its investment in unlisted non-SLR securities.

- RBI has accorded regulatory approval in April 2025 to NABARD's proposal for setting up of a Shared Service Entity (SSE) for StCBs and CCBs wherein it is envisaged that the StCBs and CCBs can subscribe to the share capital of the SSE on a voluntary basis. In this context, there is a need to suitably review the extant instructions on investment in non-SLR instruments by StCBs/ CCBs.
- Accordingly, the relevant instructions have been reviewed and are being amended vide Reserve Bank of India (Investments in Non-SLR instruments by State / Central Co-operative Banks) Directions, 2025.

USHA JANAKIRAMAN
Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

21 Reserve Bank of India (Authentication mechanisms for digital payment transactions) Directions, 2025

[Issued by the Reserve Bank of India vide Notification No. RBI/2025-26/79 CO.DPSS.POLC.No. S 668/02-14-015/2025-2026 dated 25.09.2025]

1. Introduction

All digital payment transactions in India are required to meet the norm of two factors of authentication. While

no specific factor was mandated for authentication, the digital payments ecosystem has primarily adopted SMS-based One Time Password (OTP) as the additional factor.

As announced in Statement on Developmental and Regulatory Policies dated February 08, 2024, in order to enable the payments ecosystem to leverage the technological advancements for implementing alternative authentication mechanisms, it has been decided to publish Reserve Bank of India (Authentication mechanisms for digital payment transactions) Directions, 2025 (hereinafter referred to as "Directions"). The directions provide the broad principles which shall be complied with by all the participants in the payment chain, while using a form of authentication.

While these directions are applicable only to domestic transactions, in order to provide a similar level of safety for online international transactions undertaken using cards issued in India, the directions also incorporate necessary instructions for specific cross-border card transactions, in line with the Statement on Developmental and Regulatory Policies dated February 07, 2025.

These directions are issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems (PSS) Act, 2007 (Act 51 of 2007).

2. Short title

These directions shall be called Reserve Bank of India (Authentication mechanisms for digital payment transactions) Directions, 2025

3. Effective Date

All Payment System Providers and Payment System Participants, including banks and non-bank entities, shall ensure compliance with these directions by April 01, 2026, unless indicated otherwise for any specific provision herein.

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

22

Participation of Standalone Primary Dealers in Non-deliverable Rupee Derivative Markets

[Issued by the Reserve Bank of India of RBI/2025-26/78 A. P. (DIR Series) Circular No. 10 dated 22.09.2025]

Attention of Authorised Persons is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 03, 2000 [Notification no. FEMA.25/RB-2000 dated May 03, 2000], as amended from time to time and the Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016, as amended from time to time (hereinafter referred as 'Master Direction').

2. Authorised Dealer Category-I (AD Cat-I) banks in India operating an International Financial Services Centre (IFSC) Banking Unit (IBU), have been permitted under the Master Direction to transact in non-deliverable derivative contracts (NDDCs) involving the Rupee with users, other AD Cat-I banks operating an IBU and banks overseas. On a review, it has been decided that Standalone Primary Dealers (SPDs) authorised as Authorised Dealer Category-III (AD Cat-III), shall also be eligible to transact in NDDCs involving the Rupee.

3. These instructions shall be applicable with immediate effect. The Master Direction has been updated as under:

- (i) In paragraph 2.2(vi) of Part-A (Section-I), at the end of the existing paragraph, the following words shall be added, namely: -

"Such transactions can also be offered to residents and non-residents by Standalone Primary Dealers authorised as Authorised Dealer Category-III."

- (ii) In paragraph 2.3(iii) of Part-A (Section-I), after the words "IFSC Banking Unit", the following words shall be inserted, namely: -

"and Standalone Primary Dealers authorised as Authorised Dealer Category-III"

- (iii) In paragraph 3A of Part-C, after the words "(as amended from time to time)", the following words shall be inserted, namely: -

"and Standalone Primary Dealers authorised as Authorised Dealer Category-III"

- (iv) In paragraph 3A of Part-C, after the words "having IBUs", the following words shall be inserted, namely:-

"Standalone Primary Dealers authorised as Authorised Dealer Category-III"

DIMPLE BHANDIA

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

23

Returns – Department of Payment and Settlement Systems – Submission in CIMS

[Issued by the Reserve Bank of India of RBI/2025-26/77 CO.DPSS.ODD. No.S604/06-08-024/2025-2026 dated 05.09.2025]

Following the launch of the next generation datawarehouse of the Reserve Bank of India i.e. Centralised Information Management System (CIMS), it has now been decided to commence the reporting of the following returns in CIMS:

S. No.	Return Name	Return Code	Frequency
1.	Internet Banking Return	R065	Monthly
2.	Mobile Banking Return	R102	Monthly

2. Accordingly, you are advised to submit the returns listed above on the CIMS portal (<https://cims.rbi.org.in/#/login>) for the reporting period August 2025 onwards as per the reporting guidelines.
3. The Admin Users for each reporting entity have been created in CIMS. The login credentials for the users who will be submitting these two returns need to be created by the Admin Users of the respective entity.
4. As per the extant practice, the returns for every month should be submitted by the 7th of the succeeding month (i.e. return for August 2025 should be submitted by September 07, 2025). This is issued under Section 12 read with Section 19 of the Payment and Settlement Systems Act, 2007. Non-compliance with the instruction will be liable to penal action.

SAURABH NATH

Chief General Manager

Har Pal Anmol

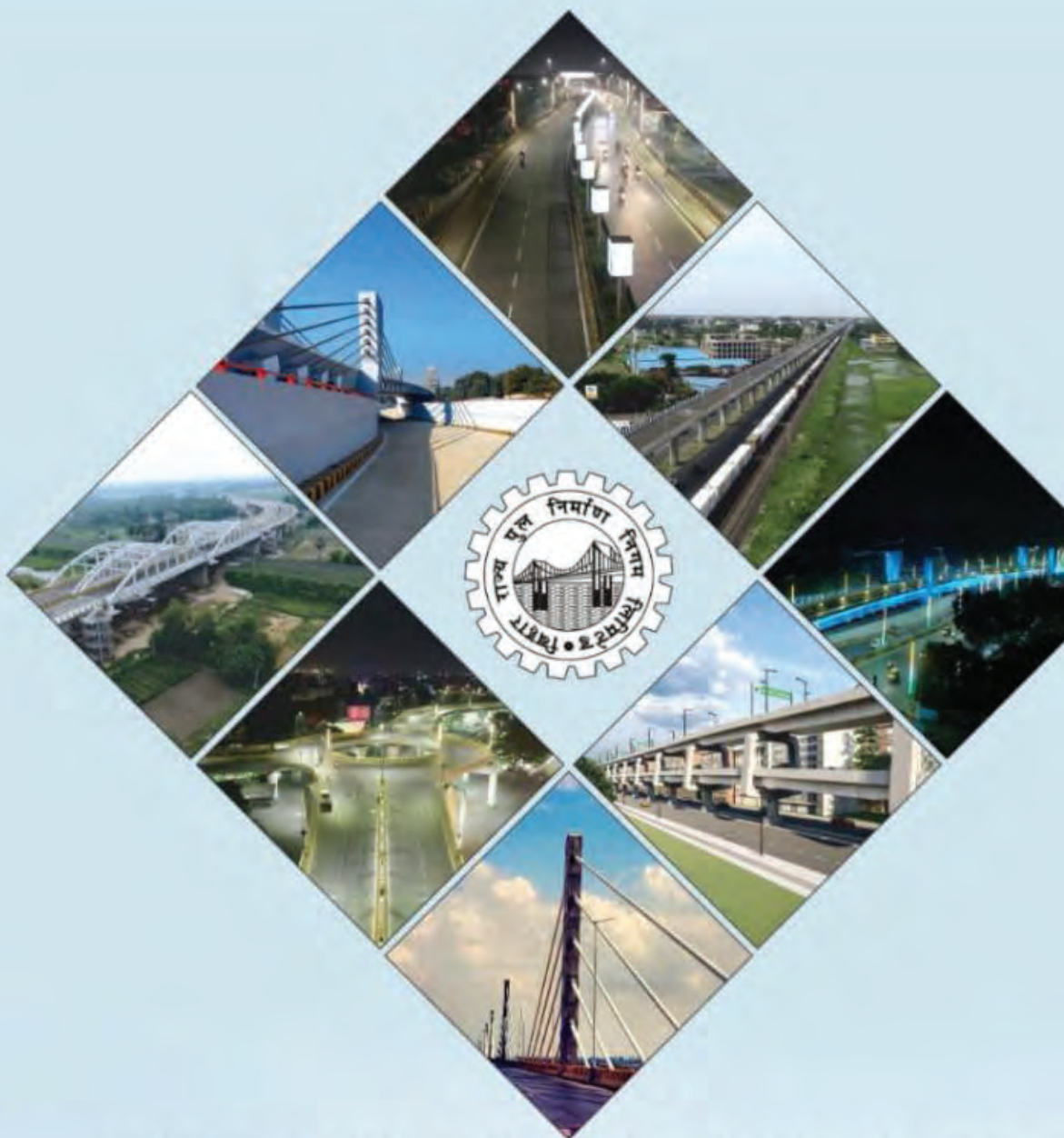


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6

NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF AUGUST 2025
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF AUGUST 2025
- NEW ADMISSIONS
- UPLOADING OF PHOTOGRAPH (PASSPORT SIZE ONLY) AND SIGNATURE
- OBITUARY
- CHANGE / UPDATION OF ADDRESS



Institute News

MEMBERS RESTORED DURING THE MONTH OF AUGUST 2025

SL. NO.	NAME	MEMB NO.	REGION
1	CS SUBRAMANIAM CHANDRASEKHAR	ACS - 12403	SIRC
2	CS PARMOD KUMAR DUGGAL	ACS - 12526	NIRC
3	CS BHAGWANDAS N THAKKAR	ACS - 14006	SIRC
4	CS SUNIL KUMAR BANSAL	ACS - 14915	EIRC
5	CS SARVESH GUPTA	ACS - 15823	NIRC
6	CS V VENKATESH	ACS - 16032	SIRC
7	CS JYOTSNA GULATI	ACS - 17359	NIRC
8	CS KRISHNA KUMAR	ACS - 17977	WIRC
9	CS ABHAY KUMAR JAIN	ACS - 19669	NIRC
10	CS DARSHANA ARVIND PATKAR	ACS - 21582	WIRC
11	CS RAKESH KUMAR KOGTA	ACS - 23993	WIRC
12	CS VAMSILATHA THULASI	ACS - 24678	SIRC
13	CS ARUN GOYAL	ACS - 29223	NIRC
14	CS SANJAY KUMAR DAS	ACS - 29331	EIRC
15	CS ASHU RATHI	ACS - 29458	SIRC
16	CS S BALA KUMAR	ACS - 29474	WIRC
17	CS SNEHAA SHAW	ACS - 29991	EIRC
18	CS SANDEEP GUPTA	ACS - 30957	NIRC
19	CS SAURAV NARANG	ACS - 32813	EIRC
20	CS SURBHI MAHESHWARI	ACS - 33124	WIRC
21	CS SUNNY AGARWAL	ACS - 33295	EIRC
22	CS BHAWNA MITTAL	ACS - 33609	NIRC
23	CS SHRUTI SINGH	ACS - 33931	NIRC
24	CS ANKITA AGARWAL	ACS - 37153	WIRC
25	CS PADMANABAN V	ACS - 37601	SIRC
26	CS AMIT SHARMA	ACS - 37921	WIRC
27	CS MAYANK KUMAR	ACS - 38930	WIRC

28	CS AVINASH ASWANI	ACS - 39465	NIRC
29	CS TANISHA GOEL	ACS - 39616	EIRC
30	CS SRINIVASA K R	ACS - 40474	SIRC
31	CS TANUJA SHARMA	ACS - 40671	NIRC
32	CS SHRUTI AGGARWAL	ACS - 40909	NIRC
33	CS SUMEET BHALEKAR	ACS - 41894	WIRC
34	CS MOHIT	ACS - 41962	WIRC
35	CS HANSA SHARMA	ACS - 42616	NIRC
36	CS APURVA JAWAHIR MEGHRAJ	ACS - 43167	WIRC
37	CS YOGESH NARAYANBHAI LIMBACHIIYA	ACS - 43689	WIRC
38	CS MONIKA JINDAL	ACS - 44159	SIRC
39	CS KRATI AGARWAL	ACS - 46450	NIRC
40	CS HIMANSHU KUMAR	ACS - 47128	EIRC
41	CS PRIYANKA JAIN	ACS - 47722	NIRC
42	CS VINITA RAVIKUMAR BHATIA	ACS - 48206	WIRC
43	CS PRERNA AGRAWAL	ACS - 48410	WIRC
44	CS DEVANGNA JAIN	ACS - 49863	NIRC
45	CS SHRUTI TIWARI	ACS - 51205	NIRC
46	CS JILL PARESH GADA	ACS - 52181	WIRC
47	CS R B SHAH	ACS - 5230	WIRC
48	CS PALAK ASHUTOSH SHASTRI	ACS - 52573	WIRC
49	CS ANIKET AJIT SAWANT	ACS - 55982	WIRC
50	CS ANKIT PAWAN JAIN	ACS - 60606	WIRC
51	CS JYOTI BIRLA	ACS - 60717	WIRC
52	CS MRIDULA AGARWAL	ACS - 61460	NIRC
53	CS GAUTAM PRAKASH MULYE	ACS - 61957	WIRC
54	CS MANISHA DAMODAR PAYGUDE	ACS - 62547	SIRC
55	CS APARNA VENKATARAMAN BHAT	ACS - 64554	SIRC
56	CS MEGHA SHASHANK BHAVSAR	ACS - 64623	WIRC
57	CS PRIYANKA GUPTA	ACS - 65298	EIRC
58	CS KAMALIKA SAMEER BANDYOPADHYAY	ACS - 66309	WIRC
59	CS MOHIT KATHURIA	ACS - 71816	NIRC
60	CS ANSHUL BAHAL	ACS - 73119	WIRC
61	CS K SURESH	ACS - 9339	SIRC
62	CS RAJENDRA KUMAR GUPTA	ACS - 9745	NIRC
63	CS L C GUPTA	FCS - 418	NIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF AUGUST 2025

SL. NO.	NAME	MEMB NO	COP NO.	REGION
1	CS AANCHAL CHOPRA	ACS - 71683	26664	SIRC
2	CS AKANKSHA BERRY	ACS - 24477	21918	NIRC
3	CS ARCHIT TANDON	ACS - 37964	14560	NIRC
4	CS BHUMIKA MITTAL	ACS - 63808	24873	NIRC
5	CS DEEPAK KUMAR JAIN	FCS - 9589	8556	NIRC
6	CS DEPAK PATHAK	ACS - 38683	25860	NIRC
7	CS DHEERAJ TIWARI	ACS - 47897	18077	SIRC
8	CS DIVYA ARORA	ACS - 60317	27906	NIRC
9	CS GOUSE SHAIK	ACS - 17459	17139	SIRC
10	CS HIMANSHU BASANT BHIDE	ACS - 68379	25565	WIRC
11	CS KARISHMA SUREKA	ACS - 66185	24810	EIRC
12	CS KHUSHALI DHIRAJLAL PATEL	ACS - 54912	20731	WIRC
13	CS KHYATI SHARMA	ACS - 72655	27053	NIRC
14	CS KOMAL CHHAPADIA	ACS - 53363	23704	EIRC
15	CS KOMAL MOUR	ACS - 51193	18732	EIRC
16	CS KWINKLE MALIWAL	ACS - 64660	27391	NIRC
17	CS LAKHBIR SINGH	ACS - 68612	25569	NIRC

18	CS MONU KUMAR	ACS - 38853	27914	NIRC
19	CS NAMRATA ASHOK AGARWAL	ACS - 56930	26613	WIRC
20	CS PIYUSH CHANDRA SETH	FCS - 6471	7008	NIRC
21	CS POOJA DILIP SAWANT	ACS - 24884	14422	WIRC
22	CS PRASHANT KUMAR GUPTA	ACS - 65145	24430	NIRC
23	CS RAGHAV AGARWAL	FCS - 8844	12370	NIRC
24	CS RAJAT KHANEJA	ACS - 38840	22900	NIRC
25	CS RASHMIKUMARI KAUSHALKUMAR TIBREWAL	ACS - 68468	27279	WIRC
26	CS SAPNA BHURA	ACS - 48739	24784	NIRC
27	CS SATISH KUMAR	FCS - 8423	9788	EIRC
28	CS SHIPRA GUPTA	ACS - 59212	26292	NIRC
29	CS SHUBA LAKSHMANAN	ACS - 66801	26945	SIRC
30	CS SRASHTI GUPTA	ACS - 65295	24445	WIRC
31	CS SUBHASH KUMAR	ACS - 47430	21421	EIRC
32	CS SUPRIYA KAUR	ACS - 69131	25946	NIRC
33	CS VINIT NAGAR	FCS - 9430	9364	WIRC
34	CS VISHWASKUMAR ASHOKKUMAR SHARMA	FCS - 12606	16942	WIRC
35	CS YATI GUPTA	ACS - 40306	27216	NIRC

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
- 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

OBITUARY

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS PIYUSH G HINDIA (22/10/1957– 22/05/2025) an Associate member of the Institute from MUMBAI, Maharashtra

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed soul rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and 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 along with Zipcode

Members are required to verify and update their address and contact details as required under Regulation 3 of the CS Regulations, 1982 amended till date

For any further assistance, we are available to help you at <http://support.icsi.edu>



**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 5th October, 2019 in the presence of the Hon'ble President of India.

In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the Digilocker anytime, anywhere.



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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.



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2025

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7

MISCELLANEOUS CORNER



- GST Corner
- Ethics in Profession
- CG Corner
- Maritime Corner
- ESG Corner
- MSME Corner
- Gist of ROC & RD Adjudication Orders

NOTIFICATION NO. 9/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025

This notification supersedes the notification No. 01/2017-Central Tax (Rate), dated the 28th June, 2017 and sets new central GST rates on goods, effective from 22nd September 2025. The notification defines seven tax rate schedules:

- 2.5% on goods in Schedule I (essential goods like milk products, honey, cereals, pulses, edible oils, medicines, fertilizers, soaps, agricultural machinery, affordable footwear and apparel, etc.)
- 9% on goods in Schedule II (processed foods, household products, industrial inputs)
- 20% on goods in Schedule III (luxury and sin goods)
- 1.5% on goods in Schedule IV (selected essential goods)
- 0.125% on goods in Schedule V (specified precious goods)
- 0.75% on goods in Schedule VI (special category goods)
- 14% on goods in Schedule VII (certain higher-taxed categories)

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010436/ENG/Notifications>

NOTIFICATION NO. 10/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025

This notification supersedes Notification No. 2/2017-Central Tax (Rate) dated 28th June 2017. It provides an updated and expanded list of goods exempted from Central GST effective from 22nd September 2025.

- Extensive exemptions on intra-State supplies of various goods with special focus on food items, agricultural produce, life-saving drugs, and healthcare products.
- Exemptions also cover many indigenous handmade musical instruments.
- Definitions and clarifications related to terms like “pre-packaged and labelled,” “unit container,” and the scope of exempted items are included.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010437/ENG/Notifications>

NOTIFICATION NO. 11/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025

This notification amends Notification No. 3/2017-Central Tax (Rate) related to GST rates on goods required for petroleum operations and coal bed methane projects.

- The GST rate on supplies for petroleum operations and coal bed methane projects has been revised from the

earlier concessional rate of 12% to 18% effective from 22nd September 2025.

- This covers goods like drilling rigs, seismic survey equipment, vessels, well-head assemblies, and oilfield chemicals, which will now attract the standard GST rate of 18% instead of 5% earlier.
- The change significantly increases indirect tax costs for oil and gas exploration projects and their contractors unless further reliefs are provided.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010438/ENG/Notifications>

NOTIFICATION NO. 12/2025-CENTRAL TAX (RATE) DATED 17TH SEPTEMBER 2025

This notification seeks to amend Notification No. 8/2018-Central Tax (Rate) dated 25th January 2018 to simplify and rationalize GST rates, providing tax relief on essential and common-use goods while adjusting rates on luxury and sin goods. GST rate changes are effective from 22nd September 2025.

- Reduction of GST rates from 12% to 5% on various dairy and agricultural products like condensed milk, butter, ghee, cheese, dried fruits, diabetic foods, and select agricultural machinery.
- Reduction from 18% to 5% on sweetened malt, confectionery, chocolates, and ice cream.
- Some goods see rate increases: from 18% to 40%, 28% to 40%, and 5% or 12% to 18%. For example: tobacco products are now taxed at the rate of 40% instead of 28%.
- GST categorized into various rates like 2.5% on essential goods, 9% on processed foods and household products, 20% on luxury goods among others.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010439/ENG/Notifications>

NOTIFICATION NO. 13/2025-CENTRAL TAX (RATE) DATED 17TH SEPTEMBER 2025

This notification amends Notification No. 21/2018-Central Tax (Rate) dated 26th July 2018, replacing the entire GST rate table for handicrafts and handmade items. Effective from 22nd September 2025, this notification prescribes a reduced GST rate of 5% on a wide array of handicraft items such as woodcraft, embroidery, coir, pottery, glassware, bamboo and cane crafts, paintings, and sculptures. Additionally, certain items like silver filigree work, handmade imitation jewelry, and natural seed/bead jewelry attract a concessional rate of 3% GST.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010440/ENG/Notifications>

NOTIFICATION NO. 14/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025

This notification addresses two main GST changes: (a) it notifies increased GST rates on bricks and related products, and (b) restricts provisional refunds for specific registered persons, effective 1st October 2025.

The notification prescribes a uniform 12% GST rate on various types of bricks, including fly ash bricks, building bricks, fossil bricks, and earthen/roofing tiles. This revision standardizes the tax treatment for these products and clarifies the relevant product codes and coverage. The rate change is effective from 22nd September 2025.

Starting 1st October 2025, a new category of registered persons will be ineligible for provisional refunds under Section 54(6) of the CGST Act, 2017. This includes:

- Persons who have not undergone Aadhaar authentication.
- Suppliers of areca nuts, pan masala, tobacco, etc

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010441/ENG/Notifications>

NOTIFICATION NO. 15/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025

This notification revises GST rates for various services and introduces new compliance relief for small taxpayers.

- The notification amends the principal Notification 11/2017-CTR, updating GST rates on several service categories:
- 18% GST Rate: Now applicable to transport services (except Indian railways container transport), multimodal transport, courier and postal services, local delivery through e-commerce operators, professional and business services, and manufacturing job work (previously 12%).
- 5% GST Rate: Applies to tailoring, job work for food, textiles, printing educational materials, brick manufacturing, handicrafts, beauty, and cleaning services.
- 1.5% GST Rate: New rate for job work on diamonds.
- The notification also tightens rules on input tax credit (ITC) claims with clear exceptions and illustrations to restrict improper ITC utilization
- Specifies that for hotel accommodation, “premises” means the location from where the supply is made, effective 1st April 2025.
- Taxpayers with aggregate turnover up to ₹2 crore are exempt from filing the annual GST return for FY 2024-25 onwards, easing compliance for micro and small businesses.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010453/ENG/Notifications>

NOTIFICATION NO. 16/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025

This notification primarily implements two significant changes: (a) grants new GST exemptions for individual life and health insurance services, and (b) brings certain anti-profiteering provisions of the Finance Act, 2025 into force.

All individual life and health insurance services, including reinsurance thereof, have been granted GST exemption effective from 22nd September 2025. This is intended to provide relief to individuals and promote insurance penetration.

It also notifies that several anti-profiteering related clauses from the Finance Act, 2025 (notably section 121(ii)-(iii), and sections 122–124, 126–134) will come into force from 1st October 2025. These provisions aim to strengthen enforcement against businesses failing to pass on GST rate reductions to consumers.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010454/ENG/Notifications>

NOTIFICATION NO. 17/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025

This notification effectuate certain changes to the GST rate structure based on the recommendations of the 56th GST Council meeting. The main focus of this notification is the imposition of GST under the reverse charge mechanism (RCM) on local delivery services provided through e-commerce operators (ECOs).

- The notification imposes a reverse charge on e-commerce operators for local delivery services facilitated through their platform, effective from 22nd September 2025.
- Coverage of Services: Local delivery services provided by unregistered suppliers via ECOs will now be taxed at 18%, with the liability to pay GST shifting from the supplier to the e-commerce operator.
- The reverse charge does not apply if the service supplier is mandatorily required to register under Section 22(1) of the CGST Act, 2017 (i.e., suppliers crossing gross turnover threshold for mandatory GST registration).

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010455/ENG/Notifications>

NOTIFICATION NO. 13/2025-CENTRAL TAX, DATED 17TH SEPTEMBER 2025

This Notification by CBIC, introduces the Central Goods and Services Tax (Third Amendment) Rules, 2025, bringing amendments to various GST rules, forms, and procedures. The changes focus on valuation (especially for lottery and betting), refund processing, input tax credit, and appellate procedures, and are effective from 22nd September 2025 unless specified otherwise.

Key Provisions and Amendments

- The valuation multiplier for lottery, betting, gambling, and horse racing is raised from 128 to 140, making these supplies subject to higher tax valuation from 22nd September 2025.
- Rules for Input Service Distributor (ISD) now clearly specify applicability under both the CGST and IGST Acts. These apply retrospectively from 1st April 2025.
- Rule 91 is amended, and changes in provisional refund order formats and timelines are notified, effective 1st October 2025. New requirements for issuing or skipping provisional refunds have been set.
- Amendments in Rules 110, 110A, 111, and 113 introduce new formats for appeals to the Appellate Tribunal, including new forms (e.g., GST APL-02A for appeals, GST APL-04A for order summary).
- The annual return form for FY 2024-25 onward is revamped with additional ITC reporting rows and clear segregation by payment mode. The reconciliation statement (GSTR-9C) now adds new fields for supplies under section 9(5) and improved clarity on “payable” vs. “paid”.
- Several forms related to appeals (GST APL-02A, APL-04A, APL-05, APL-06, APL-07) are introduced or amended for improved process clarity.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010462/ENG/Notifications>

NOTIFICATION NO. 14/2025-CENTRAL TAX, DATED 17TH SEPTEMBER 2025

This notification by CBIC, restricts the grant of provisional refunds under Section 54(6) of the CGST Act to specific categories of taxpayers. The notification specifically bars certain high-risk or non-compliant taxpayers from receiving provisional GST refunds from 1st October 2025 onwards.

- Registered persons who have not completed Aadhaar authentication will not be eligible to receive provisional refunds under Section 54(6) of the CGST Act.

- Suppliers dealing in areca nuts, pan masala, tobacco and its substitutes, and essential oils are also barred from receiving provisional refunds, due to the higher risk of tax evasion and misuse in these sectors.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010464/ENG/Notifications>

NOTIFICATION NO. 15/2025-CENTRAL TAX, DATED 17TH SEPTEMBER 2025

This notification by CBIC, exempts small taxpayers from filing the annual return (Form GSTR-9) under GST for the financial year 2024–25 onwards. The exemption applies specifically to registered persons whose aggregate turnover in any financial year does not exceed ₹2 crore.

- Registered taxpayers with aggregate turnover up to ₹2 crore are not required to file the GST annual return (GSTR-9) for FY 2024–25 and future years.
- The exemption covers all such small taxpayers irrespective of whether they are regular or composition taxpayers, as long as they fit the turnover criterion.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010465/ENG/Notifications>

NOTIFICATION 16/2025-CENTRAL TAX DATED 17TH SEPTEMBER 2025

This notification by CBIC restricts provisional GST refunds for certain categories, including non-Aadhaar-authenticated taxpayers and those dealing in areca nuts, pan masala, and tobacco, from 1st October 2025, aiming to curb misuse of refund procedures. Notification 15/2025-Central Tax exempts small taxpayers with annual turnover not exceeding ₹2 crore from filing the annual return (GSTR-9) for FY 2024–25 onwards, reducing compliance burden for small businesses. Notification 16/2025-Central Tax brings into force key provisions of the Finance Act, 2025 with effect from 1st October 2025, introducing stricter input tax credit timelines, strengthened anti-evasion measures, and expanded compliance and penalty norms to improve GST discipline and integrity.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1010466/ENG/Notifications>

ANNOUNCEMENT

The Institute has adopted the “Green Initiatives in the Corporate Governance” initiated by the Ministry of Corporate Affairs, allowing the companies to send Notices / Documents/ Annual Reports and other communications to its shareholders by electronic mode. Accordingly, the Annual Report of the Institute for the Financial Year 2024-25, has been sent to all the Members of the Institute through electronic mode on 29th September, 2025. The Annual Report has also been hosted on the website of the Institute on the link-

icsi.edu/media/webmodules/45th_annual_report_2024_2025_29.09.2025.pdf

Adhering Due Diligence while Certifying E-forms

As per Section 22 of the Company Secretaries Act, 1980, “*professional and other misconduct*” shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

Company Secretaries in Practice are expected to exercise due diligence as to ensure whether the purpose for which an e-form is made fulfilled or not.

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 stated that certain foreign directors or individuals of one Private Limited Company (hereinafter referred to as “the company”) have engaged dummy persons as subscribers to MoA and directors; and registered the company using forged documents/ falsified address or signatures., DIN was also obtained by furnishing false/forged documents and the company and individuals connected with the company may be engaged in unlawful activities.
3. The Complainant has described that the Professionals are duty bound to discharge their duty as per the law and they should use due diligence in compliance of the law and alleged the willful connivance of the professional with the director in certification of e-forms by concealing the material fact or information and requested to take immediate action for negligence and misconduct in discharging their duties.
4. The Complainant has alleged that on perusal of documents filed by the company, it is observed that in declaration for commencement of business, director of the company has furnished declaration that due to ongoing pandemic Covid-19 and non-relaxation of government to get necessary approval under automatic route for investment in India, the company will not commence its business unless they get government approval. Hence, it is clear that 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.
5. The Complainant has further alleged that the one email id was used during registration was associated with numerous similar shell companies incorporated in Delhi, Haryana, Hyderabad & Bengaluru. The Complainant alleged that the certifying professional is involved in the certification of incorporation of several such fraudulent companies across multiple cities. It is clear that the directors of the company and certifying professional has made false declarations during the incorporation, filing of other e-forms and declared its registered office at the address which belongs to a private individual and are using his address without his consent with fraudulent intentions.
6. The Complainant vide Rejoinder has *inter-alia* stated that the Respondent has certified form INC-20A to be filed on behalf of the company with the intention of enabling the company to file form DIR-12 to register cessation of the director who had already resigned from the board of the company.
7. The Complainant has further stated that it is reasonable to expect from qualified Company Secretary that he knows that it is common modus operandi of shell company that dummy director exit the company. And this is what happened in this case as well and the Respondent not only certifying the said shell company and dummy director as to how to get around the problem of filing form DIR-12 without filing form INC-20A.
8. The Respondent has denied the charges and stated that he has only acted in professional capacity and neither associated with any of the board members nor any business activity of the company in respect of which the alleged complaint was made. There was no connivance of him with any director. The Respondent has further submitted that the company got incorporated in December, 2019 with an authorized capital of Rs. 2,00,00,000/- with two directors and the Respondent was not in practice at that time, so he was not connected with the incorporation of the company in any manner whatsoever.
9. The Respondent has submitted that the company sought a solution for filing forms in respect of change in directors of the company. One director of the company had resigned from directorship of the company. The company was required to make necessary changes in its management by appointing a new director and accepting his resignation. The Respondent has stated that due to MCA website functionality, when he tried filing form DIR-12, the error appears that since the company has not filed the form INC-20A, filing of form DIR-12 is not allowed.

10. The Respondent has also submitted that on query to the client on the reason of non-filing of the form INC-20A, they informed that when the company got incorporated, the investment from China was under the Automatic Route only, and the company was set to bring the subscription money under the Automatic Route. But due to the increase in the border tension between China and India, and consequently the changes in the regulations of the FEMA, made by Ministry vide notification dated on 17th April, 2021 with DPIIT File No. 5(5)/2020-FDI policy made, any form of investment from China into approval route. The change in regulation made it impossible for the subscribers to bring the money without getting prior approval from the RBI.
11. The Respondent has further submitted that he approached the office of ROC, MCA helpline with the query regarding filing of form DIR-12, prior to filing of the form INC-20A. He also sought assistance from senior professional colleague. The company had spent more than 5 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 for company. He 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.
12. The Respondent has further stated that the company cannot file form DIR-11 or DIR-12, if the company has not filed form INC-20A with the due date. The Respondent has further stated that he with prudence and bona fide intention felt that filing of Form INC-20A with the declaration from the director will suffice the compliances. The Respondent has submitted that as per the records and resolutions shown to him by the company and as per oral declaration, the company had passed a resolution for regularization of the said additional director as the director of the company. The Respondent has submitted that since the company has not received the subscription money, the company was not able to file any of the forms. Therefore, the form for regularization cannot be filed within time.
13. The Respondent has further submitted that the company in question used email which as per the Complainant has been used in more than 30 shell companies. The email was used at the time of incorporation of the company, and the Respondent was not involved in it. Furthermore, there is no way or system by which any professional can track the number of Companies registered with one or different email Id.
14. The Disciplinary Committee agreed with the prima facie opinion of the Director (Discipline) and decided to adjudicate the matter 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. The Respondent pleaded not guilty pursuant to Rule 18(7) of the Company Secretaries (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.
15. The complainant broadly reiterated the submissions made in complaint and rejoinder. The Respondent argued with his submissions and stated that as per the records and resolutions shown to the Respondent by the company and as per oral declaration, the company had passed a resolution for regularization of the additional director as the director of the company. The Authorised Representative of the Respondent has further submitted that since the company has not received the subscription money, the company was not able to file any of the forms. Thus, the form for regularization cannot be filed within time.
16. The Disciplinary Committee observed that the Respondent has disregarded the very purpose of filing form INC-20A and certified & filed it without the mandatory attachments regarding subscribers proof of payments for value of shares, in order to facilitate the exit of the director, with the undated declaration from director that the company will not commence its business till the funding is done through approval route. Further, the Respondent has failed to notice that as per form DIR-12, one person was appointed as an Additional Director of the company in July, 2020 while in form INC-20A which is certified by the Respondent he got authorization from the Board for signing the form INC-20A in January, 2020. The Disciplinary Committee further observed that as per the records of MCA, no form for regularization of his directorship is found to be filed by the company.
17. 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.

Extended Producer Responsibility (EPR) in Climate Justice

EPR is a policy approach that assigns responsibility to producers (which can include manufacturers, brand owners, importers) for the full lifecycle of a product, especially end-of-life management (waste collection, recycling, disposal). The goal is to shift the costs and burdens of waste management and environmental externalities from governments / society at large to those who produce the product, thereby incentivizing better design (less waste, more recyclefriendly), reducing environmental impacts, and contributing to circular economy models. EPR is based on the polluter pays principle, which shifts the responsibility for waste management from governments and consumers to producers. In theory, EPR incentivizes companies to design products that are easier to recycle or reuse, reducing the overall environmental impact. In the context of climate justice, this approach can help mitigate greenhouse gas emissions from landfills, incineration, and resource extraction, while also alleviating the disproportionate environmental burdens borne by marginalized communities.

In India, EPR has become a central feature of environmental regulation across multiple waste categories, placing legal responsibility on producers, manufacturers, importers, and brand owners for the lifecycle management of their products. Regulations, in India, numerous Laws, Norms, and Regulations govern EPR compliance in various waste streams. The main laws are:

- Plastic Waste Management Rules
- E-Waste (Management) Rules
- Battery Waste Management Rules
- Hazardous and Other Wastes (Management and Transboundary Movement) Rules

Some key features of the above-mentioned Rules include:

PLASTIC WASTE MANAGEMENT RULES, 2022¹

The Plastic Waste Management (Amendment) Rules, 2022 introduced detailed guidelines on Extended Producer Responsibility (EPR) for plastic packaging waste, making producers, importers, and brand owners (PIBOs) legally responsible for the collection, recycling, and end-of-life disposal of the plastic they introduce into the market. The Rules categorize plastic packaging into four types and mandate registration of all obligated entities on a centralized portal. EPR targets are phased, starting at 25% in FY 2021–22 and reaching 100% by FY 2023–24, along with minimum recycling obligations and mandatory use of recycled content in packaging. Compliance requires annual reporting and documentation through authorized



plastic waste processors. Non-compliance may attract environmental compensation under the 'polluter pays' principle, making the system more accountable and environmentally sustainable.

E-WASTE (MANAGEMENT) RULES, 2022²

The E-Waste (Management) Rules, 2022, notified by the Ministry of Environment, Forest and Climate Change, establish a comprehensive Extended Producer Responsibility (EPR) framework for managing electronic waste in India. It defines 'extended producer responsibility' means responsibility of any producer of electrical or electronic equipment as given in Schedule-I for meeting recycling targets as per Schedule-III and Schedule-IV, only through registered recyclers of e-waste to ensure environmentally sound management of such waste. Under these rules, producers, manufacturers, importers, and refurbishers of electrical and electronic equipment (EEE) are legally required to register on a centralized EPR portal managed by the Central Pollution Control Board (CPCB). Producers must meet annual collection and recycling targets based on the quantity of products sold, and they are mandated to channel e-waste exclusively through authorized recyclers. Non-compliance attracts environmental compensation, and the system is designed to promote formal recycling, reduce landfill pressure, and move towards a circular economy in the electronics sector.

BATTERY WASTE MANAGEMENT RULES, 2022³

The Battery Waste Management Rules establish a legal framework that mandates Extended Producer Responsibility (EPR), making producers responsible for the collection, recycling, and environmentally sound disposal of used batteries. The Rules apply to all battery types and

¹ <https://cpcb.nic.in/rules-4/>

² <https://cpcb.nic.in/rules-4/>

³ <https://cpcb.nic.in/rules-5/>

aim to promote a circular economy by ensuring that materials are recovered and reused rather than discarded. Under EPR, producers must meet specific targets for waste battery collection and recycling, register with authorities, and face penalties for non-compliance. This shifts the responsibility for waste management from consumers and local governments to the producers, encouraging sustainable design, responsible sourcing, and pollution prevention throughout the battery lifecycle.

HAZARDOUS AND OTHER WASTES (MANAGEMENT AND TRANSBOUNDARY MOVEMENT) RULES, 2016⁴

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 regulate the safe handling, storage, transportation, recycling, and disposal of hazardous and other wastes, including their import and export. While the Rules do not directly mandate Extended Producer Responsibility (EPR), they complement EPR frameworks by ensuring that any waste generated including by producers under EPR obligations is managed in an environmentally sound manner. The Rules require proper authorization for waste handlers and set strict guidelines for transboundary movement to prevent illegal dumping. In the EPR context, these Rules provide the operational backbone for how producers, recyclers, and waste processors must handle hazardous materials, ensuring that compliance with EPR also meets national and international environmental standards.

According to Hazardous and Other Wastes (Management and Transboundary Movement) Second Amendment Rules, 2023 effective from April 01, 2024, Extended Producer Responsibility of producer of base oil or lubrication oil or importer of used oil for meeting recycling targets only through registered recyclers to ensure environmentally sound management of used oil.

⁴ <https://cpcb.nic.in/rules/>

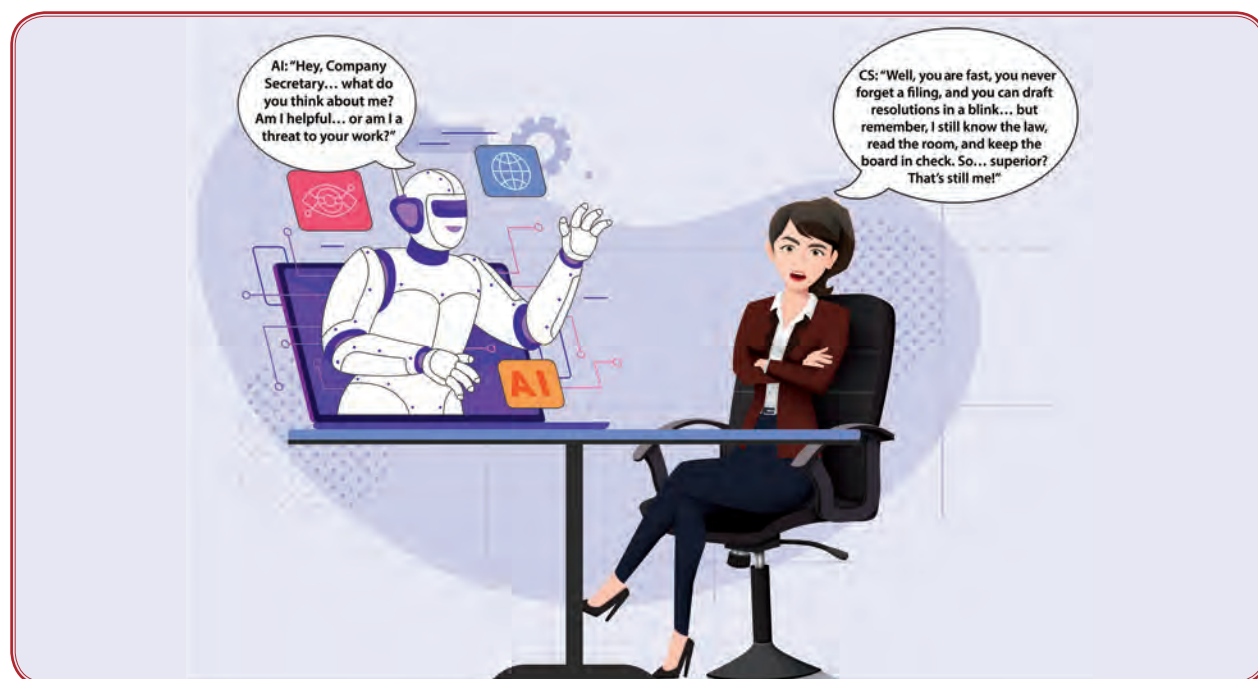
The extended producer responsibility covers the following modes for managing the used oil in order of priority, namely: - (i) producing re-refined base oil or lubrication oil; and (ii) energy recovery. (2) All producers and used oil importers shall fulfil their extended producer responsibility obligation and in doing so they may take help of third-party organisations, such as integrated used oil management systems, collection centres or dealers. It may be noted that the extended producer responsibility shall lie entirely on the producer only.

Further, Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2022 provides for Extended Producer Responsibility (EPR) to ensure environmentally sound management of waste tyre.

EPR when effectively implemented, can serve as a powerful tool for climate justice reducing emissions, conserving resources, and alleviating the disproportionate environmental burden on vulnerable communities. India's evolving EPR regulations in plastics, electronics, batteries, and hazardous waste reflect a growing commitment to embedding environmental responsibility at the point of production. As India progresses toward its climate goals and circular economy vision, robust EPR implementation can help bridge the gap between policy ambition and ground-level impact, ensuring inclusive and sustainable development.

Sources:

- i. https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/04/extended-producer-responsibility_4274765d/67587b0b-en.pdf
- ii. https://policycommons.net/artifacts/11321604/extended-producer-responsibility/12207540/?utm_source=chatgpt.com
- iii. <https://policycommons.net/artifacts/11321604/extended-producer-responsibility/12207540/>



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

SHIP RECYCLING

Ship Recycling is the activity of dismantling of a ship at a ship recycling facility in order to recover components and materials for reprocessing and reuse, while taking care of hazardous and other materials and includes associated operations such as storage, treatment of components and materials on site, but not their further processing or disposal in separate facilities.

Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 ensures that ships, when being recycled after the end of their operational lives, do not pose any unnecessary risk to the environment and to human health and safety. In order to accede to the aforesaid Convention and to have an appropriate legislation on issues relating to the recycling of ship, the Indian Government had enacted “Recycling of Ships Act, 2019” to regulate recycling of ships by setting certain standards and framework in line with the above convention.

SHIP RECYCLING FACILITY

Ship recycling facility is a defined area that is a site, yard or facility used for the recycling of ships in accordance with the ship recycling plan.

SHIP RECYCLING PLAN

Ship recycling plan refers to a specific plan of action for recycling of a ship in a safe and environment friendly manner.

SHIP RECYCLING COMPANY

Ship recycling company means an entity who is the owner of Ship Recycling Facility or any other entity operating the Ship Recycling Facility, who has assumed the responsibility of recycling ships in accordance with applicable standards and statutory requirements.

MARITIME NEWS

INDIA'S FIRST FLEET OF EV TRUCKS FLAGGED OFF AT JNPA

India's first fleet of electric heavy trucks with swappable batteries was flagged off on 25th September, 2025 at the Jawaharlal Nehru Port Authority (JNPA). This induction of state-of-the-art EV trucks marks another decisive stride in JNPA's pursuit of decarbonisation and energy transition in the maritime and logistics ecosystem. The initiative reflects the Authority's determination to align itself with global sustainability imperatives while also bolstering operational efficiency and reducing carbon footprints across cargo movement corridors. Today, a total of 50 trucks were flagged off, with the fleet expected to expand to 80 by the end of the year. This also made JNPA with the largest EV truck fleet in any of India's ports boosting sustainable logistics.

By deploying EV trucks within port operations, JNPA will be:

- (i) Demonstrating alignment with national energy transition goals, particularly India's net-zero commitment by 2070.
- (ii) Supporting the National Electric Mobility Mission Plan (NEMMP), by showcasing commercial-scale EV adoption in high-throughput logistics.
- (iii) Reducing operational emissions, particulate pollution, and noise within the port ecosystem.
- (iv) Establishing a replicable benchmark for other major and non-major ports to follow in adopting EVs for cargo-handling and last-mile connectivity.

JNPA aims to convert 90% of its internal heavy truck fleet of about 600 vehicles by December 2026.

Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2171301>

FOUR PILLAR APPROACH TO STRENGTHEN SHIPBUILDING, MARITIME FINANCING AND DOMESTIC CAPACITY

Today, the maritime sector remains a backbone of the Indian economy, supporting nearly 95% of the nation's trade by volume and 70% by value. At its core lies shipbuilding, often described as the “mother of heavy engineering,” which not only contributes significantly to employment and investment but also enhances national security, strategic independence, and the resilience of trade and energy supply chains.

On 24th September, 2025 the Union Cabinet, chaired by Prime Minister Shri Narendra Modi, approved a comprehensive package of Rs.69,725 crore to revitalize India's shipbuilding and maritime ecosystem. The package

introduces a four-pillar approach designed to strengthen domestic capacity, improve long-term financing, promote greenfield and brownfield shipyard development, enhance technical capabilities and skilling, and implement legal, taxation, and policy reforms to create a robust maritime infrastructure.

Under this package, the Shipbuilding Financial Assistance Scheme (SBFAS) will be extended until 31st March 2036 with a total corpus of Rs.24,736 crore. In addition, the Maritime Development Fund (MDF) has been approved with a corpus of Rs.25,000 crore to provide long-term financing for the sector. This includes a Maritime Investment Fund of Rs.20,000 crore with 49% participation from the Government of India and an Interest Incentivization Fund of Rs.5,000 crore to reduce the effective cost of debt and improve project bankability. Furthermore, the Shipbuilding Development Scheme (SbDS), with a budgetary outlay of Rs.19,989 crore, aims to expand domestic shipbuilding capacity to 4.5 million Gross Tonnage annually, support mega shipbuilding clusters, infrastructure expansion, establish the India Ship Technology Centre under the Indian Maritime University, and provide risk coverage, including insurance support for shipbuilding projects.

Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2170575>

LANDMARK MOUs SIGNED TO BOOST MARITIME AND SHIPBUILDING SECTOR

A MoU Exchange Ceremony took place on the eve of the “Samudra Se Samridhi – Transforming India’s Maritime Sector” event addressed by Prime Minister Shri Narendra Modi in which a number of projects pertaining to the maritime sector were launched. On 18th September, 2025 around twenty-seven Memorandum of Understanding (MoUs) were exchanged between public and private sector stakeholders in the maritime sector, State Governments, and international partners. Together, these agreements carry an investment and development potential of over ₹66,000 crore and represent a significant collaborative commitment towards the growth of India’s maritime and shipbuilding sector.

A landmark MoU was signed between Paradip Port Authority, Visakhapatnam Port Authority, Sagarmala Finance Corporation Limited, and the Government of Odisha for the development of a new port at Bahuda, with a capacity of 150 million tonnes per annum proposed to be developed on more than 6,700 acres of coastal salt land that have been designated for maritime use, this project is expected to attract an investment of around ₹21,500 crore. It will act as an anchor for port-led industrialisation, logistics parks, and manufacturing clusters across Odisha and northern Andhra Pradesh.

MoU was also signed between the Inland Waterways Authority of India and the Government of Bihar for a Water Metro Project in Patna. Valued at approximately ₹908 crore, this collaboration proposes to deploy energy-efficient electric ferries, develop modernised terminals,

and integrate urban waterways with multimodal systems of public transport.

On the shipping front, a significant step towards India’s energy independence was unveiled through the MoU between the Shipping Corporation of India and the Oil PSUs i.e., IOCL, BPCL, and HPCL for the creation of a Vessel Owning Joint Venture Company. This is the first in a series of steps that will pool vessel demand from energy PSUs, thereby reducing reliance on foreign shipping fleets.

Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2172488>

IMO STEPS UP EFFORTS TO TRAIN SEAFARERS ON ENERGY TRANSITION

The International Maritime Organization (IMO) is stepping up efforts to prepare seafarers for shipping’s energy transition, in line with its strategy to cut greenhouse gas emissions from ships. IMO has issued interim guidelines on training for seafarers on ships using alternative fuels and new technologies.

The guidelines set out an international framework for the development and approval of training of seafarers serving on all ships using alternative fuels and new technologies. These guidelines are expected to form the basis for mandatory requirements for seafarer training under the revised 1978 Seafarers’ Training, Certification and Watchkeeping (STCW) Code which is currently under review to support decarbonisation, digitalisation and other developments. With new training standards, enhanced technical support for Member States and closer engagement, IMO is laying the groundwork for a just and well-prepared energy transition for seafarers.

Source: <https://www.imo.org/en/mediacentre/pages/whatsnew-2336.aspx>

HISTORIC MILESTONE ACHIEVED FOR OCEAN CONSERVATION

A landmark UN treaty to safeguard marine biodiversity on the high seas has now met the required 60 ratifications for entry into force, clearing the way for it to take effect in January 2026. The pact commonly referred to as the “High Seas Treaty” covers two-thirds of the world’s ocean area that lies beyond national boundaries.

The treaty, formally known as the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (BBNJ Agreement), was adopted by UN Member States in June 2023 after nearly two decades of negotiations. It establishes legally binding rules to conserve and sustainably use marine biodiversity, share benefits from marine genetic resources more fairly, create protected areas, and strengthen scientific cooperation and capacity building.

Source: <https://www.imo.org/en/mediacentre/pages/whatsnew-2328.aspx>

NATIONAL BIODIVERSITY AUTHORITY FUNDS ₹82 LAKH FOR RED SANDERS CONSERVATION

India's National Biodiversity Authority (NBA) has approved ₹82 lakh to conserve Red Sanders in Andhra Pradesh, channeling funds under its Access and Benefit Sharing mechanism. The Authority said the funding will help raise one lakh saplings of Red Sanders, a rare tree species endemic to southern India. These saplings will be supplied to farmers as part of the Trees Outside Forests program, expanding conservation efforts and biodiversity beyond protected areas. Red Sanders, also known as *Pterocarpus Santalinus*, is found mainly in Anantapur, Chittoor, Kadapa and Kurnool districts. Its high commercial value has fueled rampant smuggling, placing the species under severe threat.

The sanctioned funds come from benefit-sharing amounts collected from Red Sanders users. Unlike sale proceeds, this allocation is reinvested into conservation, with a focus on grassroots-level involvement. Local communities, including tribal groups and biodiversity management committees, will play a central role in the effort. They will engage in nursery development, plantation and long-term care of saplings, creating jobs, building skills and strengthening local stewardship.

The initiative highlights the implementation of India's updated Biological Diversity Act, amended in 2023, which ensures equitable sharing of benefits from biological resources. Red Sanders is protected under India's Wildlife Protection Act, 1972, and listed by the Convention on International Trade in Endangered Species, which restricts its global trade. The NBA has previously released more than ₹31.55 crore to the Andhra Pradesh Forest Department for Red Sanders conservation. The latest allocation will directly support field-level actions, rather than relying solely on departmental protection measures.

Source: <https://tinyurl.com/NBAandharp>

INDIA AND ADB PARTNER TO BOOST CLIMATE RESILIENCE IN ASSAM

India has recently signed a \$125 million loan agreement with the Asian Development Bank (ADB) to improve water and stormwater systems in Assam, in a project aimed at raising urban livability and strengthening climate resilience.

The Assam Urban Sector Development Project will deliver continuous metered water supply and upgraded stormwater management to about 360,000 residents. The program targets six district headquarters Barpeta, Bongaigaon, Dhubri, Goalpara, Golaghat and Nalbari as well as Guwahati.

The loan will fund the construction of six water treatment plants with a combined daily capacity of 72 million liters. Around 800 km of new distribution pipelines will serve

the district towns. A real-time monitoring system will be installed to maintain non-revenue water at below 20%. In Guwahati, investments will focus on stormwater management in the Bahini Basin. Works include flood diversion channels, upgraded drainage, and a nature-based retention pond to reduce discharge and recharge groundwater. These measures are central to building Assam's climate resilience. The deal comes as ADB reviews its record in supporting livable cities across Asia and the Pacific. An evaluation by ADB's Independent Evaluation Department found that while the bank has helped improve urban livability, a deeper impact requires stronger collaboration and local partnerships.

Source: <https://tinyurl.com/climateresilienceassam>

COMPANIES SEE ESG ASSURANCE AS STRATEGIC LEVER: KPMG SURVEY

KPMG International's 2025 ESG Assurance Maturity Index suggests a shift in how companies view sustainability reporting. Once considered a compliance exercise, ESG assurance is increasingly seen as a tool for competitive advantage, trust-building and long-term resilience.

The Index draws on responses from 1,320 senior executives and board members across industries and regions, representing companies with average revenues of \$16.8 billion. While enthusiasm is evident, overall readiness slipped marginally to 46.9 from last year's 47.7, underscoring the impact of geopolitical uncertainty and shifting regulatory priorities. Two years into the survey's series, 76% of businesses are still in early or mid-maturity stages, reflecting slow progress in embedding ESG practices into core operations.

KPMG categorises companies into three groups: Leaders, Advancers and Beginners. Leaders, the top quartile, achieved an average score of 65.2, while Advancers reached 45.7 and Beginners trailed at 30.5. Leaders are marked by strong board involvement, advanced use of digital tools and integrated ESG strategies. Beginners, by contrast, struggle with underdeveloped governance and data systems. This maturity gap is widening, with implications for competitiveness and investor confidence.

Among Leaders, 95% of boards are actively identifying ESG risks and opportunities, and 89% are taking ESG-related actions. Companies embedding ESG assurance into governance and strategy are positioning themselves to capture market share and investor trust. With capital markets increasingly pricing climate and sustainability risks, the ability to demonstrate credible, assured ESG data is fast becoming a precondition for access to financing and investor confidence.

KPMG's Index suggests ESG assurance is shifting from a technical reporting exercise to a core pillar of corporate governance and market competitiveness. For global business leaders, the message is clear: assurance

frameworks must be operationalised across value chains, not left as compliance artefacts.

As geopolitical and economic uncertainty persists, the companies that integrate ESG assurance into boardrooms, investment strategies and daily operations are likely to emerge stronger not just in regulatory readiness, but in market resilience.

Source: <https://tinyurl.com/KPMGSurvey2025>

EU COUNCIL APPROVES SIMPLIFICATION OF CARBON BORDER ADJUSTMENT MECHANISM

The Council of the European Union has adopted a regulation simplifying the EU's carbon border adjustment mechanism (CBAM), an instrument designed to prevent carbon leakage by imposing a levy on imported goods based on their embedded emissions. The reform seeks to reduce compliance costs and regulatory complexity, especially for small and medium-sized enterprises (SMEs), without diluting the mechanism's climate ambition.

The most notable adjustment is the replacement of the current exemption based on negligible-value imports with a new mass-based threshold. Under the new rule, imports of CBAM-covered goods up to 50 tonnes per importer annually will fall outside the regulation's scope. The measure is expected to relieve administrative pressure on SMEs and individuals importing low volumes, while ensuring that large-scale industrial flows remain subject to full CBAM reporting and pricing obligations.

The amended regulation also introduces transitional arrangements to avoid disruptions at the start of 2026, when the CBAM enters full operation. Importers awaiting registration will be allowed to bring in covered goods under specific conditions, preventing bottlenecks at EU borders. This reflects the concerns raised by industry and customs authorities about potential trade slowdowns during the initial registration period.

The legislative Act will be published in the EU's Official Journal in the coming days and will enter into force three days later. Companies trading in CBAM-covered goods now face a shorter window to align compliance processes with the streamlined framework before the mechanism's full application in 2026. The coming years will test how effectively the revised CBAM can deter carbon leakage, shape trade flows, and reinforce the EU's role as a global climate policy standard-setter.

Source: <https://tinyurl.com/EUCBAMAMEND>

CHINA SETS FIRST ABSOLUTE EMISSIONS CUT TARGET FOR 2035

China has pledged for the first time to cut its greenhouse gas emissions in absolute terms, committing to reduce economy-wide net emissions by 7–10% from peak levels by 2035, "striving to do better." President Xi Jinping announced the target in a video address to a high-level

climate summit in New York convened by UN Secretary-General António Guterres during the General Assembly.

China, responsible for roughly a third of global emissions by some estimates, is central to whether the Paris Agreement stays viable. The new nationally determined contribution (NDC) arrives weeks before COP30 in Brazil, where countries are racing to file updated plans covering the 2035 horizon. China also announced actions to:

- Expand installed wind and solar to more than six times 2020 levels, aiming for around 3,600 GW.
- Lift the non-fossil share of total energy consumption to over 30%.
- Increase total forest stock volume to over 24 billion cubic meters.
- Make electric vehicles the mainstream in new car sales.
- Expand the emissions trading market to cover major emitting sectors.

Experts welcomed the structural shift to an absolute cut but judged the ambition insufficient for a 1.5°C pathway.

Source: <https://tinyurl.com/china2035targets>

GERMANY DELIVERS NEARLY \$14 BILLION IN CLIMATE FINANCE FOR 2024

Berlin has confirmed that it provided €11.8 billion (\$13.81 billion) in international climate finance during 2024, a record outlay designed to strengthen developing countries' ability to respond to climate change. The announcement was made jointly by Germany's environment and international development ministries.

When governments signed the Paris Agreement in 2015, industrialized countries agreed to mobilize at least \$100 billion annually in climate finance for developing states. Germany's contribution, one of the largest from a single country, demonstrates how leading economies are attempting to bridge the funding gap at a time when calls for scaled-up finance are intensifying ahead of COP30 in Brazil.

The federal ministries framed the announcement as evidence of Berlin's long-term commitment to climate solidarity. Funds are earmarked for three areas: the acceleration of renewable energy projects, agricultural adaptation to increasing droughts and floods, and the protection of forests that act as global carbon sinks.

Germany's record financing comes amid heightened scrutiny of whether wealthy nations are meeting obligations under international climate frameworks. Failure by some industrialized nations to meet prior commitments has eroded trust in climate diplomacy; Germany's delivery is seen as a corrective step.

Source: <https://tinyurl.com/germanyclimatefinance>

Setting-up MSME Clusters: Roadmap for Growth, Competitiveness and Sustainability

INTRODUCTION

India's growth story cannot be written without highlighting the central role played by Micro, Small and Medium Enterprises (MSMEs). With over 6.3 crore MSMEs employing more than 11 crore people, contributing nearly 30% of GDP and 40% of exports, this sector truly embodies the spirit of Atmanirbhar Bharat. Yet, despite their massive contribution, MSMEs often face limitations of scale, technology adoption, branding, and access to finance.

It is here that the concept of MSME Clusters emerges as a transformative solution. By bringing together enterprises engaged in similar or complementary activities within a defined geographic region, clusters enable collective efficiency, shared resources, common branding, and a higher degree of competitiveness. Globally, countries such as Italy, Germany, and Japan have demonstrated how clusters can drive industrial transformation. India too has begun leveraging this model through schemes like SFURTI (Scheme of Fund for Regeneration of Traditional Industries) and MSE-CDP (Micro & Small Enterprises Cluster Development Programme).

This article delves into the concept, process, and governance framework for setting up MSME clusters in India, along with the role of Company Secretaries and professionals in ensuring their long-term success.

What is an MSME Cluster?

An MSME cluster is a geographically proximate group of interconnected companies, suppliers, service providers, and associated institutions working in a particular sector. These firms collaborate and compete simultaneously, thereby enhancing productivity and innovation.

The United Nations Industrial Development Organization (UNIDO) defines Clusters as *"sectoral and geographical concentrations of enterprises that produce and sell a range of related or complementary products and services, and face common challenges and opportunities."*

Global Experiences

- **Italy:** Leather and fashion clusters have enabled Italian brands to dominate global luxury markets.
- **Germany (Mittelstand model):** Engineering and automobile ancillary clusters form the backbone of its export-oriented economy.
- **Japan:** Technology-driven clusters, especially in robotics and electronics, have given Japanese SMEs a competitive edge.

Indian Context

India has more than 6,000 clusters across various industries:

- **Textiles & Apparel:** Tirupur, Surat, Ludhiana.
- **Handicrafts:** Moradabad Brass, Jaipur Gems, Banarasi Silk.
- **Engineering & Auto Components:** Pune, Chennai, Gurugram.

- **Leather:** Kanpur, Agra, Vellore.
- **IT & Services:** Bengaluru, Hyderabad, Pune.

Clusters have proven to be powerful drivers of employment, exports, and skill development, especially in Tier-II and Tier-III cities.

WHY MSME CLUSTERS?

- **Collective Competitiveness** – Shared infrastructure, common procurement, and bulk marketing help reduce costs.
- **Access to Technology** – Technology centres and R&D labs within clusters promote innovation.
- **Finance Facilitation** – Banks and institutions prefer lending to organized clusters due to lower risk.
- **Skill Development** – Training centres within clusters upgrade local talent.
- **Branding & Exports** – Joint participation in trade fairs and collective branding increases global reach.
- **Compliance & Governance** – Shared advisory and compliance services reduce burden on individual enterprises.

TYPES OF MSME CLUSTERS

- **Product-based Clusters** – Knitwear in Ludhiana, Carpets in Bhadohi, Gems in Surat.
- **Service-based Clusters** – IT cluster in Bengaluru, BPOs in Gurugram, Logistics clusters near ports.
- **Regional/Geographic Clusters** – Chanderi Sarees in Madhya Pradesh, Coir in Kerala, Handicrafts in Rajasthan.

POLICY & INSTITUTIONAL FRAMEWORK

Key Schemes & Institutions

- **MSE-CDP (Micro & Small Enterprises Cluster Development Programme)** – Financial assistance for common facility centres (CFCs).
- **SFURTI (Scheme of Fund for Regeneration of Traditional Industries)** – Cluster-based development for traditional industries.
- **ODOP (One District One Product)** – State-driven initiative for local product specialization.
- **SIDBI & NSIC** – Financial and marketing support.
- **KVIC & Coir Board** – Support for khadi, village industries, and coir-based enterprises.

ROLE OF STATE GOVERNMENTS

Many states (e.g., Tamil Nadu, Gujarat, Maharashtra) have introduced specialized cluster policies with land support, subsidies, and tax benefits.

STEPS TO SET-UP AN MSME CLUSTER

Setting up an MSME cluster requires systematic planning, stakeholder participation, and governance mechanisms.

Step 1: Cluster Identification

- Conduct diagnostic studies and baseline surveys.
- Identify natural clusters where enterprises already exist in concentration.

Step 2: Stakeholder Consultation

- Engage local entrepreneurs, industry associations, chambers of commerce, and government agencies.
- Build trust and create a sense of ownership.

Step 3: Formation of SPV (Special Purpose Vehicle)

- Registered legal entity (company, society, or trust) formed by cluster members.
- Ensures accountability and collective decision-making.

Step 4: Preparation of DPR (Detailed Project Report)

- Outlines infrastructure needs, common facilities, technology upgradation, and financial requirements.

Step 5: Financial Planning

- Funding from Central/State Government schemes, SIDBI, banks, CSR support, and PPP models.

Step 6: Land & Infrastructure Development

- Allocation of land through industrial development corporations.
- Development of CFCs, testing labs, warehouses, and logistics facilities.

Step 7: Technology Adoption & Skill Development

- Establishing Technology Centres, Tool Rooms, and Training Institutes.

Step 8: Governance & Compliance Management

- Transparent governance through board meetings, audits, and reporting.
- Compliance with environmental laws, labour laws, and corporate governance standards.

Step 9: Marketing & Branding

- Creation of cluster-level brands.
- Participation in international trade fairs and exhibitions.
- Leveraging e-commerce and ONDC platforms.

ROLE OF COMPANY SECRETARIES & PROFESSIONALS

Company Secretaries (CS) can play a pivotal role in MSME cluster development:

- Legal Structuring of SPV – Incorporation of cluster SPVs as companies, LLPs, or societies.
- Governance Framework – Drafting Articles of Association, governance charters, and compliance manuals.
- Financial Advisory – Raising funds through banks, equity participation, or CSR channels.

- Compliance Management – Labour laws, environment clearances, corporate laws.
- Contract Management – Drafting vendor agreements, MOUs, and joint venture contracts.
- ESG & Sustainability Reporting – Helping clusters adopt green practices and report on sustainability.
- Capacity Building – Training entrepreneurs in corporate governance, digital adoption, and risk management.

Thus, professionals like CS, CAs, and CMAs act as knowledge partners in ensuring long-term cluster success.

CHALLENGES IN SETTING-UP CLUSTERS

- Funding gaps and delayed subsidy disbursement.
- Land acquisition hurdles.
- Trust deficit among small entrepreneurs.
- Skilled manpower shortages.
- Global competition & rapid technology shifts.

CASE STUDIES

- Tirupur Textile Cluster (Tamil Nadu) – From a small town to a global hub for knitwear exports worth \$8 billion annually.
- Moradabad Brass Cluster (Uttar Pradesh) – Known as “Peetal Nagri”, exports brass handicrafts worldwide.
- Ludhiana Knitwear Cluster (Punjab) – Employs lakhs, contributing significantly to domestic and global woollens.
- Surat Diamond & Textile Cluster (Gujarat) – World’s largest diamond cutting hub, with 90% of diamonds cut here.
- German Mittelstand Clusters – Integration of SMEs into global supply chains through innovation.

FUTURE OF MSME CLUSTERS IN INDIA

- Digital Transformation – Adoption of AI, blockchain, IoT, and Industry 4.0.
- Green & Sustainable Clusters – Focus on renewable energy, waste recycling, and carbon-neutral operations.
- Integration with E-commerce & ONDC – Enabling global reach through online platforms.
- Export-led Growth – Clusters positioned as global supply chain leaders in textiles, auto components, electronics, and handicrafts.

CONCLUSION

MSME clusters represent the next growth engine for India’s economy. They enhance productivity, promote innovation, and empower small entrepreneurs by offering them collective strength. Setting up clusters is not merely about infrastructure – it is about creating ecosystems of trust, governance, and competitiveness.

For India to achieve the vision of Viksit Bharat 2047, MSME clusters must be at the core of policy, entrepreneurship, and professional practice. And here, the role of Company Secretaries as governance architects becomes indispensable. By guiding SPVs, ensuring compliance, and strengthening governance, CS professionals can help transform clusters into engines of inclusive and sustainable growth.

Contributed by CS Rajiv Bajaj, CEO, Bajaj & Bajaj Corporate Chambers and Chairman MSME & Startup Board, ICSI.

ICSI BLOOD Bank Portal



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

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

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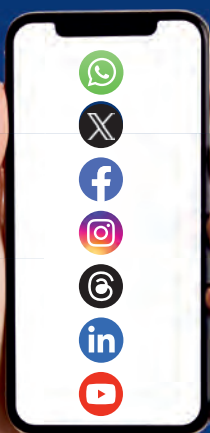
Motto

सत्यं वद। धर्मं चर। इष्टार्थं चेष्ट। नृणां हि क्लेशं हन्ति चेष्ट।

Mission

"To develop high calibre
professionals facilitating
good corporate governance"

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GIST OF ROC & RD ADJUDICATION ORDERS

Gist of ROC Adjudication orders

1. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of TAMILNAD MERCANTILE BANK LIMITED

ROC Chennai issued an adjudication order dated 18th September, 2025 in the matter of Tamilnad Mercantile Bank Limited for violation of Section 118 of the Companies Act, 2013 failing to finalise the minutes of the Board meeting held on 28.09.2023, in due time. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 each on its two of the directors for their default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ccX3kT8LDgLmqUsqqhIlWw%3D%3D&type=open>

2. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of TAMILNAD MERCANTILE BANK LIMITED

ROC Chennai issued an adjudication order dated 18th September, 2025 in the matter of Tamilnad Mercantile Bank Limited for violation of Section 118 of the Companies Act, 2013 failing to finalise the minutes of the Board meeting held on 26.08.2023, in due time. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 each on its two of the directors for their default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=NyjsGPDJaVSsDVW4JXS4fg%3D%3D&type=open>

3. Adjudication order for violation of Section 10A(2) of the Companies Act, 2013 in the matter of DAY1 ADVISORS PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 04th September, 2025 in the matter of Day1 Advisors Private Limited for violation of Section 10A (2) of the Companies Act, 2013 failing to file form INC- 20A in due time. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹24,500 each on its two of the directors for their default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=wOCY8UOleAtkirRM6va1xw%3D%3D&type=open>

4. Adjudication order for violation of Section 187(4) of the Companies Act, 2013 in the matter of MEGA STRUCTURES REALESTATE LIMITED

ROC Goa issued an adjudication order dated 09th September, 2025 in the matter of Mega Structures Realstate Limited for violating Section 187(4) of the Companies Act, 2013 by failing to transfer the Assets acquired for against the consideration in the form of shares, which were allotted to its Managing Director

for FY 2018-19. The Adjudicating Authority imposed a penalty of ₹5,00,000 upon the company and a penalty of ₹50,000 each on its two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=k1GGjKO%2FdiLEXTde2xcxg%3D%3D&type=open>

5. Adjudication order for violation of Section 187(4) of the Companies Act, 2013 in the matter of MEGA STRUCTURES REALESTATE LIMITED

ROC Goa issued an adjudication order dated 09th September, 2025 in the matter of Mega Structures Realstate Limited for violating Section 187(4) of the Companies Act, 2013 by failing to transfer the Assets acquired for against the consideration in the form of shares, which were allotted to its Managing Director for FY 2019-20. The Adjudicating Authority imposed a penalty of ₹5,00,000 upon the company and a penalty of ₹50,000 each on its two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=k1GGjKO%2FdiLEXTde2xcxg%3D%3D&type=open>

6. Adjudication order for violation of Section 12(8) of the Companies Act, 2013 in the matter of SKEXXA TECHNOLOGY PRIVATE LIMITED

ROC Goa issued an adjudication order dated 16th September, 2025 in the matter of Skexxa Technology 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. The Adjudicating Authority imposed the penalty of ₹50,000 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=AxeGIvZ2NauPB5NaMU9jcQ%3D%3D&type=open>

7. Adjudication order for violation of Section 134(8) of the Companies Act, 2013 in the matter of SHREEKRISHNA IMPEX VENTURES LIMITED

ROC Gwalior issued an adjudication order dated 18th September, 2025 in the matter of Shreekrishna Impex Ventures Limited for violating Section 134(8) of the Companies Act, 2013. The company failed to attach a complete board's report for the financial year 2020-21. Where the board meeting held were not reported in the Board Report and Form AOC- 4 was also not signed by the directors of the company. The Adjudicating Authority imposed a penalty of ₹1,50,000 on the company and ₹25,000 each on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=TbxUFDDUJIOWIX4D5ALp6Q%3D%3D&type=open>

8. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of SHREEKRISHNA IMPEX VENTURES LIMITED

ROC Gwalior issued an adjudication order dated 18th September, 2025 in the matter of Shreekrishna Impex Ventures Limited for violating Section 12(3) of the Companies Act, 2013. The company failed to maintain a telephone number, email address and website of the company on its letterhead financial year 2020-21. The Adjudicating Authority imposed a penalty of ₹50,000 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Ri%2Ffp%2FnF6xM1YrAOgLCzBg%3D%3D&type=open>

9. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of ASANJO FOOD PRODUCT PRIVATE LIMITED

ROC Gwalior issued an adjudication order dated 18th September, 2025 in the matter of Asanjo Food Product 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. The Adjudicating Authority imposed the penalty of ₹17,000 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=DMxHsV3ULI630JhZ2aEjJQ%3D%3D&type=open>

10. Adjudication order for violation of Section 178 of the Companies Act, 2013 in the matter of VIRUPAKSHA ORGANICS LIMITED

ROC Hyderabad issued an adjudication order dated 18th September, 2025 in the matter of Virupaksha Organics Limited for violating Section 178(8) of the Companies Act, 2013 for failing to constitute a Nomination and Remuneration Committee of the Board during the period from 01.04.2014 to 10.05.2023. The Adjudicating Authority imposed a penalty of ₹500,000 upon the company and ₹100,000 each on four of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=JlumtVKA1fEjpM2ATJZbEA%3D%3D&type=open>

11. Adjudication order for violation of Section 172 of the Companies Act, 2013 in the matter of VIRUPAKSHA ORGANICS LIMITED

ROC Hyderabad issued an adjudication order dated 18th September, 2025 in the matter of Virupaksha Organics Limited for non-compliance of Section 149(4) of the Companies Act, 2013 for the default in the appointment of two Independent Directors during the period from 01.04.2015 to 14.03.2021, penalty applied as per the provisions of Section 172 of the Companies

Act, 2013. The Adjudicating Authority imposed a penalty of ₹300,000 on company and penalties were also levied against several directors in default. A penalty of ₹100,000 was imposed on one director, ₹86,500 each on two other directors, and ₹71,000 on a fourth director.

<https://www.mca.gov.in/bin/dms/getdocument?mds=JlumtVKA1fEjpM2ATJZbEA%3D%3D&type=open>

12. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of GARWARE FULFLEX INDIA PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 02nd September, 2025 in the matter of Garware Fulflex 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 ₹500,000 on the company and a penalty of ₹1,00,000 each on four directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=xb6CScfLTInLpDjn1kRP8A%3D%3D&type=open>

13. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of COELHO HOTELS AND ESTATES PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 02nd September, 2025 in the matter of Coelho Hotels and Estates Private Limited for the name board affixed by the Company at its Registered office is not in local language and thus violating the provisions of Section 12(3) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹1,000 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=oT8tBq3Xqw5tcxajbZbuTQ%3D%3D&type=open>

14. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of RADIANT LIFE CARE PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 02nd September, 2025 in the matter of Radiant Life Care Private Limited for failing to conduct the two Board meetings, within a gap of one hundred and twenty days in and thus violating the provisions of Section 173(1) of Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹51,000 upon the company and a penalty of ₹50,000 on one director in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=x4LINqcxli4ZaIoCYQ%2F7Ow%3D%3D&type=open>

15. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of DYSTAR INDIA PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 9th September, 2025 in the matter of Dystar India Private Limited for violation of Section 118 of the Companies Act, 2013 failing to finalise the minutes of the Board meeting held on 13.09.2024, in due time. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company and ₹5,000 on one of the directors for his default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=HfYs2qXM2LXueus57R0cHQ%3D%3D&type=open>

16. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of DYSTAR INDIA PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 9th September, 2025 in the matter of Dystar India Private Limited for violation of Section 118 of the Companies Act, 2013 failing sign the minutes of the Board meeting held on 29.03.2018 by one director chaired u through Video conferencing from Singapore. 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=axYUS0iTjXmhBvabD4u3jw%3D%3D&type=open>

17. Adjudication order for violation of Section 134 of the Companies Act, 2013 in the matter of MAXWELL LIFE SCIENCE LIMITED

ROC Mumbai issued an adjudication order dated 17th September, 2025 in the matter of Maxwell Life Science Limited for violation of Section 134 of the Companies Act, 2013 failing to incorporate all the necessary details in the Board Report the default pertains to the financial year 2021-22 till financial year 2023-24. The Adjudicating Authority imposed a penalty of ₹3,00,000 upon the company and ₹50,000 on one of the directors for his default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=UpHah9KIKDDgAeNTv3w9wg%3D%3D&type=open>

18. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of RADIANT LIFE CARE PRIVATE LIMITED

ROC Mumbai issued an adjudication order dated 17th September, 2025 in the matter of Radiant Life Care Private Limited for failing to conduct the two Board meetings, with in a gap of one hundred and twenty days, that there was a gap of 163 days, meetings dated 25.03.2023 and 04.09.2023. Hence, there was a delay of 43 days in holding 2 consecutive board meetings and Company has failed to observe secretarial

standard with respect to board meeting specified by the Institute of Company Secretaries of India, thus violation of section 118(10) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹25,000 upon the company and a penalty of ₹5,000 on one director in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=TTr0jtDyGnAgkXEPo7iKDA%3D%3D&type=open>

19. Adjudication order for violation of Section 62 of the Companies Act, 2013 in the matter of JAINAM BROKING LIMITED

ROC Ahmedabad issued an adjudication order dated 23rd September, 2025 in the matter of Jainam Broking Limited for violation of Section 62 (1)(a) of the Companies Act, 2013 for default in allotment of shares, allotted 10 days prior to the date of closure of offer period. The Adjudicating Authority imposed the penalty of ₹20,000 each upon the company and four directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Btslor65u%2FUtgkipYFX1Q%3D%3D&type=open>

20. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of GUJARAT KIDNEY AND SUPER SPECIALITY LIMITED

ROC Ahmedabad issued an adjudication order dated 24th September, 2025 in the matter of Gujarat Kidney And Super Speciality Limited for violation of Section 39(3) of the Companies Act, 2013 for default in filing the return on allotment of shares within due time. The Adjudicating Authority imposed the penalty of ₹2,56,000 each upon the company and four directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=XmfP1Bd02flbINwCp0kvfQ%3D%3D&type=open>

21. Adjudication order for violation of Section 117 of the Companies Act, 2013 in the matter of NARAYAN ORGANICS PRIVATE LIMITED

ROC Ahmedabad issued an adjudication order dated 25th September, 2025 in the matter of Narayan Organics Private Limited for violation of Section 117 of the Companies Act, 2013 failing to file a Board Resolution on appoint of Internal Auditor within prescribed time. The Adjudicating Authority imposed a penalty of ₹31,500 each upon the company and three directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=dAYeVmRF%2FV3wM4XvI%2FwL5g%3D%3D&type=open>

22. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of GAME CHANGERS TEXFAB LIMITED

ROC Delhi issued an adjudication order dated 25th September, 2025 in the matter of Game Changers Texfab Limited for violation of Section 42 of the Companies Act, 2013 for delay in filing e-form PAS-3 for the allotment of equity shares. The Adjudicating Authority imposed the penalty of ₹56,000 upon the company, ₹48,000 on one of the directors and ₹6,000 each of the two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=GJ1fTYjslgRjo7IS3pvlxw%3D%3D&type=open>

23. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of GAME CHANGERS TEXFAB LIMITED

ROC Delhi issued an adjudication order dated 25th September, 2025 in the matter of Game Changers Texfab Limited for violation of Section 42 of the Companies Act, 2013 failed to provide disclosures in the explanatory statement annexed to the notice of EGM dated 28.04.2015 with respect to private placement of equity shares. The Adjudicating Authority imposed the penalty of ₹1,50,000 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=OGdBs9c6dgBqyAGh8XHETQ%3D%3D&type=open>

24. Adjudication order for violation of Section 62 of the Companies Act, 2013 in the matter of GAME CHANGERS TEXFAB LIMITED

ROC Delhi issued an adjudication order dated 25th September, 2025 in the matter of Game Changers Texfab Limited for violation of Section 62 of the Companies Act, 2013 for non compliance of procedure in converting the loan into shares. Further, the company failed to file the special resolution dated 01.07.2015 in the e-form MGT-14 passed for sanctioning the said loan. The Adjudicating Authority imposed the 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=FNx2ePpD%2FWnte9BAqJSsdg%3D%3D&type=open>

25. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of GAZRA ANALYTICAL SOLUTIONS PRIVATE LIMITED

ROC Goa issued an adjudication order dated 19th September, 2025 in the matter of Gazra Analytical Solutions 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. The Adjudicating Authority imposed the penalty of ₹49,500 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=d7mUZh0r8tm9tAxUk1zyNA%3D%3D&type=open>

26. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of AURAEHITECH PRIVATE LIMITED

ROC Goa issued an adjudication order dated 19th September, 2025 in the matter of Auralite 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. The Adjudicating Authority imposed the penalty of ₹50,000 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=vpzBe3KOuRUfHvVej4axIA%3D%3D&type=open>

27. Adjudication order for violation of Section 159 of the Companies Act, 2013 in the matter of ECMAT LIMITED

ROC Hyderabad issued an adjudication order dated 25th September, 2025 in the matter of Ecmat Limited for violating Section 155 of the Companies Act, 2013 for obtaining more than one DIN. The Adjudicating Authority imposed a penalty of ₹ 27,46,500 upon the director Chukkamamba Sri Velamati for his default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=w%2F%2Fj%2FPVs6d6vEkdgz4WkMQ%3D%3D&type=open>

28. Adjudication order for violation of Section 137 of the Companies Act, 2013 in the matter of NAVBHARAT DEFENCE SYSTEMS PRIVATE LIMITED

ROC Chhattisgarh issued an adjudication order dated 30th September, 2025 in the matter of Navbharat Defence Systems Private Limited for violating Section 137 of the Companies Act, 2013 for default in filing financial statements with the Registrar within the prescribed period, from the financial year 2023-24 to till date. The Adjudicating Authority imposed a penalty of ₹ 21,700 upon the company, ₹ 21,700 on each of two directors and ₹ 17450 and ₹7800 on two other directors, respectively, for their default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=1qCS4JDsOd2K44UHrdwepA%3D%3D&type=open>

29. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of WORLDWIDE TRANSCRIPTS PRIVATE LIMITED

ROC Chhattisgarh issued an adjudication order dated 30th September, 2025 in the matter of Worldwide Transcripts Private Limited for violating the provisions of Section 12(3)(c) of the Companies Act, 2013. The company failed to maintain an email address and website of the company on its letterhead. The Adjudicating Authority imposed a penalty of ₹100,000 each upon the company and three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=X6HJV%2FYcNKaVeIEmOmMxHw%3D%3D&type=open>

30. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of VSG POWER AND ISPAT PRIVATE LIMITED

ROC Chhattisgarh issued an adjudication order dated 30th September, 2025 in the matter of VSG Power and Ispat Private Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Returns with the Registrar within the prescribed period. The Adjudicating Authority imposed a penalty of ₹20,200 each upon the company and two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%2FJTjcy19WVnziMZMTNxxwA%3D%3D&-type=open>

31. Adjudication order for violation of Section 66 of the Companies Act, 2013 in the matter of BHILAI INVESTMENTS LIMITED

ROC Chhattisgarh issued an adjudication order dated 30th September, 2025 in the matter of Bhilai Investments Limited for delay in filing e-form PAS-6 within the stipulated time for the said period, thereby, violating the provisions of Sub-rule 8 of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014. The Adjudicating Authority imposed a penalty of ₹200,000 upon the company and ₹50,000 each upon three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=w4iGYHok%2FEAGQhMc0fDVOg%3D%3D&-type=open>

32. Adjudication order for violation of Section 117 of the Companies Act, 2013 in the matter of HEXAFUN PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 29th September, 2025 in the matter of Hexafun Private Limited for violation of Section 117 of the Companies Act, 2013 failing to file a Special Resolution within prescribed time. The Adjudicating Authority imposed a penalty of ₹11,500 each upon the company and two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=2ybEU2M14uHiamKKLt9Edg%3D%3D&-type=open>

33. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of FLUENCE BESS INDIA PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 29th September, 2025 in the matter of Fluence Bess India Private Limited for failing to conduct the two Board meetings, with in a gap of one hundred and twenty days in and thus violating the provisions

of Section 173(1) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹25,000 each upon the four of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=do%2FnsDGmiJroU9heZUbKQw%3D%3D&-type=open>

34. Adjudication order for violation of Section 175 of the Companies Act, 2013 in the matter of FLUENCE BESS INDIA PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 29th September, 2025 in the matter of Fluence Bess India Private Limited for failing to note the circular resolution passed on 30.03.2023, in the board meeting held on 29.09.2023 thus violating the provisions of Section 175 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹99,000 upon the company and three of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=z2ERtNnQQJVRfNYEOsgFrw%3D%3D&-type=open>

35. Adjudication order for violation of Section 42 of the Companies Act, 2013 in the matter of HEXAFUN PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 29th September, 2025 in the matter of Hexafun Private Limited for not filing the e-Form PAS-3 within the stipulated period of 15 days after the allotment of shares thus violating the provisions of Section 42 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹25,500 each upon the company and two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=VLY4ieFkFEpapQ2xph%2F%2Ffgw%3D%3D&-type=open>

36. Adjudication order for violation of Section 196 of the Companies Act, 2013 in the matter of STUDDS ACCESSORIES LIMITED

ROC Delhi issued an adjudication order dated 30th September, 2025 in the matter of Studds Accessories Limited for failing to disclose the justification for appointment of MD, who had attained the age of Seventy years thus violating the provisions of Section 196 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹10,000 each upon the company and two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%2FAMdx2fomJyQ8A4wLI4sOg%3D%3D&-type=open>

37. Adjudication order for violation of Section 196 of the Companies Act, 2013 in the matter of MEGA STRUCTURES REAL ESTATE LIMITED

ROC Goa issued an adjudication order dated 30th September, 2025 in the matter of Mega Structures Real Estate Limited for failing to file e-Form MR-1 within 60 days of the appointment of the Managing Director thus violating the provisions of Section 196 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹200,000 upon the company and ₹50,000 on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=fSeXkTFvIJuvPTdq56nbpw%3D%3D&type=open>

38. Adjudication order for violation of Section 197 of the Companies Act, 2013 in the matter of MEGA STRUCTURES REAL ESTATE LIMITED

ROC Goa issued an adjudication order dated 30th September, 2025 in the matter of Mega Structures Real Estate Limited for paying the excess managerial remuneration without proper approval from the shareholders in the general meeting thus violating the provisions of Section 197 of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹500,000 upon the company and ₹100,000 on one of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=k5YhqkTy8TLzlgvSCmYjwg%3D%3D&type=open>

39. 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 25th September, 2025 in the matter of Nicco Securities Private Limited for not maintaining the CIN of the company on the letter head of the directors report and notices for the Financial Year 2017-18 and thus violating the provisions of Section 12(3)(c) of the Companies Act, 2013. The Adjudicating Authority imposed the penalty of ₹1,000 each upon the company and on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=p8fdJaoPPPn14PIcEntPvg%3D%3D&type=open>

40. Adjudication order for violation of Section 92 of the Companies Act, 2013 in the matter of GALAXIA TOWNSHIP & HOUSING PRIVATE LIMITED

ROC Patna issued an adjudication order dated 25th September, 2025 in the matter of Galaxia Township & Housing Private Limited for violating Section 92 of the Companies Act, 2013 for default in filing Annual Returns with the Registrar within the prescribed period. The Adjudicating Authority imposed a penalty

of ₹56,500 upon the company and ₹25,000 upon two of the directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=556GF3dXPY3Uwe7y1bV49Q%3D%3D&type=open>

Gist of RD Adjudication orders

1. Adjudication Order for violation of Section 172 of the Companies Act, 2013 in the matter of PTC INDIA FINANCIAL SERVICES LIMITED

In the matter of PTC India Financial Services Limited the RD (Noida) vide order dated 26th September, 2025 after considering the facts of the case dismissed the appeal against the RoC order and ordered to pay penalty imposed upon the Company and directors in default for violation of Section 172 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=JmgjbHsey4b9qyTidInflw%3D%3D&type=open>



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



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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 latest by the 25th of each month.

The answer(s) will be reviewed by a Panel of reviewer(s). The winner will be given:

- (i) Certificate of Appreciation.
- (ii) His/Her name will be published in the next issue of the Journal.
- (iii) He/She will be awarded cash award of ₹ 2,500.

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 latest by 25th of each month.

- The answer(s) will be published in the next issue of CSJ.
- The winners will be selected randomly.
- The name of three winners will be published in the next issue of CSJ.

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 Appellant applied for listing of certain equity shares on BSE which was rejected..... as it had neither taken approval of shareholder for the preferential allotment to its creditor in lieu of conversion of debt into equity nor taken in principle approval from the Stock Exchange..... the order was upheld by the Securities Appellate Tribunal.... Appeal to the Supreme Court*

Facts of the Case

1. The appellant company had entered into discussion with XYZ ARC Pvt. Ltd (hereinafter referred as “the creditor”) and it was agreed upon between the parties to convert part of its outstanding debts of Rs.32.80 crore into equity shares.
2. Accordingly, a resolution of the Board of Directors of the appellant company was passed to the above effect on 02.05.2018 but such an action was never endorsed by the shareholders of the company.
3. Thereafter, the appellant company itself filed an application before the BSE on 15.05.2018 for listing of the shares i.e. 59,63,636 equity shares allotted to “the creditor”.
4. BSE rejected the listing application citing:
 - a. Absence of shareholder approval for the allotment.
 - b. Lack of in-principle approval from BSE.
5. The Securities Appellate Tribunal (SAT) upheld BSE's decision.
6. Appeal was made to the Supreme Court under Section 22F of the Securities Contracts (Regulation) Act, 1956.

Submissions for the Appellant

- i. Section 9(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Act, 2002 (hereinafter referred as “the SARFAESI Act, 2002”) permits the creditor to take measures such as conversion of any portion of debt into shares of the borrower company i.e., the appellant herein and once such power is exercised, the shares have to be listed on the Stock Exchange.

- ii. It is only where the company, i.e., the appellant herein, proposes to increase the subscribed capital, the consent/ the resolution/approval of the shareholders is required, as mandated by Section 62(1)(c) of the Companies Act, 2013.
- iii. Since in the case at hand the appellant company had not proposed to increase the subscribed capital rather it is the creditor that has done it, no such approval of the shareholders is necessary.

Submission for the Respondent (i.e. BSE)

- 1) The conversion of the debt into additional shares had taken place with the agreement of the appellant company and the creditor, and it is on the basis of such an agreement between the parties that a resolution was passed on 02.05.2018 by the Board of Directors of the appellant company accepting the proposal to convert the debt into shares and to allot them in favour of the creditor, thus, resulting in increase of the equity capital of the appellant company.
- 2) Even the application for listing of the aforesaid additional shares was made by the appellant company to the BSE meaning thereby that the proposal for increasing the subscribed capital of the company by converting part of the debt into equity shares, as aforesaid, was initiated by the appellant company itself and not actually by the creditor.
- 3) Therefore, the proposal was that of the company only.

Now decide the following legal issues in view of above facts and submissions:

❖ Legal Issues

1. Applicability of Section 62(1)(c) of the Companies Act, 2013:
 - ♦ Does conversion of debt into equity by “the creditor”(an ARC) under Section 9(1) of the SARFAESI Act require shareholder's approval if initiated by the borrower company?
2. Compliance with SEBI (LODR) Regulations, 2015:
 - ♦ Is in-principle approval from BSE mandatory under Regulation 28 for listing of newly allotted shares?

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 – September 2025

CS Sampada Joshi - A72637

BEST ANSWER - CASE STUDY - SEPTEMBER, 2025

Summary of the Case:

The case concerned an NGT order imposing heavy penalty based on the *polluter pays* principle, ordering unit closures, and directing ED action under PMLA. Reports initially found violations in waste management and groundwater use, leading to EC imposition, though later compliance was recorded. The appellant argued that penalties based on turnover lacked nexus to pollution and that NGT exceeded jurisdiction under PMLA. The Apex Court held that penalties were justified for violations but must follow CPCB's scientific methodology, not turnover. It also ruled that NGT cannot compel ED prosecution under PMLA and that PCB cannot order closure once compliance is certified unless new violations arise.

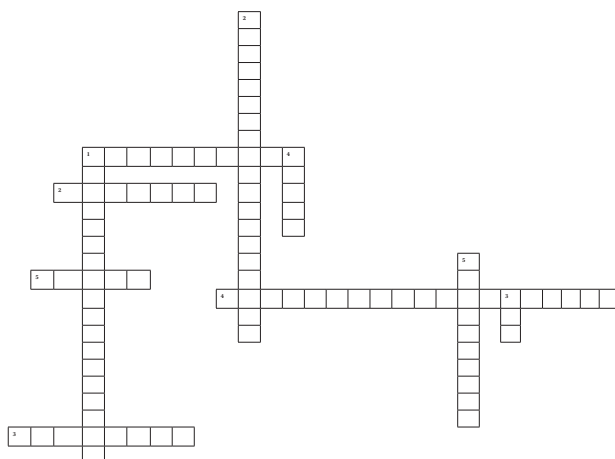
Sr. No.	Question	Addressing of the Issues
1.	If there is non-compliance of any of the statutory conditions or those imposed by the PCBs in mitigation of the unit-specific pollution, then can the jurisdictional PCB, after having accepted the report of compliance, issue notice for closure of such divisions of the appellant which are falling short of the compliance?	Provisions of the Law 1. Water (Prevention and Control of Pollution) Act, 1974: <i>Section 33A</i>: Empowers the PCB to issue directions, including closure, prohibition, or regulation of industries. 2. Air (Prevention and Control of Pollution) Act, 1981: <i>Section 31A</i>: Provides similar powers for closure and regulation. 3. Environment (Protection) Act, 1986: <i>Section 5</i>: Delegates authority to issue closure or regulatory directions. 4. Judicial Precedents <i>M.C. Mehta v. Union of India</i> (1987 SCR (1) 819): Closure orders are remedial and preventive, not punitive. <i>Vellore Citizens' Welfare Forum v. Union of India</i> (1996) 5 SCC 647: Introduced the precautionary principle and the polluter pays principle. <i>Lafarge Umiam Mining v. Union of India</i> (2011) 7 SCC 338: Emphasized sustainable development and balance between environment and industrial activity. Application • The PCB, by its report dated 30.07.2021, formally recorded compliance by the appellant with all statutory conditions. • Once compliance is accepted, there arises a presumption that the industry is operating lawfully. • However, statutory powers of closure are continuing in nature — they can be exercised if fresh violations or recurring non-compliance are detected. • If closure notices are issued without any new evidence of non-compliance, they would be arbitrary and violative of Article 14 (Equality before Law), since they punish past conduct that was already regularized. • Conversely, if monitoring reveals new lapses in pollution control measures, the PCB is fully empowered under Section 33A/31A to order closure of the specific divisions not meeting prescribed standards. Conclusion Yes, the PCB retains statutory authority to issue closure notices only in cases of fresh or recurring non-compliance after acceptance of compliance reports. If exercised without new evidence, such closure directions would be illegal, arbitrary, and unsustainable in law. Closure powers must be used as a preventive remedy, not as a retrospective penalty.
2.	Considering whether there is any nexus between the turnover and the pollution alleged, comment on the penalty imposed by the NGT on the basis of turnover.	Law 1. Principle of Polluter Pays is Recognized in <i>Indian Council for Enviro-Legal Action v. Union of India</i> (1996) 3 SCC 212: the polluter is liable to bear the cost of remedying the damage caused to the environment. Article 21 of the Constitution, read with Articles 48A & 51A(g), imposes a duty on the State and citizens to protect the environment. 2. Proportionality Doctrine <i>Goa Foundation v. Union of India</i> (2014) 6 SCC 590: Environmental penalties must be proportionate and commensurate with the damage caused. 3. CPCB Guidelines (2019 Methodology) Environmental Compensation (EC) is to be calculated based on: • Duration of violation, • Quantum of damage, • Scale of operation,

		• Pollutant load, and • Prescribed multipliers. Turnover is not the sole or primary criterion. Application • The NGT imposed a penalty of ₹50 crores solely based on turnover of the appellant, despite: A prior quantified EC of ₹2.49 crores (reduced to ₹1.16 crores after waiver) being already deposited. A final report (30.07.2021) recording full compliance by the appellant. • Problem with turnover-based penalty: Turnover represents business volume, not environmental damage. A high-turnover company with minimal pollution could face a disproportionately high penalty, while a low-turnover company causing severe damage might escape with a lower fine. This lacks the causal nexus between pollution and penalty. • Legally sustainable approach: Use CPCB 2019 methodology (multipliers and pollutant-specific assessment). Base penalties on extent of environmental harm and cost of remediation, not arbitrary financial indicators. Conclusion The penalty imposed by the NGT on the basis of turnover is arbitrary, disproportionate, and lacks rational nexus with the pollution caused. While the objective of deterrence is valid, turnover-based penalties violate the polluter pays principle by ignoring actual environmental damage. A legally sustainable penalty must be computed using the CPCB 2019 methodology, ensuring fairness, proportionality, and scientific correlation with pollution levels.
3.	Whether the National Green Tribunal (NGT) has jurisdiction to direct the Enforcement Directorate (ED) for prosecution of individuals under the Prevention of Money Laundering Act, 2002 (PMLA)?	Law 1. NGT Act, 2010 <i>Sections 14–15</i>: NGT adjudicates disputes relating to environment and orders relief, compensation, and restitution. <i>Section 20</i>: NGT applies the principles of sustainable development, precautionary principle, and polluter pays principle. No provision empowers NGT to prosecute or direct other statutory agencies under non-environmental statutes. 2. PMLA, 2002 <i>Section 48–50</i>: Investigation and prosecution powers are exclusively vested with ED authorities. <i>Part A, Schedule I</i>: Environmental laws are recognized as predicate offences under PMLA, but initiation lies only with ED, not with tribunals like NGT. 3. Judicial Precedents <i>Bharat Aluminium Co. v. Kaiser Aluminium</i> (2012) 9 SCC 552: A statutory tribunal must act within the four corners of its enabling Act. <i>Lafarge Umiam Mining v. Union of India</i> (2011) 7 SCC 338: Reiterated separation of jurisdiction between environment regulators and other statutory agencies. <i>State of W.B. v. Kesoram Industries</i> (2004) 10 SCC 201: Jurisdiction cannot be inferred; it must be expressly conferred by statute. Application • The NGT has the power to: Impose compensation, Order restoration of environment, Direct PCBs to take action. • But NGT does not have criminal prosecutorial powers under PMLA. • Its role ends with environmental adjudication; further action under PMLA lies with ED, which has independent statutory jurisdiction. • At most, NGT may forward findings or recommend to competent authorities (ED, MoEF&CC, PCB). • A binding direction to ED would amount to exceeding jurisdiction and be ultra vires the NGT Act.

Conclusion:

- **PCB's Power to Issue Closure Notice:** Once compliance is accepted in the final report, the PCB cannot order closure unless fresh violations are found.
- **Penalty Based on Turnover:** Linking penalty to turnover has no rational nexus with pollution; penalties should be proportionate and follow CPCB guidelines.
- **NGT's Jurisdiction under PMLA:** NGT cannot direct ED to prosecute under PMLA; it may only forward findings, and ED must act independently under its statute.

CROSSWORD PUZZLE – COMPANY LAW - OCTOBER 2025



ACROSS

- Under The Companies (Prospectus and Allotment of Securities) Rules, 2014, A company may pay commission to any person in connection with the subscription or procurement of subscription to its securities, whether absolute or conditional, the rate of commission paid or agreed to be paid shall not exceed, in case of debentures, shall not exceed _____ per cent of the price at which the debentures are issued, or as specified in the company's articles, whichever is less.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, the details of the corporate person, details of the voluntary liquidation process, etc. shall be filed in _____ on or before the 10th day of the second month after the public announcement.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 – After obtaining the approval of the committee with not less than _____ percent of total votes, the resolution professional shall hand over the possession of the plot, apartment, or building or any instruments agreed to be transferred under the real estate project and facilitate registration, where the allottee has requested for the same and has performed his part under the agreement.
- Under the Mediation Act, 2023, Notwithstanding anything contained in any other law for the time being in force, mediation under this Act shall be completed within a period of _____ days from the date fixed for the first appearance before the mediator.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, If in the opinion of the resolution professional, the guarantor has failed in implementation of the repayment plan, the resolution professional shall, within _____ days of knowledge of such failure, issue a notice to the guarantor identifying the failure.

DOWNWARDS

- Under the Companies (Accounting Standards) Rules, 2021, "Small and Medium Sized Company" (SMC)

means, a company- whose turnover (excluding other income) does not exceed _____ crore rupees in the immediately preceding accounting year.

- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, The Status Report shall enclose the audited accounts of the liquidation showing the _____ pertaining to liquidation since the liquidation commencement date.
- Under The Companies (Removal of Name of Companies from the Register of Companies) Rules, 2016, "vanishing company" means a company, registered under the Act or previous company law or any other law for the time being in force and listed with Stock Exchange which has failed to file its returns with the Registrar of Companies and Stock Exchange for a consecutive period of _____ years, and is not maintaining its registered office at the address notified with the Registrar of Companies or Stock Exchange and none of its directors are traceable.
- As per the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, A person claiming to be a workman or an employee of the corporate debtor shall submit claim with proof to the interim resolution professional in person, by post or by electronic means in _____ of the Schedule-I.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, The repayment plan shall provide a minimum budget for the duration of the repayment plan, to cover the reasonable expenses of the guarantor and members of his immediate family to the extent they are dependent on him, provided that at least _____ of the realisable income of the guarantor shall be utilised for repayment of debts.

Winners - Crossword September 2025

1ST CS Pooja Parasrampur - ACS 2961

2ND CS Namita Singla - ACS 70881

3RD CS Somi Khemsara - ACS 71129

Crossword Puzzle – September 2025 Answers

ACROSS

- RATIONAL JUDGMENT
- THREE
- FIVE PER CENT
- INC-6
- LIQ-1

DOWNWARDS

- THREE
- TWELVE YEARS.
- DIR-2
- THREE
- FIFTEEN

NATIONAL/INTERNATIONAL REPORTS: ANALYSIS

AI for Viksit Bharat: The Opportunity for Accelerated Economic Growth

Organisation: **NITI Aayog & NITI Frontier Tech Hub**

Year: **September 2025**

Source: <https://niti.gov.in/sites/default/files/2025-09/AI-for-Viksit-Bharat-the-opportunity-for-accelerated-economic-growth.pdf>

(Please refer the link for complete report)

INTRODUCTION

Over the next decade, the adoption of Artificial Intelligence (AI) across sectors is expected to add \$17–26T to the global economy. India's combination of a large STEM workforce, expanding R&D ecosystem, and growing digital and technology capabilities positions the country to participate in this transformation, with the potential to capture 10–15% of global AI value.

The roadmap presented in this first version of the report provides insights and recommendations that will be periodically revised, to reflect evolution of the technology as well as the global economic context. This will keep India's strategy for accelerated economic development relevant, resilient and future-ready.

OBJECTIVES OF THE STUDY

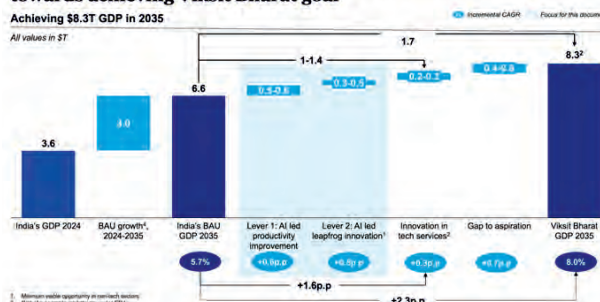
- 1 To accelerate AI adoption across industries for improving productivity and efficiency.
- 2 To transform R&D, through generative AI, thereby helping India leapfrog into innovation-driven global opportunities.

METHODOLOGY

To assess AI's potential for India, a detailed analysis was conducted on its ability to enhance productivity across industries. The study covered over 850 occupations across 16 sectors and examined more than 2,100 distinct work activities. Specific adoption scenario models were considered (i.e., the pace at which industry adopts the technology at scale, resulting in impact on productivity)—early, midpoint, and late—to estimate when AI could effectively take on these activities based on currently demonstrated technologies and their expected development in the future and country-specific factors such as wage levels and occupational mix. The model incorporates software capabilities such as machine learning, data analytics and hardware-driven automation such as robotics.

- **Baseline employment and GDP data:** Used 2022 as the baseline year for both employment and real GDP, sourced from IHS. Calculated productivity as GDP per worker to set the reference point for future projections.
- **AI adoption rates for 2035:** Estimated sector-level AI adoption rates using McKinsey Global Institute's (MGI) model, covering about 850 occupations and 2,100 activities with sectoral nuances. Applied these

AI associated opportunities can potentially contribute \$1-1.4T towards achieving Viksit Bharat goal



AI adoption rates to baseline employment to determine workforce segments likely to be automated.

- **Growth rates across different scenarios:** Augmented workforce calculated by redeploying the automated workforce at current productivity levels. New GDP projected by applying 2022 productivity to the augmented workforce. This yielded GDP CAGR over 2022–2035, forming the basis of Lever 1 sectoral projections.
- **Relevant scenarios chosen:** For each sector, AI adoption across early, mid, and late horizons, under two cases were modeled- AI adoption scenarios across late, mid, and early for each sector. Acceleration is assumed at two levels, leading to two scenarios: the accelerated AI adoption scenario assumes faster tech adoption with sectors shifting to earlier phases by 2035, while the moderate scenario assumes slower adoption and later starting points.
- **GDP 2024 and business-as-usual CAGR 2024-2035:** Estimated sector-wise data from the IHS database, extrapolated to align with government projections for a total of \$3.6T with sectoral nuances.
- **Final incremental AI productivity impact value:** Derived using an additional productivity boost to the expected business-as-usual CAGR and then applying it to the GDP 2024 numbers to receive GDP with AI adoption.

ANALYSIS OF AI ADOPTION IN KEY SECTORS OF THE ECONOMY

The analysis indicates that AI adoption could contribute an additional \$500–600B to India's GDP by 2035, beyond the projected growth trajectory, driven by productivity

improvements, operational efficiencies, and the reallocation of human effort to higher-value tasks.

a) **Banking**

AI-led productivity and efficiency improvement could unlock \$50B-\$55B in financial services, over and above the current estimated growth for the sector by 2035. This opportunity will likely be realized as AI-mature Indian banks evolve into “bionic” organizations, combining machines’ intelligence with humans’ judgment. Financial services companies’ front, middle and back offices are expected to be transformed by machine learning and agentic AI.

- In the **back office**, AI could power **automated compliance, fraud detection, and risk management** through advanced anomaly detection techniques and privacy-preserving analytics such as secure multi-party computation and federated learning.
- In the **middle office**, AI-enabled systems can **reshape credit decisioning, collections, and portfolio management**. By leveraging alternative data sources, banks can make more accurate, dynamic, and inclusive lending decisions.
- In the **front office**, **virtual relationship managers can deliver hyper-personalized customer experiences**. Using real-time behavioral predictions, these AI agents can offer tailored financial advice, timely product recommendations, and proactive outreach, helping deepen customer engagement and improve satisfaction across segments.

AI transformation in Select Business areas

• **Digital-led customer acquisition**

Adaptive look alike models scan daily clickstream, score prospects, and auto-shift ad budgets toward the highest-conversion channels, boosting CAC efficiency.

• **Frontline sales enablement**

Real-time call co-pilot transcribes the conversation, matches needs to product bundles, inserts mandatory compliance language, and logs next steps straight into the CRM.

• **Relationship management and advisory**

Generative assistant assembles concise portfolio snapshots, flags risk or life-event triggers, and drafts personalized action plans for the relationship manager (RM) to approve and send.

• **Engagement, cross-selling, and customer retention**

Life-stage engine analyses transaction patterns and sentiment to predict churn or upsell windows, then launches hyper-targeted offers via push, email, and RM dashboard.

• **Customer underwriting**

Explainable ML combines bureau, cash-flow, utility, and GST feeds to deliver real-time affordability scores with clear reason codes for the credit officer and the regulator.

• **Collections**

The early delinquency model prioritizes overdue accounts, picking the best channel, timing, and repayment offer to maximize recovery at the lowest collection cost.

• **Self-service through digital channels**

Multilingual chatbot authenticates with biometrics, handles KYC updates, disputes, and card blocks end-to-end, and escalates only edge cases to a human agent.

• **Assisted service**

(contact center, branch, digital) Voice analytics gauges sentiment and intent midcall, suggests relevant knowledge-base snippets, while back-office bots auto-populate and route service tickets.

• **Developer productivity**

AI pair-programmer auto-writes routine code, adds unit tests, tunes SQL queries, checks for security issues, and flags build problems before the code is merged.

b) **Manufacturing**

In manufacturing, \$85–100B could be driven by AI-led productivity and efficiency improvement over and above India’s current growth by 2035. The National Manufacturing Mission outlines five key pillars: Ease of Doing Business, Future-ready Workforce, Vibrant MSME Sector, Availability of Technology, and Quality Products, of which AI will have a high impact on three: Availability of Technology, Future-ready Workforce, and Vibrant MSME Sector.

AI can unlock productivity and efficiency across multiple dimensions by lowering the cost of production, improving output yields through enhanced process efficiency, and increasing throughput via predictive maintenance on the shop floor. It can also enable the production of higher-quality goods at similar prices by powering intelligent product design, real-time quality control, and mass customization. To fully realize these benefits and build a future-ready, competitive industrial base, upskilling India’s manufacturing workforce in AI tools will be essential.

National Manufacturing Mission focuses on bolstering the “Make in India” initiative by focusing on 5 key pillars

1. Ease and Cost of doing business
2. Future-ready workforce.
3. Vibrant and dynamic MSME sector
4. Availability of Technology
5. Quality products

AI Impact

1. Producing the same goods at a lower price.
2. Producing better goods at the same price.

For India to fully capture the gains from AI-native manufacturing, it is important to strengthen both forward and backward linkages. On the backward side, this means building resilient supply chains, integrating AI-ready MSMEs, and ensuring reliable access to inputs. On the forward side, India can actively expand domestic markets and position itself in global value chains through coordinated industrial and trade policies. Productivity gains alone will not deliver impact unless industrial policy, trade strategy, and demand generation evolve together to convert efficiency into competitiveness and growth.

c) **Pharmaceuticals**

Currently, 80% of the Indian pharmaceutical market is driven by generics. This is because the high costs of developing a novel drug (up to \$1–2B per molecule), long timelines (over 10 years), and significant financial risks have historically limited investment in innovative R&D capabilities. Emerging technologies such as AI can help lower development costs and timelines across the drug discovery and development value chain, enabling India to transition from generics to the innovator space over the next decade. India's expertise in generics, domain talent (e.g., pharmacology) and its endowment in the form of a rich genetic pool can position it well to capture this opportunity. Traditional drug development is divided into five distinct stages and typically takes >10 years to complete end-to-end, with a potential capital spend of \$1–2 billion.

AI could reduce R&D costs by 20–30% through drug repurposing, AI-driven research and documentation, and replacing traditional placebo groups in clinical trials with AI-generated virtual placebos. This can simulate control groups without needing real participants; shorten drug discovery timelines by 60–80% via AI-powered molecule design and Insilico modelling to speed up lead identification by four times; improve clinical trial success rates by 5–15% by leveraging India's diverse gene pool to identify optimal patient subgroups.

India could consider licensing and launching 90–110 innovative drugs by 2034 across four phases: post-molecule discovery, post-phase 1, post-phase 2, and E2E commercialization. This would culminate in a value capture of \$5–8B and establish India as an innovation-led hub.

d) **Automotive**

The report explores two pathways for automotive: Software-Assisted Vehicles (SAVs) and AI-enabled component design. Harnessing frontier technologies, including RFID-based smart corridors, 5G-connected routes, and AI-driven design and validation, could put 18–20M software-ready vehicles on Indian roads by 2035 and unlock \$20–25B in export gains and import substitution.

Software-Assisted Vehicles (SAVs)

Software-Assisted Vehicles (SAVs) represent the next generation of automobiles, where core functionalities are increasingly driven by software rather than hardware-intensive systems. SAVs operate across five defined levels of autonomy, as per the Society of Automotive Engineers (SAE) International. India is expected to reach Level 3 by 2035, with its AI-led automotive inflection point between Levels 3 and 4. As India emerges as a major SAV

consumer market and global production hub, this shift offers a key opportunity for domestic value creation and global competitiveness.

e) **Auto Components Design**

AI-powered models such as Deep-Learning Surrogates (DLS) replicate the behavior of complex physics simulations, enabling near-instantaneous and highly accurate predictions. These models are transforming the R&D value chain, redefining how components are designed, tested, and manufactured. Traditionally, simulating component behavior like aerodynamic drag, thermal stresses, or structural deformation requires extensive physics-based computing that can take hours to days per iteration. Once trained, the AI models perform the simulations in milliseconds, significantly accelerating R&D cycles and enabling more efficient, low cost innovation.

For India, which currently accounts for 1–2%¹ of the \$500 to \$550B² global automotive parts export market i.e., \$7–8B, DLS can be an enabler to increase its share significantly. With automotive parts imports at \$6–7B³ in high-potential areas, there is an opportunity to reduce import dependency by improving domestic design and testing capabilities. AI-led design, including DLS, not only boosts competitiveness by slashing development time and costs but also allows India to lead in high-value, design-driven exports moving beyond assembly and manufacturing. Indian auto components OEMs can potentially capture \$25–30B in cumulative value by 2035 with an exit value of \$4–6B in 2035.

FUTURE IMPLICATIONS

Realising the full potential of AI in India's Banking, Manufacturing, Pharmaceutical, Automotive and Auto Components Design Sector is dependent on a set of enablers that foster adoption, responsible scaling, productivity enhancement, innovation-driven growth at scale, improve clinical research, optimise manufacturing, robust digital infrastructure, safety, skill development, compliance, regulatory readiness, and overall performance. Infrastructure, data, talent, protection assurance & governance, key risks, policy & regulations, market access, supplier ecosystem, incentives & IP frameworks, and Compliance are identified as set of enablers in the chosen sectors under the study.

The mapping of enablers of Compliance, Regulatory and Governance framework is explained below:

Mapping AI Driven Compliance and Governance Enablers

In the **Banking sector** one of the key determinants of Building AI capacity is through Innovation Sandboxes that enable pilots focused on critical themes such as explainable credit models, fraud and AML graph analytics, and self-auditing regulatory technologies. Utilizing a regulatory sandbox to test AI-related regulatory changes, e.g., video KYC for NRI shall bring efficiency in adhering to regulatory changes. Further employing a cross-regulatory AI Innovation Sandbox shall enable financial institutions to test models in a secure environment alongside the regulatory sandbox. Open, standardized dashboards

¹ United Nations Comtrade Database titled "UN Comtrade: International Trade Statistics Database".

² McKinsey article titled, "The road to Positive R&D Returns".

³ McKinsey article titled, "The road to Positive R&D Returns".

from pilots to track business impact, fairness outcomes, and emerging risks, enables transparent supervision and learnings across the ecosystem. Strong data protection frameworks, including data replication, disaster recovery, and compliance checks in alignment with the existing applicable Acts, Rules and regulations should be developed.

The report suggests that RBI can define standards for and enable access to utility agents, trained on regulatory-grade datasets and made available to banks and other financial institutions to ensure these agents are explainable, compliant, and regularly updated to reflect regulatory changes and market evolution. There is need to establish a central regulatory body for data governance in the financial sector. Its functions could include, but not be limited to, defining standards for classification of data, sharing across entities, responsible use, security, and monetization. The report also suggests creating a pool of talented governance professionals through incentivised certification programs in AI for Credit, Risk and Fraud and through a national AI fellowship or exchange platform. Fairness in AI outcomes, clear disclosures on AI use, and accessible grievance redressal mechanisms, supported by public reporting and toolkits that help smaller firms meet compliance are essential in mandating Consumer protection and transparency.

Government decision makers to look at funding shared facilities for 3-D printing, advanced materials testing and precision metrology that can give MSMEs affordable access in **Manufacturing sector**. For ease of access, data sharing can be done through an open “Manufacturing Data Grid,” a shared platform where OEMs, suppliers, other stakeholders, and startups can trade production and supply-chain data through standard APIs, taking inspiration from Germany’s Manufacturing-X data-space model. These disclosures will require governance policies for data protection over a long term, thereby reducing risks. There is need to review India’s **Pharmaceutical sector** regulations to ensure they align with global standards to facilitate faster clinical trials and international recognition. Government decision makers could explore the potential benefits of a data exclusivity law that could protect clinical trial data while incentivizing innovation and streamline the clinical trial approval process, to a potential 30-day approval route for institution-initiated trials to match global best-in-class timeframes and implement global best practices for vaccine approvals, such as rolling data reviews and digital submissions that aim to shorten overall timelines for time to market.

In **Automotive sector** Government could review standard frameworks for vehicle cybersecurity and over-the-air software updates to align with global regulations. An SAV Regulatory Taskforce under the Ministry of Road Transport and Highways may be formed to develop agile and globally aligned standards. Policy makers could look at the potential of a fast-track AI patent regime to reduce the patent grant timeline to under 20 months. Concessional GST slab or an income-tax deduction on financing costs for components designed or validated using AI could be considered. Further “Digital Patent Box” with a lower tax rate for licensed DLS models and AI workflows developed and commercialized in India, and Global AI safety standards integrated into the existing AIS-140 framework could ensure compliance and certify AI-generated components for domestic and international markets.

Tha Compliance requirements in **Auto Component Design sector** highlight that Physics-Informed & Explainable AI (PI-XAI) means AI models used in vehicles should not only be as accurate as traditional simulations like Computational Fluid Dynamics (CFD) but also follow basic physical laws and clearly explain their predictions. Regulators need clear safety limits and ways to measure uncertainty before certifying these models. To encourage compliance, India could integrate global AI safety standards like ISO/PAS 8800:2024 (for explainability and transparency in vehicle AI) and ISO/IEC 42001 (for ethical AI management) into its existing AIS-140 framework.

CONCLUSION

The full potential footprint of AI on India’s economy is difficult to visualize, and this report offers a starting point. It outlines two levers with two priority areas each, but the same structured approach could be extended to other sectors such as logistics, construction, and retail. Global benchmarks already illustrate the scale of opportunity: the IMF estimates AI could lift global GDP growth significantly over the next decade⁴; the World Economic Forum projects that nearly a quarter of all roles worldwide will change within five years due to AI adoption⁵. These underline the importance of applying an India-specific perspective to additional sectors to identify use-cases, value pools, and enabling conditions.

Equally, labour transitions would be central to how India adopts AI. International institutions estimate that around 35-40% of jobs worldwide are exposed to AI, with higher exposure in advanced economies and meaningful effects across emerging markets⁶. Projections show that while AI will create many new roles, it will also displace many existing jobs, particularly in clerical, routine, and low-skill segments. For India, the challenge would be twofold: preparing a workforce with advanced digital and AI skills to capture new opportunities, while simultaneously ensuring that those displaced are gainfully employed through reskilling, redeployment, or absorption into other growth sectors of the economy.

Finally, productivity gains and innovation must match market creation to translate into growth. India would need to simultaneously deepen domestic demand and secure stronger participation in global value chains. This will require alignment of industrial and trade policies, particularly as global rulebooks evolve quickly. For instance, the European Union’s AI Act will phase in obligations for general-purpose and high-risk AI systems, and new climate-related trade measures such as carbon border adjustments are set to shape market access conditions⁷. How India anticipates and responds to global shifts will influence its competitiveness, its ability to attract investment, and its standing as a credible global partner in the AI economy.

⁴ IMF working paper titled “The Global Impact of AI: Mind the Gap”. April 2025.

⁵ World Economic Forum press release titled “Future of Jobs Report 2023: Up to a quarter of jobs expected to change in next five years”. April 2023.

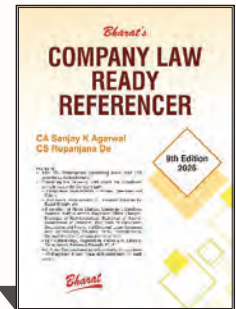
⁶ IMF blogpost titled, “AI will transform the Global Economy. Let’s make sure it benefits Humanity”. January 14, 2024.

⁷ Website titled “EU Artificial Intelligence Act /Up to date developments and analyses of the EU AI Act”. 2025.



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INTRODUCTION

This book serves as a ready referencer for readers interested in understanding the applicability of the various provisions of the Company Law. The Ninth edition incorporates all amendments made up to 31.05.2025. The amendments made by the Companies (Amendment) Act, 2019 [except Sections 6, 7, and 8, clauses (i), (iii) and clause (iv) of Section 14, Sections 20 and 21, Section 31, Sections 33, 34 and 35, Sections 37 and 38 of the said Act], wherever they appear in this book, were promulgated by following ordinances, before passing of said Act by both Houses and President's Assent thereon:

1. Companies (Amendment) Ordinance, 2018 dated 2.11.2018 - repealed w.e.f. 12.01.2019.
2. Companies (Amendment) Ordinance, 2019 dated 12.01.2019 - repealed w.e.f. 13.03.2019.
3. Companies (Amendment) Ordinance, 2019 dated 21.02.2019 - repealed w.e.f. 31.07.2019.

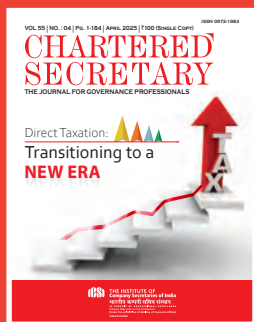
DETAILED REVIEW

The contents of the book are systematically organised into 3 parts. Part A contains useful referencer and tables. Part B covers the text of Act, Rules, Secretarial Standards, and Flow Charts of important day-to-day compliance procedures, and Part C injects appendices of the various schedules and useful related legislation and tables.

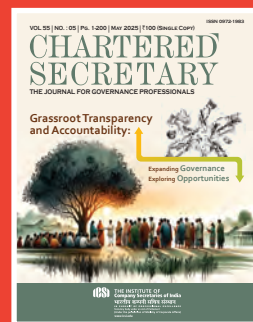
CONCLUSION

One of the unique aspects of the book is the Keyword search with page numbers, which gives the reader easy access to tables and flow charts in the book. Though the book has exhaustive contents, it caters to the specific needs of the readers as per their interests and requirements. The detailed note on how to use the book, given at the beginning of the book, provides the reader with clarity on finding information.

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