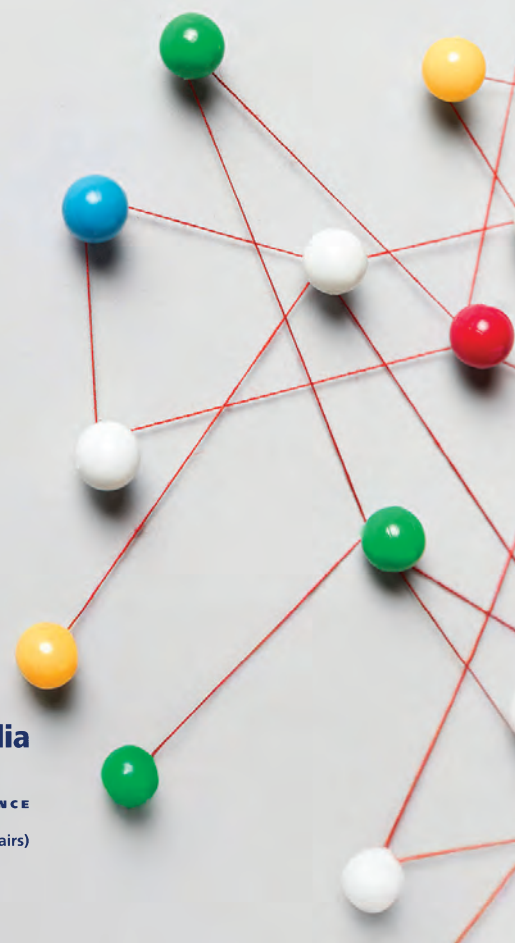


CHARTERED SECRETARY



THE JOURNAL FOR GOVERNANCE PROFESSIONALS

GST & VARIOUS OPPORTUNITIES UNDER AUDIT



**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)

www.icsi.edu



WHY LEADING BOARDS ARE EMBRACING DESS DIGITAL MEETINGS?

ONE STOP DIGITAL
MEETINGS SOLUTION



“

As a Company Secretary, I've found Dess Digital Meetings to be a highly effective solution for managing board and committee meetings. It offers a user-friendly experience for both our Directors and the Company Secretarial team and works smoothly across all devices. With its strong focus on innovation and client service, Dess is a trusted partner I confidently recommend.

Ms. Diksha Singh,
Company Secretary, Orient Electric Limited.

”



**LET'S CONNECT TO TRANSFORM
YOUR BOARD MEETINGS**

+91 97029 28562

| info@dess.digital

| www.dess.digital

President

- CS Dhananjay Shukla

Vice-President

- CS Pawan G. Chandak

Members

(in alphabetical order)

- CS Ashish Karodia
- Dr. Ashok Kumar Mishra (Govt. Nominee)
- CS B. Narasimhan
- Sh. Balamurugan D. (Govt. Nominee)
- CS Dwarakanath C.
- Sh. Inder Deep Singh Dhariwal (Govt. Nominee)
- Sh. Manish Goswami (Govt. Nominee)
- CS Manish Gupta
- CS Manoj Kumar Purbey
- CS Mohankumar A.
- CS NPS Chawla
- CS Praveen Soni
- CS Rajesh Tarpura
- CS Rupanjana De
- CS Sandip Kumar Kejriwal
- Sh. Sanjay Shorey (Govt. Nominee)
- CS Suresh Pandey
- CS Venkata Ramana R.

Secretary

- CS Asish Mohan

07

Editorial Advisory Board

Chairman

- CS NPS Chawla

Members

(in alphabetical order)

- CS (Prof.) Anjali Gupta
- CS Apoorva Kumar
- Dr. Ashok Kumar Mishra
- CS Bimal Jain
- CS (Dr.) D. K. Jain
- CS Nitin Somani
- CS Pranav Kumar
- CS Praveen Soni
- CS (Prof.) Rabi Narayan Kar
- CS Rajesh Tarpura
- CS Rupanjana De
- CS Sheik Latheef
- CS (Dr.) Sudheendhra Putty
- CS Sushil Kumar Kandoi

Editor & Publisher

- CS Asish Mohan

Legal Correspondent

- T. K. A. Padmanabhan

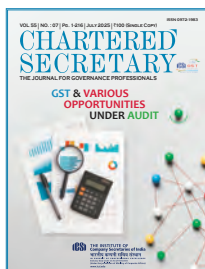


ISSN 0972-1983

CHARTERED SECRETARY

[Registered under Trade Marks Act, 1999]

Vol. : LV ■ No.07 ■ Pg 1-216 ■ July - 2025



04 - Editorial

09 - From The President

13 - Activity Highlights

25 - ICSI Events

- 26th National Conference of PCS
- ICSI - WIRC Convocation 2025
- PCS Day Celebrations
- Yoga Day Celebrations
- World Environment Day Celebrations
- Joint Outreach Programmes

46 - Global Connect

61 - Articles

- GST & Opportunities Under Audit
- Interpersonal Relationships

157 - Legal World

167 - From The Government

181 - News From The Institute

187 - Miscellaneous Corner

- GST Corner
- Ethics In Profession
- CG Corner
- Maritime Corner
- ESG Corner
- MSME Corner
- Gist of RoC & RD Adjudication Orders

203 - Beyond Governance

- Case Study
- Crossword
- Book Review
- National/International Reports: Analysis

Mode of Citation: CSJ (2025)(07)--- (Page No.)

QR Code/Weblink of Chartered Secretary Journal

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



Printed & Published by

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

Editor : Asish Mohan

Anizham, Jewel Harmony Villa, Kakkanad, Ernakulam, Kerala - 682 030

The Institute of Company Secretaries of India

'ICSI House', 22, Institutional Area

Lodi Road, New Delhi - 110 003

Phones : 45341000

Grams : 'COMPSEC'

Fax : 91-11-24626727

E-Mail : journal@icsi.edu

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

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

Annual Subscription

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

Printed at

SAP PRINT SOLUTIONS PVT. LTD.

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

EDITORIAL

The month of July marks the observance of two significant days: GST Day on July 1st and Global Energy Independence Day on July 10th. Introduced in 2017, the Goods and Services Tax (GST) has seen significant advancements, unifying the country's indirect tax system under a single framework. It has revolutionized business operations in India and brought us nearer to the idea of "One Nation, One Tax." GST Day provides an opportunity to reflect on the progress made thus far—acknowledging the milestones achieved, understanding the ongoing challenges, and reaffirming our commitment to continued improvement. On this day, the Institute is commencing an online 'Capacity Building Series on Goods and Services Tax (GST)', including litigation', aimed at equipping professionals with enhanced knowledge and practical insights.

To express its support towards the United Nations Sustainable Development Goals, the Institute has announced its 1st National Sustainability Conference 2025 on the theme, 'Fostering Sustainability towards a Resilient Future', scheduled to be held on July 26-27, 2025 in Udaipur, Rajasthan. I invite members to register for this event and wholeheartedly participate in the discussions with the experts.

Company Secretaries possess the necessary skillsets as audit practitioners and can represent clients before GST authorities as authorized representatives. This has created numerous opportunities for Company Secretaries in both GST and audit fields. In alignment with the above thought, this month's issue of the Journal is dedicated to the theme on **'GST & Opportunities Under Audit'**.

The articles titled **'Good and Simple Tax: Challenges, Hiccups and Solutions'** throw light on the milestones of developments in GST over the past eight years. The critical aspects of GST Audit are elaborated in the two articles on **'GST Audit: Means to Compliance and Governance'**. The articles titled, **'Are Financial Shenanigans becoming the triggers for implementation of Forensic Audit?'**, **'ESG Audit: Placing Sustainability at the Centre of Corporate Governance'**, **'AI in Audit: Disruption, Detection, and Due Diligence in the Age of Algorithms'**, **'ESG Audit: Concepts, Global Perspectives and Emerging Trends'**, **'ESG Audit: Placing Sustainability at the Centre'**, **'The Algorithmic Witness: Company Secretary as Architect of the AI-Powered Audit'**, **'Forensic Audit and Ethical Governance: A Game Changing Synergy'**, **'Concurrent Audit in Public Financial Management: Objectives, Scope, and Governance Framework'**, **'Internal and External Audit: The dual pillars Fortifying Corporate Governance in a Dynamic Era'**, and **'An Analysis of Concurrent Audit in India'**, elaborate on the various audit areas and applications of Artificial Intelligence in the audit process.

The Journal also features interesting articles on topics such as **'Need for Strengthening the IT Governance Framework in Banking Sector for achieving Digital Operational Resilience'**, **'Taxation Laws and Practicing Company Secretaries: Embracing Evolving Roles and Expanding Opportunities'** and **'Evolving Role of Company Secretaries in Ensuring Regulatory Compliance under SEBI LODR Regulations'**.

The article in Global Connect Section on **'World Environment Day: A Global Commitment to Restoring Our Earth'** is a powerful reminder of our commitment to protect and restore the environment and the global initiatives in this direction.

The Research Paper on **'India's Economic Resilience Amid Global Uncertainties: Navigating the Transition from Classical to Strategic Globalization (2024–2026)'** analyses the secondary data from the RBI and the IMF, offering insights for policymakers navigating the new global economic order.

Happy Reading!

CS Asish Mohan
(Editor - Chartered Secretary)



CS Dhananjay Shukla, President, The ICSI and CS Pawan G. Chandak, Vice-President, The ICSI visited Nagpur Chapter of WIRC of The ICSI.



Pune Chapter of WIRC of The ICSI successfully organized a One-Day Conclave on "Foreign Exchange Management Act, 1999 (FDI, ODI & ECB)" on June 28, 2025 in Pune. CS Pawan G. Chandak, Vice-President, The ICSI was the Chief Guest at the conclave.



ICSI inks MoU with Gujarat International Finance Tec-City Company Limited to collaborate and foster knowledge sharing in areas of mutual interest.



ICSI delegation led by CS B. Narasimhan, Immediate Former President, The ICSI met with Prof. (Dr) S. Shanthakumar, Director, Gujarat National Law University & Director (I/C), Gujarat Maritime University to explore further opportunities for Company Secretaries and collaborate in areas of mutual interest.



ICSI delegation led by CS B. Narasimhan, Immediate Former President, The ICSI met with Shri K. Rajaraman, Chairman, IFSCA to apprise about the role of Company Secretaries in GIFT.



ICSI delegation led by CS B. Narasimhan, Immediate Former President, The ICSI met with Shri Dipesh Shah, Shri Pradeep Ramakrishnan and K. Mahipal Reddy, Executive Directors, IFSCA to collaborate and develop a synergistic ecosystem.



NIRC of The ICSI organized the Uttarakhand State Conference 2025 on June 21-22, 2025, at Ramnagar, Uttarakhand. Shri Deepak Bali, Hon'ble Mayor of Kashipur, Uttarakhand, graced the occasion as the Chief Guest.



EIRC of The ICSI held a meeting with Shri Arya Jayant Pyarelal, Registrar of Companies, MCA, West Bengal on June 10, 2025.



Guwahati Chapter of EIRC of The ICSI organised a Blood Donation Camp on July 1, 2025.



ICSI CCGRT, Kolkata organized its 9th batch of the RCLPD in the month of June 2025. CS Sandip Kejriwal, Central Council Member, The ICSI and Convenor, ICSI CCGRT, Kolkata interacted with the participants.



Inaugural session of 2nd Non-Residential CLDP organised from June 11-27, 2025 at ICSI-CCGRT, Mumbai.



ICSI-CCGRT, Hyderabad conducted Valedictory session of 20th batch of CLDP on June 10, 2025. Shri Bharadwaj Rachamadugu, Senior Vice President, Sai Silks Kalamandir Limited was the Chief Guest. CS R Venkata Ramana, Central Council Member and Convenor, CCGRT Hyderabad, The ICSI also graced the occasion.



**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। तृप्तं भवेत्। सुखं लब्धुं।

Mission

"To develop high calibre professionals facilitating good corporate governance"

REGISTRATIONS OPEN

**8 CPE Credits
(Structured)
for ICSI Members**

National Sustainability Conference 2025

Theme: Fostering Sustainability towards a Resilient Future

July 26- 27, 2025 (Saturday & Sunday) | Ramee Royal Resort, Udaipur, Rajasthan

DELEGATE REGISTRATION FEE* (NON-RESIDENTIAL)			- The Fee includes Lunch[#] (2), Dinner[#] (1), Morning / Evening Tea, Coffee, and Conference Kit. - The Fee is payable in advance and is non-refundable & non-transferable. - The Fee for accompanying Spouse and Children does not include Conference Kit. - Registration for the Conference shall be through Online Mode only. Payments through demand draft, cheque, cash, etc. are not accepted. - Delegates are required to make their own travel & stay arrangements.
Delegate Category	Early Bird Registration Fee (From 14 th June, 2025 to 10 th July, 2025)	Registration Fee (From 11 th July onwards including on the spot registration)	
Members of ICSI	INR 4500	INR 5000	
Students/Accompanying Spouse/Child (5 years and above)	INR 4000	INR 4500	
Non-Members	INR 6000	INR 7000	

*Exclusive of GST@18% (to be paid extra at the time of registration).

[#] As per policy of Ramee Royal Resort, only pure veg. food will be served during the conference.

Registration link :
<https://tinyurl.com/ICSI-NSC>



CS Dhananjay Shukla
President, The ICSI

CS Pawan G Chandak
Vice-President, The ICSI

CS Manish Gupta
Programme Director,
Council Member and Former President, The ICSI

CS Asish Mohan
Secretary, The ICSI

CS Himanshu Harbola
Chairman, NIRC, The ICSI

CS Surya Prakash Moud
Chairman, Udaipur Chapter, The ICSI

Connect with ICSI

www.icsi.edu



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



सर्वे भवन्तु सुखिनः सर्वे सन्तु निरामया।
सर्वे भद्राणि पश्यन्तु मा कश्चित् दुःखभाग् भवेत्॥

*(May all sentient beings be at peace,
may no one suffer from illness,
May all see what is auspicious, may no one suffer.)*



Dear Professional Colleagues,

Some days and months are so eventful, that it is hard to find a point of commencement when it comes to sharing of nitty gritty. But first things first. As we step foot into the month of July – the month that marks the beginning of rains and monsoon in full swing, I am pleased to congratulate our sister concern – the Institute of Chartered Accountants of India, its leadership and all its professionals, on the occasion of CA Day.

The date of July 01, 2025 has gained greater impetus since 2017 with the launch of the Goods and Services Tax regime. Not only has this system of Indirect Taxation reformed the entire structure of taxation in the Indian business scenario, GST has been a key role player in placing India on the global pedestal with its *mool mantra* of promoting ease of doing business.

As GST replaced multiple indirect taxes, holding on to the ideology of 'One Nation, One Tax,' the Institute of Company Secretaries of India, stepped into the role of India's GST Partner, taking upon the responsibilities of seamless integration of the legislation. The two-pronged approach included knowledge upgradation of professionals by way of series of publications, newsletters, continual dissemination of information through GST corner & GST Educational Series and

skill updation by way of joining hands with other skill development institutions and entities.

And this partnership that we boast of, is not one that is found only on paper – but in our continual actions. The Certificate Course on GST and its numerous batches conducted till date, the celebration of GST Day each year on a Pan India basis – across all Regional Offices and Chapters of ICSI is a reiteration of our commitment to strengthen the GST framework in the country.

Going forward, reflecting upon the fact that the Goods and Services Tax is one of the most dynamic legislations – which is ever changing in nature, the Institute is proud to share the launch of Capacity Building Series on GST (including litigation) on the occasion of the 8th anniversary of the launch of the 'Good and Simple Tax'. A Webinar Series (*with zero participation fee*), this initiative aims to update and equip the members with conceptual framework and practical insights into the concepts and legal provisions of GST so as to render the Company Secretaries fully adept in handling all varieties of assignments under GST. The launch of the Chartered Secretary Collector Series - A Compendium of Selected Articles on Direct Taxes and GST, further takes the baton forward.

We are hopeful that the times ahead will witness, each and every Governance Professional becoming an active participant in strengthening the Taxation System of the nation and playing a vital role in shaping the dream of our Hon'ble Prime Minister of making this nation 'Viksit Bharat'.

Another league of Professionals, whose services are celebrated on July 1st is that of our Health Managers – ones who are revered as second to God - the Doctors. Our heartiest appreciations and commendations to all of you for your painstaking efforts and for being the beacons of hope in the most distressful times. Wishing you healthy times ahead!!!

As I begin my journey backwards in the memory lane, the closest event falls beyond the territorial boundaries of the country;

18TH IPDFP : PICKING PEARLS OF WISDOM FROM THE INDIAN OCEAN

“Pearl of the Indian Ocean” is how the world refers our neighbouring country Sri Lanka – and indeed rightly so. The scenic experience as well as the knowledge garnered through various discussions made the 18th edition of the International Professional and Fellowship Development Programme during June 20-27, 2025, all the more worthwhile. Each city explored, each topic deliberated, brought along multi-pronged realizations. For one, the beautiful country of Ceylon, for us Indians is a home away from home. Our heartiest gratitude to the wonderful people for their hospitality and shared bonds. With members of the fraternity bonding over shared sunsets and practical challenges of the Board room – the 7-day event seemed to pass by so swiftly, that there was still room for more.

I am doubly sure that the affections fostered and healthy banter over corporate breakfasts have given us all not just galleries full of memories, but sufficient food for thought as well.

And the zeal with which the participants were looking forward to the next edition, did make our hearts on the organizing end, swell with pride.

Our heartfelt gratitude towards Mr. Sathananthan Sudarshan, Council Member, Institute of Chartered Corporate Secretaries, Sri Lanka, for joining us in taking shared governance ideologies forward and towards all the participants for making this initiative immensely successful !!!

NATIONAL PCS CONFERENCE : JAI MAA KAMAKHYA

Sometimes it so happens that the land is known first by the deity residing and then by its several other characteristics. Apart from being the home abode of Maa Kamakhya (one of the most revered forms of Shakti), Guwahati also known as Pragjyotishpur in ancient times, is often referred to as the Gateway to the North-East India due to its strategic location. And what better place could have been chosen than this gateway city, to host the 26th National Conference of Practicing

Company Secretaries. Flagged off at the hands of Shri Lakshman Prasad Acharya, Governor of Assam, the 2-day Conference during June 14-15, 2025, lined up a list of deliberations surrounding the theme “Dynamic Regulatory Landscape: CS@Excelling Strategies”. The spirit of national pride invoked by him and the encouragement lent to embrace our roles as nation builders is here to stay, and we will surely be playing greater roles in driving India’s economic progress.

As I revel in the success of the event which coincided with the PCS Day, I cannot help but thank profusely, the more than 350 participants who registered their presence physically and nearly 3000 members who joined virtually. I feel extremely humbled to have been joined by Mr. Bhubaneswar Kalita, Hon’ble Member of Rajya Sabha and Mr. Dilip Saikia, Hon’ble Member of Lok Sabha for a Special Session wherein both the guests highlighted the role of Company Secretaries in contributing to nation’s progress towards a Viksit Bharat.

Amidst various launches and releases, an initiative that stands really close to my heart is the ‘Capacity Building Series for Members and Students’. With plenty of subjects and topics picked for each of these stakeholders, the Series aims to provide free of cost knowledge at the click of a button. This brings to me the reminiscence of a Sanskrit shloka sourced from arthaśāstram which goes as follows:

शुश्रूषा-श्रवण-ग्रहण-धारण-विज्ञानोहापोह-तत्त्वाभिविवेकः प्रज्ञागुणाः।

(Desire to learn, listening, perception, retention in memory, elimination of doubt, and determination to know the truth are the qualities of the intellect)

Any professional, practicing or in employment, has to look towards education and learning as a constant companion and not a burden. For it is in the deeper layers of wisdom that success lies.

As we launch the first 2 series on FEMA and GST, and the next one on Direct Tax, we are hopeful that the Series will guide us together to the intended benefits.

JOINING FORCES, EXPLORING OPPORTUNITIES

The 26th National PCS Conference stood witness to two other landmark events, wherein ICSI created synergies for strengthening governance as well as exploring opportunities for the members. I am delightfully pleased to share that the Institute has signed MOUs with SEPC and SWAYAM. Going first with SEPC, the Services Export Promotion Council, established by the Ministry of Commerce and Industry, has been playing a pivotal role in unlocking global business opportunities for India’s service sector. It supports both aspiring and established service exporters through trade

intelligence, export development, and by fostering a business-enabling environment. Acting as a vital bridge between the government and industry, SEPC provides policy inputs, addresses industry concerns, and offers insights into global markets.

The signing of MoU between SEPC and ICSI, marks a new chapter in promoting India's capabilities in corporate governance, compliance, and secretarial advisory services on the global stage. Most importantly, it opens new avenues for ICSI members to access global markets and contribute meaningfully to India's growing reputation as a hub for high-quality, knowledge-based services.

My gratitude towards Dr. Abhay Sinha, Director General, SEPC and his Team for this collaboration which aims to foster knowledge sharing, elevate governance standards, and enable joint engagement with international organizations and government agencies to promote the export of professional services.

The second MoU signed was with SWAYAM. To detail further, SWAYAM is a programme initiated by Government of India and designed to achieve the three cardinal principles of Education Policy viz., access, equity and quality with the objective to take the best teaching learning resources to all, including the most disadvantaged. SWAYAM seeks to bridge the digital divide for students who have hitherto remained untouched by the digital revolution and have not been able to join the mainstream of the knowledge economy. And it is through this portal that ICSI intends to take its Courses and learning avenues to the deepest roots of this nation.

May we all scale greater heights together !!!

WIRC CONVOCATION : CONNECTING WITH YOUTH YOUTHFULLY

"What lies behind us and what lies before us are small matters compared to what lies within us."

- Ralph Waldo Emerson

Countless speeches made, countless words said and heard, and yet I take to these pages when it comes to sharing my thoughts once again. ICSI Convocations for me are not mere 'graduation' ceremonies or occasions of distributing certificates of membership; but rather it is the celebration of an entire journey traversed – one that was filled with as much successes as failures. If we were bogged down in on moment, we found our feet and lights the very next. And above all it's the beginning of our journey to contribute to the profession and to the nation keeping a stronghold on our ethics and values. I feel gratuitous towards Shri Avinash Gehlot, Hon'ble Cabinet Minister for Social Justice and Empowerment,

Government of Rajasthan and Dr. Atul Narayan Vaidya, Vice Chancellor, Laxminarayan Innovation Technological University for joining us at the First bi-annual Western Region Convocation for FY 2025-2026 on June 11, 2025 at Nagpur. The affection filled motivation and in-turn the glitteringly inspired eyes of the young members was a delightful sight – one that I shall cherish for many a years to come.

My heartiest congratulations to all the new members and their loved ones for as Howard Schultz says and I quote:

"Success is best when it is shared."

WORLD MSME DAY : LAYING GROUNDWORK FOR GRASSROOTS

As the world got on together to celebrate the MSME Day on June 27, the ICSI too, in continuation of its long-standing efforts, launched two new initiatives. On one hand, the MSME & STARTUP CATALYST aims to create a pool of guidance and handholding and thus enhance the compliance culture. On the other hand, the MSME & Startup Helpline aims to provide easy resolution platform for the issues and challenges being faced by these entities. As the Chapters and Regional Offices of ICSI gear up to celebrate the day by way of dedicated events under the aegis of MSME & Startup Connect, I am hopeful that this groundwork will mark the beginning of an era wherein Company Secretaries are the guiding light for the entities which have become the roadmap for growth, development and innovation.

TIMES AHEAD : EARMARKING SHARED SUSTAINABILITY GOALS

The Van Mahotsav is a week-long celebration which has been a part of the Indian mainland since independence. The ICSI too, aligning with this thought, begins the Student Month with tree plantation. And what better way to acknowledge this thought of sustainability than to pursue it for greater action. It is with this intent that the ICSI is set to organize National Sustainability Conference at Udaipur during July 26-27, 2025.

As we gear ourselves on the planning side, I hope the bookings and packings have begun at your end too...!

What better way to raise green deliberations than at the City of Lakes !!!

Yours Sincerely



CS Dhananjay Shukla
President, ICSI

This Month That Year



Mr. R. Krishnan, President, welcoming the Chief Guest Mr. R. Prasad, Chairman, Company Law Board at the First Conference of the Institute held in Madras on May 21, 22, 1971.



SIRC - Sixth Regional Conference - Hon'ble Shri S. Tirunavukkarasu, Minister for Industries, Textiles and Mines, Tamil Nadu delivering the inaugural address.



WIRC: PUNE CHAPTER - Workshop on Current issues in Company Law: Shri A.N. Navare addressing. Others sitting are (L to R) Sarvashri K.R. Chandratre, V.K. Seth and B.K. Kulkarni.



NIRC - Shri H.S. Grover garlanding Shri V.P. Gupta, Joint Secretary, Dept. of Company Affairs in the presence of Shri Harish K. Vaid.

Activity Highlights of June, 2025

MEETINGS WITH DIGNITARIES

- *Prof. (Dr) S. Shanthakumar, Director, Gujarat National Law University & Director (I/C), Gujarat Maritime University*
- *Shri K. Rajaraman, Chairman, IFSCA*
- *Shri Dipesh Shah, Executive Director, IFSCA*
- *Shri Pradeep Ramakrishnan, Executive Director, IFSCA*
- *Shri K. Mahipal Reddy, Executive Director, IFSCA*

ICSI 18TH INTERNATIONAL PROFESSIONAL DEVELOPMENT & FELLOWSHIP PROGRAMME

The Institute of Company Secretaries of India (ICSI) organized its 18th International Professional Development & Fellowship Programme (IPDFP) in Sri Lanka from 20-27 June 2025. Organized on the theme, **Evolution of Corporate Governance in the Digital Age**, the Conference witnessed the presence of Special Guest, Mr. Sathananthan Sudarshan, Council Member, Institute of Chartered Corporate Secretaries.

Company Secretaries from across India participated in this 7-day programme, that explored the dynamic role of Company Secretary Professionals in the wake of this shifting paradigm. The International Conference was held on 26 June 2025 in Colombo, Sri Lanka.

NATIONAL SUSTAINABILITY CONFERENCE - REGISTRATIONS OPEN

The ICSI has always promoted good corporate governance, environment sustainability and social responsibility among stakeholders including CS professionals and Student's community. In order to provide a professional forum to deliberate on the emerging aspects of sustainability, the ICSI has decided to organize a "National Sustainability Conference" on the theme "Fostering Sustainability towards a Resilient Future" on 26-27 July, 2025 at Udaipur, Rajasthan. Registration for the Conference is open and professionals and other stakeholders are requested to join this mega event on sustainability in large numbers.

ICSI MSME & STARTUP CONNECT 2025

MSME Day in India is observed annually on June 27th. This day is designated by the United Nations General Assembly (UNGA) to celebrate the vital contributions of micro, small, and medium enterprises (MSMEs) in the global economy and to raise awareness about their role in sustainable development. The MSME & Startup Board with the intent of developing platforms for greater outreach of professionals as regards MSMEs and to create a better understanding of MSME needs, suggested that the Institute should actively participate in the celebration of MSME Day. The Day shall accord the perfect stage for seeking greater opportunities for Governance professionals as regards MSMEs. On their recommendation, the Council in its 317th Meeting held on June 15, 2025 accorded

the approval of conducting MSME & Startup Connect 2025 across all Regional Councils and Chapters. Members are requested to participate themselves as well as promote the same amongst MSMEs and Startups.

26TH NATIONAL PCS CONFERENCE AT GUWAHATI

The Institute organized its 26th National Conference of Practicing Company Secretaries on June 14-15, 2025 at Vivanta Guwahati on the theme "Dynamic Regulatory Landscape: CS@Excelling Strategies". The Conference was inaugurated by Chief Guest, Shri Lakshman Prasad Acharya, Hon'ble Governor of Assam. Shri Bhubaneswar Kalita, Hon'ble Member of Rajya Sabha and Shri Dilip Saikia, Hon'ble Member of Lok Sabha also graced the Conference as Special Guests. The Conference witnessed the presence of 400 delegates in person and 3,000 delegates connected virtually from different parts of the country. A galaxy of distinguished guests, invitees, speakers, professionals and students made the Conference a grand success.

CAPACITY BUILDING SERIES

Capacity Building Series is a new initiative of the Institute for knowledge upgradation and skill enhancement of the members on various topics to equip them with the theoretical and practical insights to take-up the professional opportunities in areas which are less explored. The webinar series will focus upon (i) Basic concepts & legal aspects relating to the topic (ii) Opportunities for Company Secretaries in that area (iii) Skill-set required for taking up the opportunities. The initiative commenced with Capacity Building Series on topics FEMA and GST on June 30, 2025 and July 1, 2025 respectively. Members are requested to register for Capacity Building Series in big numbers to get maximum benefit of this initiative.

	FEMA	GST including Litigation
Session-1	Overview of FEMA	Introduction & Overview of GST
Date	June 30, 2025	July 01, 2025
Faculty	CS Atul Mittal, Partner, Deloitte India	CS Gurinder Pal Singh, GM & Head Indirect Taxation – Infra, L&T Limited
Programme Director	CS Pawan G. Chandak, Vice-President, The ICSI	CS Rajesh C Tarpara, Central Council Member, The ICSI
Moderator	CS Suruchi Verma, The ICSI	CS Kanika, The ICSI

ICSI BI-ANNUAL CONVOCATION OF FY 2025-2026

The Institute organized the First bi-annual Convocation of FY 2025-2026 of the Western Region for awarding the certificate of membership to its Associate and Fellow members admitted during the period from 1st October, 2024 to 31st March, 2025 and also to award prizes/medals to meritorious students (National) and certificates to PMQ awardees.

Date	Region	Guests	Venue	Awardees
June 11, 2025	Western	Shri Avinash Gehlot, Hon'ble Cabinet Minister for Social Justice and Empowerment, Govt. of Rajasthan Dr. Atul Narayan Vaidya, Vice Chancellor, Laxminarayan Innovation Technological University	Nagpur	06 Fellow members 367 Associate members 12 students

ACADEMIC COLLABORATION WITH DTU FOR M.TECH BY RESEARCH PROGRAMME IN ESG

In line with the MoU executed between the ICSI & Delhi Technological University (DTU), the Institute has partnered with the DTU's M.Tech by Research Programme in Environmental, Social and Governance (ESG). The Department of Environmental Engineering at DTU is offering this first ever and industry-relevant M. Tech. by Research Programme in ESG, wherein, the Institute will provide necessary academic inputs to ensure successful execution of this flagship research programme.

ICSI INKS MOU WITH SERVICES EXPORTS PROMOTION COUNCIL (SEPC)

ICSI enters into a Memorandum of Understanding with the Services Exports Promotion Council (SEPC) to leverage India's strength in Corporate Governance, Compliance, and Secretarial Advisory Services. Aimed at providing customized training programmes to meet global standards, the MoU would open new avenues for ICSI members and give them an access to the global markets,

besides facilitating joint research, resource sharing and collaboration in International Events.

ICSI INKS MOU WITH GUJARAT INTERNATIONAL FINANCE TEC-CITY COMPANY LIMITED

The Institute inked MoU with Gujarat International Finance Tec-City Company Limited on June 18, 2025 to collaborate and foster knowledge sharing in areas of mutual interest. CS Asish Mohan, Secretary The ICSI, CS B Narasimhan, Immediate Former President, The ICSI, Shri Sandeep Shah, Head IFSC Department, Gujrat International Finance Tech City-Company Limited, CS Rajesh C Tarpara, Central Council Member, The ICSI.

JOINT MCA 21 V3 USER AWARENESS SESSIONS CONDUCTED ON ANNUAL FILING E-FORMS WITH ICAI

The Institute of Company Secretaries of India in collaboration with the Institute of Chartered Accountants of India conducted a series of User Awareness Sessions on Annual Filing E-forms by MCA during the month of June 2025. The sessions were held in the presence of MCA officials at the following locations:

Date	Location	Nodal Institute	ICSI Representative
04.06.2025	Kolkata	ICAI Bhawan, 7 Anandilal Poddar Sarani (Russell Street), (Near Maidan Metro Station) Kolkata 700107 West Bengal	CS Rupanjana De Central Council Member, The ICSI
09.06.2025	Ahmedabad	ICAI Bhawan Opp. Aaryan Euphoria / Eminent, Nr. Tavish Avenue, Damru Circle to Chanakyapuri Road, Ghatlodia, Ahmedabad-380 061, Gujarat	CS Rajesh Tarpara Central Council Member, The ICSI
10.06.2025	Mumbai	ICAI Tower Plot no C-40, G Block, Opp. MCA Academy, Besides Standard Chartered Bank, Bandra Kurla Complex, Bandra (East) Maharashtra, Mumbai -400051	CS Rajesh Tarpara Central Council Member, The ICSI
11.06.2025	Delhi	ICAI Bhawan Indraprastha Marg, Post Box No. 7100 New Delhi - 110 002	CS Manoj Kumar Purbey, CS Suresh Pandey, Central Council Members, The ICSI
11.06.2025	Hyderabad	ICSI-CCGRT Survey No.1, Uppal IDA, Genpact Road (Near Mallikarjuna Swamy Temple), Uppal, Hyderabad - 500039	CS Venkataraman R. Central Council Member, The ICSI
14.06.2025	Chennai	ICAI Bhawan 122, Mahatma Gandhi Road, Post Box No. 3314, Nungambakkam, Chennai Tamil Nadu - 600034	CS Mohan Kumar A. Central Council Member, The ICSI
27.06.2025	Delhi	ICSI-NIRC Building, 4, Prasad Nagar Institutional Area, New Delhi 110 005	CS Manoj Kumar Purbey, CS Suresh Pandey, Central Council Members, The ICSI

REPRESENTATION SUBMITTED

Date	Particulars	Authority
June 06, 2025	Request for modification in layout of e-form MGT-8	MCA
June 06, 2025	Request for organizing MCA User Awareness Sessions (on launch of Annual Filing Forms on MCA-21 V3) in Bengaluru and Delhi	MCA
June 06, 2025	Request for modification in format of Certificate of Incorporation in the case of conversion of an entity into Company under section 366 of Companies Act, 2013	MCA
June 06, 2025	Request for introduction of Company Law and LLP Law Settlement Scheme, 2025 (CL & LLSS-2025)	MCA

EEE 5.0: MASTER KNOWLEDGE SERIES

DATE	TOPIC	FACULTY	LINK
June 02, 2025	MCA User Awareness Session on Launch of Annual Filing Forms on MCA-21 V3	Sh. Sidhil Sasi, Deputy Director General, MCA Ms. Vijaya Gumpena, LTI Team Special Guest: CS Dhananjay Shukla, President, The ICSI CS Pawan G. Chandak, Vice-President, The ICSI Moderator: CS Rajesh Tarpara, Central Council Member, The ICSI	youtube.com/live/Bp2AGDlcJ5s
June 11, 2025	MSMEs: Opportunities for Professionals	Dr. (CS) Ajay Garg, Social Entrepreneur Moderator: CS Surbhi Jain, The ICSI	youtube.com/live/spjG2ytp-EY
June 18, 2025	Legal Framework Governing Appointment of KMPs and Case Studies	CS Ramaswami Kalidas, Practising Company Secretary Moderator: CS Mohan Kumar A., Central Council Member, The ICSI	youtube.com/live/e51dX5DXMBs
June 25, 2025	Legal Framework of PMLA and WMD Act: Guidance for Professionals	Mr. V Ilancheliyan, Joint Director, FIU-IND, CS Nehal Thaker, Company Secretary and Mentor CS Shweta Gokarn, Practicing Company Secretary Moderator: CS (Dr.) Pooja Rahi, The ICSI	youtube.com/live/-dCU06udtDw

ONLINE SESSIONS CONDUCTED

During the month, Online Sessions were organized for the following Courses:

- Certificate Course on POSH- Batch 9
- Certificate Course on IPR Batch 6
- Certificate Course on FEMA (Batch 8)
- Certificate Course on GST (Batch 13)
- Certificate Course on Commercial Contract Management (Batch 8)
- Certificate Course on Securities Laws (Batch 6)
- Certificate Course on UAE Business Manager- Batch 1

PEER REVIEW CERTIFICATES ISSUED

During the month June 2025, Peer Review of around 118 Practice Units was completed and accordingly Peer Review Certificate issued. The updated list of Peer Reviewed Units and can be accessed at www.icsi.edu/media/webmodules/List_Peer_Reviewed_Practice_Units.pdf

PMQ EXAMINATION

The Examination of PMQ Course on Corporate Governance, Internal Audit and Arbitration for June 2025 session was conducted on Saturday, 21st June 2025.

E-LEARNING FACILITY

The E-learning services configured to facilitate registration of students for Company Law Quiz 2025. The Members facilitation for registration and conduct Self-Assessment for ECPE 2025 offered through LMS.

FORMATION/RENEWAL OF ICSI STUDY CIRCLES

The ICSI has been promoting the Formation/Renewal of Study Circles for creating knowledge upgradation avenues through professional discussion and deliberation. Study Circle renewed in June 2025 for the FY 2025-26 were as under:

Region	Name of the Study Circle	Formation/Renewal
NIRC	Rohini West Study Circle of ICSI	Formation

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.

(June 2025)

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Jobs on the ICSI Placement Portal	152
No. of Openings available on the ICSI Placement Portal	224

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

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on June 30, 2025)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
20,946	31,554	9,742	35,701

ICSI SECTION 8 COMPANIES

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

• WORKSHOPS

Date	Subject	Speaker(s)	YouTube link
05/06/2025	Role and Responsibilities of Insolvency Professional under IBC	CS and IP Rajinder Kumar	youtube.com/watch?v=l20ctYqO V8Y
06/06/2025		IP Ajay Kumar Jain	youtube.com/watch?v=Lmocj5VcDsY
11/06/2025	Preparation of Information Memorandum and Section 29A under IBC	CS and IP Divya Somani	youtube.com/watch?v=t8maYOFe72c
12/06/2025		CS, CMA and IP Siva Rama Prasad Puvvala	youtube.com/watch?v=Q-M1C0_xioI
28/06/2025	Forensic Audit and PUFE Transactions in Insolvency Cases	CS and IP Rajinder Kumar CS and IP Suhasini Ashok B.	youtube.com/watch?v=iRb9SJ1QW_A

• WEBINAR SERIES

Date	Subject	Speaker(s)	YouTube link
07/06/2025	Reviewing IBBI Pre-Packaged insolvency resolution Regulations	CS and IP Sucheta Gupta	youtube.com/watch?v=klX1iKXffNc
13/06/2025	Reviewing CIRP Regulations		youtube.com/watch?v=FKEV07HanZ0
14/06/2025	Reviewing CIRP Regulations		youtube.com/watch?v=4Z8IyM_TJxw
17/06/2025	Reviewing Fast track CIRP Regulations		youtube.com/watch?v=KA2_W8FvL0w
19/06/2025	Reviewing Personal Guarantor Regulations		youtube.com/watch?v=TpF9FMeEBVg
24/06/2025	Reviewing Personal Guarantor Regulations and Liquidation Regulations		youtube.com/watch?v=0dImUmmWCcU

• Joint Programs

ICSI IIP jointly with IBBI, IIIP ICAI and IPA ICAI conducted workshop for Insolvency Professionals on June 16, 2025 and June 20, 2025.

• LIT-UP

Date	Topic	Faculty
20/06/2025	LIT UP - Limited	CS and IP Prakul Thadi
21/06/2025	Insolvency	CS and IP Preeti Garg
22/06/2025	Examination Training, Preparatory Virtual Classroom	IP Pawan Varshney CS and IP Shubham Agarwal Goyal CS and IP Divya Somani CS and IP Sucheta Gupta

integrity. From valuation methodologies to reporting formats, from legal provisions to illustrative case studies, the material endeavors to provide a balanced blend of theoretical understanding and practical application. The publication priced at ₹1000 (Postage charges extra) is available at the ICSI RVO website <https://www.icsirvo.in/Home/BookStore>

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.

ICSI REGISTERED VALUERS ORGANISATION

Date	Programme	Topic	Faculty
June 19-25, 2025	50 Hours Online Educational Course	Valuation of Securities or Financial Assets	Dr. Ajay Garg Mr. Chaitanya jee Srivastava CS K. Chandra Sekhar CS Kanishk Arora CS Preeti Garg CS Rajesh Mittal CA Raveesh Chaudhary CS Sandeep Kothari CA Sumit Dhadda CS Rajiv Garodia CMA Murali Raman CA Tarun Mahajan CS Harish Chander Dhamija

• Registered Valuer's Toolkit

The ICSI RVO has published - Registered Valuer's Toolkit, released at the 26th National Conference of Practicing Company Secretaries organised on 14-15 June, 2025 at Guwahati.

The Registered Valuer's Toolkit is aimed to equip both aspiring and practicing Registered Valuers with the essential knowledge, regulatory frameworks, practical tools and ethical guidance required for carrying out valuation assignments with competence and

ICSI CCGRTs

ICSI-CCGRT KOLKATA

• 9th batch of Residential CLDP

CCGRT Kolkata successfully organized its 9th batch of the Residential CLDP in the month of June 2025. CS Sandip Kejriwal, Council Member, ICSI and Convenor, CCGRT Kolkata and Dr. SK Jena, Head, CCGRT Kolkata interacted with the participants and thanked The President ICSI for arranging to give membership certificates to CLDP participants on their last day of the CLDP.

- *Symposium on Corporate Governance in the Emerging Economy*

CCGRT Kolkata has initiated academic collaboration with prominent educational institutions for the mutual benefit of the stakeholders of both the institutions. In this line, a programme with Brainware University, Kolkata under the aegis of Symposium on Corporate Governance in the Emerging Economy: Strategies for Global Competitiveness" was conducted on June 28, 2025. CS Ashok Purohit, Company Secretary, Emami Ltd and Past Chairman, EIRC of ICSI deliberated on the topic

ICSI-CCGRT MUMBAI

- *2nd Non-Residential CLDP organised during June 11-27, 2025*

2nd Non-Residential CLDP was successfully conducted from June 11 to 27, 2025, at ICSI-CCGRT, Mumbai with 32 participants from across the country. The inaugural session on was attended by CS Pramod Shah, PCS. The valedictory session was graced by CS Sandeep Parekh, PCS, as Chief Guest.

- *Plantation Drive was organised on June 12, 2025*

On the occasion of World Environment Week, a mega plantation Drive was organised on June 12, 2025. Students & Officials of the Institute participated in this drive with large gatherings, reaffirming our commitment to maintaining a brighter and greener future.

- *Yoga Day celebrations on June 21, 2025*

ICSI-CCGRT, Mumbai celebrated 11th International Yoga Day jointly with Navi Mumbai chapter. Yoga trainers from Shri Ambika Yoga Kutir graced the occasion and trained the participants in yoga.

- *2 days Residential/Non-Residential Workshop on 'Intellectual Property Rights' under PCS Day celebrations on June 21-22, 2025*

ICSI-CCGRT, Mumbai organized a comprehensive Two days Residential/Non-Residential Workshop on 'Intellectual Property Rights' under PCS Day celebrations on 21-22 June 2025 in the presence of 75 members:

Adv. Subramaniam Vutha	IPR Strategy and Governance: A rich opportunity for CS	
	Advancing Technologies, New Business Models and IPR	
Advocate Abhishek Pandurangi	Fundamentals of Patent Drafting and Filing	
	Hands On Training on Patent Drafting and Filing	

- *10th & 11th session of Debating Society on June 07, 2025 & June 28, 2025*

10 th session	June 7, 2025	Legal Safeguards: Are our national data protection laws robust enough?
11 th session	June 28, 2025	Are ESG Compliances more about fulfilling checklists than demonstrating impact?

ICSI-CCGRT HYDERABAD

- *Valedictory session of 20th Batch of CLDP on June 10, 2025*

ICSI-CCGRT, Hyderabad, successfully completed its 20th batch of Residential CLDP on 10th June, 2025. 41 participants from all corners of the country participated.

Shri Bharadwaj Rachamadugu, Senior Vice President, Sai Silks Kalamandir Limited, graced the occasion as Chief Guest. CS R Venkata Ramana, Central Council Member and Convenor, CCGRT Hyderabad, also addressed the participants. Shri DVNS Sarma, Director, ICSI CCGRT, proposed the Vote of Thanks.

- *Inauguration of 21th Batch of CLDP on June 17, 2025*

The ICSI-CCGRT, Hyderabad has organised Inauguration of 21st Batch of Residential CLDP on June 17, 2025 at CCGRT Campus. The ceremony was graced by CS Rajesh Gangaputra, Managing Director, Global FP & A, State Street Corporation, Hyderabad, as the Chief Guest. Shri DVNS Sarma, Director, ICSI CCGRT, proposed the Vote of Thanks.

- *11th International Day of Yoga on June 21, 2025*

ICSI CCGRT, Hyderabad, in collaboration with ICSI Hyderabad Chapter organized the International Day of Yoga on June 21, 2025, at the ICSI CCGRT campus.

CS V. Ahalada Rao, Former Vice President of ICSI, addressed the participants and emphasized the benefits of yoga. Ms. J Rajeshwari, a certified yoga trainer, led the session.

- *Interactive Session - MCA User Awareness Session on launch of Annual Filing E-Forms on 13th June, 2025*

- MCA Officials :

- ◆ Shri Harsha Vardhan Reddy, Deputy Director, O/o R.D(SER), MCA
- ◆ CS Parvinder Singh, ROC Telangana
- ◆ CS Lakshmi Prasad Kolla, Joint Director, MCA
- ◆ Ms. Richa Kukreja, RD(SER), MCA

- Others present:

- ◆ CS R Venkata Ramana, Council Member ICSI
- ◆ CMA (Ms.) K.V.N. Lavanya, Regional Council Member, SIRC of ICAI
- ◆ CS Manjeet Bucha, Chairman, ICSI Hyderabad Chapter.
- ◆ CS CA (Ms.) Vijaya Laxmi, Technical Team from LTI

ICSI REGIONAL OFFICES

ICSI-EIRO

- *June 21, 2025: Joint Audit Conclave 2025 by Institute of Internal Auditors, India- Calcutta Chapter – EIRC of the ICSI as Knowledge Partner on the theme "Internal Audit- Embracing Changes and Driving Resilience". Chief Guest: Ms. Yashodhara Ray*

Chaudhuri, Additional Deputy CAG of India, Mines. CS Anuj Saraswat, Chairman, EIRC of the ICSI and CS Rupanjana De, Council Member, the ICSI had attended the conclave.

- June 21, 2025: Full-Day Seminar to Celebrate PCS Day 2025 organised on the theme “Dynamic Regulatory Landscape: CS@Excelling Strategies” and sub-theme “Expanding Horizons: Leveraging Various Opportunities”. Chief Guest: Shri Arya Jayant Pyarelal, Registrar of Companies, MCA, West Bengal. Special Guest: Shri Chandan Ji, Deputy Registrar of Companies, MCA, West Bengal.

CS Aditi Jhunjhunwala, PCS	Case Studies on Orders by Regulators
CS Neha Agarwal, PCS	AI as Powerful Professional Tools
CS Manish Kumar Arisankala, PCS	Fast Track Merger
CS Altab Uddin Kazi, PCS	Roll out of Forms in MCA V3

- June 21, 2025: International Day of Yoga celebrated on the theme ‘Yoga for One Earth, One Health’. The Yoga session was addressed by CS Mayank Sharma, PCS & Yoga Instructor.
- MEETINGS HELD ON 10.06.2025 :
 - ◆ Shri Arya Jayant Pyarelal, Registrar of Companies, MCA, West Bengal
 - ◆ Shri Rakesh Tiwari, Regional Director (ER), MCA, Kolkata
 - ◆ Dr. Pranam Dhar, Professor & Director, Centre for Skill Development & Business Studies, West Bengal State University, Barasat
 - ◆ Dr. Anirban Sarkar, Professor & Head, Department of Management & Marketing, West Bengal State University, Barasat
- STUDENT PROGRAMS
 - ◆ June 03-18, 2025: 9th batch of 15-days Online CLDP Webinar Mode
 - ◆ June 10, 2025: Plantation Drive to Celebrate World Environment Day 2025
 - ◆ June 12-28, 2025: 30th batch of 15 Days EDP Classroom Mode
 - ◆ June 14, 2025: Set up of Registration Desk at EIRO of the ICSI
 - ◆ June 16-18, 2025: 4th batch of Three Days Orientation Programme (TDOP)

ICSI-SIRO

- STUDENT PROGRAMS
 - ◆ June 11-27, 2025: 21st Batch of EDP organised
 - ◆ June 12-14, 2025: 2nd Batch of Three Days Orientation programme organised

- ◆ June 17, 2025: Class Room Teaching sessions for Executive Level December 2025 commenced
- ◆ June 20, 2025: 36th Batch of Online Classes for CSEET commenced

- JUNE 12, 2025: WORLD ENVIRONMENT DAY CELEBRATED– PLANTATION DRIVE ORGANISED
To commemorate World Environment Day, ICSI-SIRC organized a Plantation Drive at the SIRC premises. The programme was graced by CS A. Mohan Kumar, Central Council Member of ICSI, and Shri Ankur Yadav, Regional Director, ICSI-SIRO, along with officials and students of the Institute.

- JUNE 21, 2025: PCS DAY CELEBRATIONS

The ICSI-SIRC organized the PCS Day Celebrations on 21st June 2025, at Hotel Vestin Park, Chennai. The event brought together Practicing Company Secretaries and legal professionals to commemorate the contributions of the profession and explore emerging opportunities in corporate governance. The program comprised a series of insightful technical sessions:

Secretarial Audit and Annual Secretarial Compliance Report-	CS B Chandra and CS Jayanth Viswanathan, PCS, Chennai
Alternative Dispute Resolution	CS Eshwar Sabapathy, Partner, Eshwars, Advocates, Chennai
Expanding Horizons: Leveraging Various Opportunities	CS Shyam Sundar L V and CS Alagar M, PCS, Chennai.

- JUNE 21, 2025: INTERNATIONAL DAY OF YOGA CELEBRATED

ICSI-SIRC organized 11th International Day of Yoga at ICSI-SIRC premises on June 21, 2025 between 6:30AM to 7:30AM. Participants enjoyed Yoga practice & were also provided with tips for regular practice, under the guidance of Ms. S Saraswathi, Yoga Instructor, Chennai.

ICSI WIRO

- May 24, 2025: ICSI-WIRC in association with the Institute of Directors (IOD) Western Region conducted ‘Regional Conference’ on the theme “Governance and Growth through Reputation: Insights from Maharashtra” at BSE International Convention Hall, Mumbai
- June 21, 2025: ICSI-WIRC organised PCS Day Celebration Program on the theme “Dynamic Regulatory Landscape: CS@Excelling Strategies” at Mumbai.
- STUDENT PROGRAMS
 - ◆ June 13, 2025: 30th Batch of 15 days Classroom Mode Non-Residential CLDP concluded.
 - ◆ June 12, 2025: 59th Batch of 15 Days Classroom Mode EDP commenced.
 - ◆ June 17, 2025: 60th Batch of 15 Days Classroom Mode EDP commenced.
 - ◆ June 21, 2025: Session on the occasion of “International Yoga Day” organised.

STUDY CIRCLE MEETINGS

June 15, 2025	Kandivali Study Circle	Overseas Foreign Investment from India & Compounding of Offences under FEMA
June 17, 2025	Sangli Study Circle	IPO – Pre-compliances & DPT-3 – Compliances and Filing

ICSI-NIRO

- June 21, 2025: International Day of Yoga enthusiastically celebrated at the ICSI-NIRC premises.
- June 28, 2025: Seminar on “NextGen CS – Trusted Advisor for Business Growth and Safety” organised at New Delhi. Chief Guest: Smt. Kamaljeet Sehwari, Hon’ble Member of Parliament (Lok Sabha), West Delhi.
- UTTARAKHAND STATE CONFERENCE 2025 organized during June 21-22, 2025 at Ramnagar, Uttarakhand on the theme: “The Green Transition: ESG as a Catalyst for Sustainable Economy”, and sub-theme: “Empowering and Excelling Company Secretaries to Reach the Professional Zenith.” Guest of Honour: Shri Deepak Bali, Hon’ble Mayor of Kashipur, Uttarakhand.

Wing Commander Anupama Joshi (Retd.), Advisor at Samunnati Agro	The Power of Perseverance – A Life’s Lesson
CS Suresh Pandey, Central Council Member, The ICSI	ESG and Compliances
Dr. Divya Negi, Founder-President of Youth Rock Foundation	From Chaos to Clarity – Mastering the Art of Daily Planning
CS Rashim Gupta, Partner at Rise & Shine Advisory LLP	Motivation and Life Skills

STUDENT PROGRAMS

- June 10-12, 2025 : 3rd Batch of Three Day Orientation Programme (TDOP)
- June 24-26, 2025: 4th Batch of Three Day Orientation Programme (TDOP)
- June 16, 2025 : 56th Batch of 15 Days Classroom EDP commenced
- June 12-26, 2025 : 36th Batch of 15 Days Classroom Mode Non-Residential CLDP
- June 12-26, 2025 : 18th Online CLDP Webinar Mode

ICSI EMPLOYEES

- Health Talk Programme by Dr Reddy’s Foundation

A Health Talk Programme was organized on June 25, 2025 on the topic “Managing Joint Pain” at ICSI HQ Delhi by Dr Reddy’s Foundation for the benefit

of ICSI employees. The session was presented by Dr. Dharmandra Singh, Consultant Physician.

- Free Yoga for FIT BODY & FIT MIND

As part of continued employee welfare for FIT BODY & FIT MIND, the Institute on the occasion of International Yoga Day organized Online Free Yoga Sessions from 19th June 2025 - 6th July, 2025. Mr. Saurabh Bothra, Certified Yoga Instructor and Guinness World Record Holder conducted the Yoga Sessions.

- Wellness webinar on “Approach To Back Pain” by BLK-Max Super Speciality Hospital

An exclusive wellness webinar was arranged on June 13, 2025 for the employees and pensioners of ICSI covering all the aspects of “Approach To Back Pain” by BLK-Max Super Speciality Hospital. The webinar was presented by Dr Rohit Bansil.

ICSI STUDENTS

STUDENT MONTH – JULY 2025

Student Month is celebrated in the month of July every year. Considering the grand success of this initiative, the Student Month is being celebrated in the month of July 2025 also. Student Month is filled with activities aimed at not just connecting with the future professionals or generate a feeling of oneness amongst them with the Institute but to share dedicated moments with them. From various competitions and launch of special initiatives like online soft skills development Programmes, from ‘Samadhan Diwas’ - Zero Grievance Day to Celebration of Career Awareness Week, the month will witness a host of events.

ALL INDIA COMPANY LAW QUIZ 2025

The Company Law is a core subject under the Company Secretaryship Course. All India Company Law Quiz facilitates enhancing participation levels and the competitive spirit among the students. The objective of this competition is to upgrade the knowledge levels of students in Company Law and allied areas and to generate interest among the students for in-depth study of the subject including greater conceptual clarity.

The Registration for the competition starts from Monday, 16th June 2025 at 10:00 AM till 05.00 pm on 16th July 2025. through online mode.

The Schedule of Rounds of the Competition will be held via Online/ Physical Mode as per the following:

Round	Date	Pattern
Preliminary	August 12, 2025 (10AM - 5PM)	Online Mode (MCQ pattern)
Quarter Final	September 12, 2025 (10AM - 5PM)	
Semi-Final	October 14, 2025 (10AM - 5PM)	
Final	November 08, 2025	Physical/Virtual as decided by ICSI

FACILITATION AND RELAXATION

- **MOU with IIT Madras**

The Institute has entered into a Memorandum of Understanding with IIT Madras to provide skills-based courses on SWAYAM/SWAYAM plus platform for the students across India. The objective of this collaboration is to facilitate, the availability of quality education and fostering skill development through effective learning resources.

- **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 (subject to applicable tax deduction). Further, the above incentive will only be valid for the registration categories wherein concession in fees is not applicable. Persons willing to become CS Mitr will be required to apply through online process. After their credentials are verified and they are registered with ICSI as CS Mitr, they will be allotted a code number. Students will be required to mention the code as a referral code, while registering themselves for the Executive Programme. All payments will be transferred by the Dte. of Finance and Accounts to the bank account. of beneficiary through NEFT

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

- **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. Under the guidelines of the Trust, eligible students are fully exempted from paying the Registration / Admission Fee including CSEET Registration Fees, Tuition Fees, Examination Fees, Pre-Exam Test Fees, and other fees payable at the time of admission to the Executive and Professional Programme.

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

The Institute has introduced a special scheme for students who:

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

The students can continue their study from the Professional Programme with this initiative, eliminating the need to repeat the Executive level.

Key Benefits:

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

As a result, 680 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**

Many students started their CS Course with enthusiasm and ambition, but due to some personal reasons, the students discontinued their studies after passing the Executive. However, completing CS Course can be one of the best decisions they will ever make for their future. Considering this we are regularly communicating with the students via bulk mail/bulk SMS who have passed Executive but not registered for Professional to complete their CS Course. As a result, **13544** students registered in Professional Programme since August 2023.

- **Three Days Orientation Programme (TDOP)**

TDOP has been launched by the Institute for students registering in CS Executive Programme on or after 1st February, 2025 with a view to facilitate connectivity between the CS students and the Institute. The details of the same are available on the Institute's website at: icsi.edu/student_rpn/training/three-day-orientation-program/

- **CLDP through alternative method for Working Professionals**

CLDP has been launched by the Institute to facilitate the students who are working Professionals. The different categories of eligibility under working professionals are available at: icsi.edu/media/webmodules/CLDP_Announcement_27032025.pdf

- **Allotment of Associate Membership upon completion of 30 days CLDP**

Allotment of Associate Membership Number to the CS students on the last day of 15 days Classroom (residential/non-residential) mode CLDP has been initiated subject to fulfilment of all the other conditions necessary for obtaining the Membership Number. The eligible students will be given their membership Numbers during the valedictory of 15 days Classroom (residential/non-residential) mode CLDP.

- **e-TDOP through Learning Management System (LMS)**

e-TDOP has been introduced by the Institute for students having minimum of 3 years of work experience or a qualified CA/CMA/Advocate or Government employees (including armed forces), or differently-abled (physically challenged) to be determined on

case-to-case basis. The e-TDOP option is also available to all those students who had enrolled for ODOP but could not complete ODOP till April 07, 2025.

- **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 following categories in full Fee payable at the time of Registration in CS Executive programme. While all other fees, including those for trainings be applicable in full as per their respective category:

- ◆ *Wards and widows of martyrs (who have died during service; either during battle casualty or due to any other reason) of Indian Army, Indian Air Force, Indian Navy and all Paramilitary forces.*
- ◆ *In Service/ Retired personnel of Indian Army, Indian Air Force, Indian Navy and all paramilitary forces (including defence personnel who have taken retirement under short service commission).*
- ◆ *Wards of all personnel of Indian Army, Indian Air Force, Indian Navy and all Paramilitary forces (including wards of defence personnel who have taken retirement under short service commission).*
- ◆ *Candidates who are inducted as "Agniveer" under AGNEEPATH Scheme of the Government of India after completing four years under the Scheme (upon submission of documentary evidence for the same).*

- **ICSI Samadhan Diwas**

ICSI successfully conducted the 56th Samadhan Diwas, on Wednesday, June 11, 2025. Samadhan Diwas is a unique initiative of the ICSI wherein "on-the-spot" resolution is provided on issues/grievances of trainees and trainers. The purpose of the Samadhan Diwas is to facilitate the stakeholders to resolve their queries on the spot. In the Samadhan Diwas students get opportunity to present their cases and directly interact with the ICSI officials.

- **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, 02 Transcripts were issued.

Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, 05 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 at the time of Executive registration. Executive Programme students can now register directly for the Executive Programme classes conducted by the Regional/Chapter Offices at the time of Executive Programme 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:

www.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 same initiative was Launched at 50th National Convention of ICSI at Kolkata with the support of the National e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY), Govt of India. 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:*

www.icsi.edu/media/webmodules/ExecutiveFAQ_SW_23022023.pdf

JUNE 2025 EXAMINATIONS

- **Executive & Professional June 2025 Examination – Successfully conducted**

The Executive and Professional Programme Examinations for the June 2025 session, conducted under Syllabus 2017 and 2022, were successfully held as scheduled from 1st to 10th June 2025. The entire examination process was executed seamlessly, with no reported issues. Admit cards were efficiently issued to all enrolled candidates, ensuring smooth participation.

- **Online Doubt clearing classes**

ICSI conducted online doubt clearing classes for the students appearing in June 2025 examination. Classes were conducted for Executive and Professional Programme for all subjects. The classes were taken by renowned and distinguished faculties with enriched teaching experience. The students submitted their queries through Google link which was sent to them after registration. They also interacted live with the faculties through the chat box during the classes.

- **Additional attempt under Old Syllabus (2017)**

The Institute has decided that the students of **Professional Programme (2017) (Old syllabus)** shall be allowed one more attempt as per the following schedule :

Last Session of Examination under Old Syllabus (2017)	Additional Attempt under Old Syllabus (2017)	Examination to be held under New Syllabus 2022
December 2024	June 2025	December 2025

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

The last examination under Executive Programme (Old Syllabus) has been conducted during December 2024 Session. From June 2025 Session onwards, all students under Executive Programme (Old Syllabus) shall be compulsorily required to switchover to Executive Programme (New Syllabus). No further extensions will be granted for the Executive 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	203
No. of Training/Semi-qualified Opportunities available on the ICSI Placement Portal	372

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

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

- **CSEET Registrations Open for July 2025 Session**

Company Secretary Executive Entrance Test (CSEET) for July Session will be conducted on 05th and 07th July, 2025 through Remote Proctored mode.

- **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**

The Institute has decided to grant exemption to 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 from appearing in CSEET enabling them to take direct admission in CS Executive Programme. To get exemption from CSEET on the basis of above qualification, such students shall be required to pay applicable exemption fees along with the requisite registration fees for the Executive Programme. For more details, please 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

- *Student Company Secretary and CSEET Communique*

The Student Company Secretary e-journal for Executive/ Professional Programme students of ICSI and CSEET Communique covering latest updates on CSEET subjects have been released for the month of **June, 2025**. The journals are available on the Academic corner of the Institute's website at the link: www.icsi.edu/e-journals/

- *Research Tab under Academic Portal for students*

A new research tab has been added under the Academic Portal to sensitize the students on emerging issues through research based academic outputs. The Research Tab can be accessed at www.icsi.edu/student-n/academic-portal/research-corner/.

- *Recorded Video Lectures*

ICSI has been recording video lectures of eminent faculties for the students of ICSI which help them to prepare for the examination. Students of the Institute can access recorded videos available on the 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*

A 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 by ICSI-HQ, Regional and Chapter offices*

S. No.	Region	Name of Institution	Date	Venue
1.	EIRC	Kolkata Police Law Institute	02.06.2025	Kolkata
2.	EIRC	Chakraberia High School	05.06.2025	Kolkata
3.	EIRC	Mitra Institution (Branch), Bhawanipore	12.06.2025	Kolkata
4.	EIRC	Baruipur High School, Kolkata	16.06.2025	Kolkata
5.	EIRC	Sailendra Sircar Vidyalaya, Shyam Bazar	18.06.2025	Kolkata
6.	EIRC	Muraripukur Govt. Spon. H. S. School	18.06.2025	Kolkata
7.	EIRC	Sri Sri Academy, Alipore	20.06.2025	Kolkata
8.	EIRC	Baranagar Rajkumari MG High School	24.06.2025	Kolkata
9.	EIRC	Khalsa High School, Bhawanipore	25.06.2025	Kolkata

- **Career Guidance Sessions conducted**

Career guidance programme involves providing comprehensive information about the admission criteria, application procedures, and the wide array

of professional opportunities awaiting those who successfully complete the CS Course. The same helps the 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 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.

- **Career guidance sessions at CBSE Schools for conducting CAPs across the country**

A Letter was issued by CBSE for conducting Career guidance sessions across their schools in the country. The Career guidance programme involves providing comprehensive information about the admission criteria, application procedures, and the wide array of professional opportunities awaiting those who successfully complete the CS Course. The same helps the students, their families, teachers, and peer groups make informed decisions regarding their career paths. Based on the circular, ICSI is conducting Career Guidance sessions across their schools.

DIGITAL ICSI

- Automation of single roll no. generation facility in SMASH portal to handle special cases received after Admit Card Generation.
- Successfully published the CS Exam Admit card for June 2025 Examination session on the new portal <https://icsi.results.shiksha/admit-cards/> for the first time.
- Automation of Instant allocation of Membership Number to the eligible candidates on the last day of 15 Days Classroom Mode CLDP Program.
- Automation of registration process of Practicing Company Secretaries as MSMEs and Start-Ups Catalyst.
- Migration of Disciplinary Mechanism Software Application into AWS cloud and making it live from cloud.
- Upgradation of Video Conferencing Systems in 8 locations and fresh implementation in 3 more locations i.e; Committee Room at 2nd floor of ICSI-HQ, New Delhi, Auditorium at 2nd Floor of C-36/62 Noida office of ICSI and ICSI-CCGRT, Hyderabad.

26th National Conference of Practicing Company Secretaries held on June 14-15, 2025 at Guwahati

Theme : Dynamic Regulatory Landscape: CS@Excelling Strategies

Chief Guest : Shri Lakshman Prasad Acharya, Hon'ble Governor of Assam

INAUGURAL SESSION



TECHNICAL SESSION - I

Secretarial Audit and Annual Secretarial Compliance Report



TECHNICAL SESSION - II

Opportunities under Taxation Regime



SPECIAL SESSION

Special Guests: Mr. Bhubaneswar Kalita, Hon'ble Member of Rajya Sabha and Mr. Dilip Saikia, Hon'ble Member of Lok Sabha.



OPEN HOUSE SESSION



TECHNICAL SESSION - III

Alternative Dispute Resolution (ADR)



TECHNICAL SESSION - IV

Expanding Horizons: Leveraging Various Opportunities



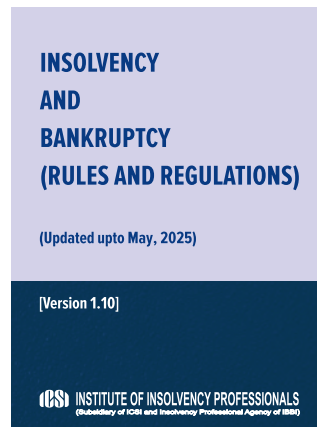
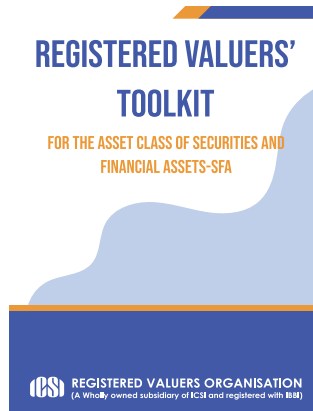
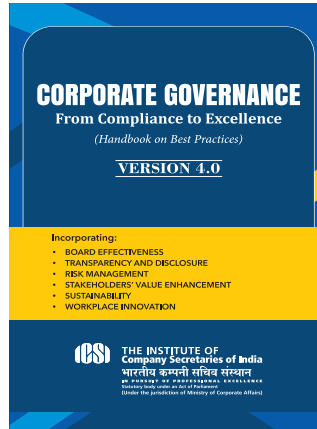
FELICITATION OF GUWAHATI CHAPTER



MOU SIGNING WITH SEPC



Releases 26th National Conference of Practicing Company Secretaries



Proceedings of The 26th National Conference of Practicing Company Secretaries Held on June 14-15, 2025 at Guwahati

Theme - Dynamic Regulatory Landscape: CS@Excelling Strategies

The Institute organized its 26th National Conference of Practicing Company Secretaries at Vivanta Guwahati on the theme “Dynamic Regulatory Landscape: CS@Excelling Strategies”. The Conference witnessed the presence of 400 delegates in person and 3000 delegates connected virtually from different parts of the country. A galaxy of distinguished guests, invitees, speakers, professionals and students made the Conference a grand success.

June 14, 2025 (Saturday)

INAUGURAL SESSION

The Conference was inaugurated by the Chief Guest, Shri Lakshman Prasad Acharya, Hon'ble Governor of Assam.

CS Anuj Saraswat, Chairman, EIRC, the ICSI introduced the Chief Guest and other dignitaries on the dais and expressed his gratitude towards the Council of the ICSI for providing opportunity to the Guwahati (North Eastern) Chapter and the EIRC for organizing this Conference. Highlighting the importance of compliance culture, he encouraged Company Secretaries to rededicate themselves to the cause of good governance, ethical practices and strategic excellence.

CS Sandip Kumar Kejriwal, Programme Director & Council Member, the ICSI conveyed gratitude to the Chief Guest and welcomed one and all in the largest metropolis in north eastern India, Guwahati. Reflecting on the journey of the Practicing Company Secretaries, he emphasized the evolving roles Company Secretaries play today in various capacities, thereby championing Good Governance. He reiterated that recognitions and opportunities for Company Secretaries are poised for unprecedented growth and also highlighted that Regulators have placed renewed trust in the profession by bestowing broader responsibilities and wider recognition. He concluded by underscoring that Company Secretaries, as key contributors in India's development journey, will continue to play a pivotal role in shaping a robust and transparent corporate landscape.

CS Praveen Soni, Council Member & Chairman, PCS Committee, the ICSI introduced the theme of the Conference and highlighted that the reforms have consistently served as the bedrock of a resilient and progressive economy. He emphasised the importance of expanding the horizons and venturing into new domains as essential pathways for Company Secretaries to unlock unparalleled success. He discussed that agility, awareness and adaptability are crucial for Company Secretaries to thrive amidst the

dynamic shifts, the profession is no longer confined to traditional roles, it is a cornerstone of strategic adaptation and forward-thinking governance. He further mentioned that as we strive towards a developed nation, Company Secretaries are emerging as indispensable navigators of change.

CS Pawan G. Chandak, Vice President, the ICSI commenced his address by reflecting on the remarkable journey of Practicing Company Secretaries and the pivotal role they have played over the years. He emphasized the importance of PCS Day, noting that since 1999, the ICSI has proudly organized the National Conference of Practicing Company Secretaries as a celebration of professional excellence. Highlighting the recognitions reposed to the profession, he affirmed that these honours reflect the testament to the quality, timeliness, efficiency and knowledge-driven services that Company Secretaries continue to deliver to the corporate sector. He appreciated that the profession has grown stronger-demonstrating mastery, perseverance and progress through every challenge faced till date. He concluded by stating that today, Company Secretaries stand tall among other professionals, embodying resilience and excellence.

CS Dhananjay Shukla, President, the ICSI, commenced his presidential address by welcoming the dignitaries and the delegates to the Conference. He thanked the Chief Guest for gracing the occasion and expressed his delight on the Conference being organized in Guwahati, emphasizing the city's rich historical significance and its strategic role in fostering growth in the Northeast region of India. He elaborated on the theme of the Conference and reflected on the pivotal role of Practicing Company Secretaries in shaping sustainable governance amidst a rapidly changing regulatory environment. He articulated that as guardians of compliance, architects of secretarial audits and custodians of governance, Company Secretaries are building a legacy of ensuring transparency, accountability and ethical conduct within the corporate sector. He highlighted various ICSI initiatives including a free capacity-building webinar series and new PMQ and certificate courses in fields like direct tax and arbitration. He encouraged the Company Secretaries to adopt a proactive stance, view challenges as opportunities and enhance their contributions towards corporate India and concluded with a strong commitment to enhancing the brand equity of the CS profession in the Northeast region.

Presidential address was followed by the releases, facilitated at the august hands of the Chief Guest along with the other dignitaries present on the dais:

- Souvenir – 26th National Conference of Practicing Company Secretaries,
- Publication on Corporate Governance from Compliance to Excellence (Handbook on Best Practices), Version 4.0,
- Publication on Professional Reboot: Returning to Company Secretarial Roles,
- Flyer on Capacity Building Series for Members and Students,
- Chartered Secretary Collector Series - A Compendium of Selected Articles on Direct Taxes and GST,
- Publication on Registered Valuers Toolkit (For the asset class of Securities and Financial Assets-SFA),
- Flyer of 4th ICSI Board Mentorship Programme,
- Flyer of ICSI National Sustainability Conference.

Shri Lakshman Prasad Acharya, Chief Guest, while delivering his address thanked the Institute for organising its 26th National Conference of Practicing Company Secretaries in Maa Kamakhya's Dham, Guwahati. He expressed gratitude for the opportunity to address the gathering on the special occasion of PCS Day and congratulated the Company Secretaries for their pivotal contributions in establishing corporate governance as a cornerstone of India's regulatory framework. He referred to the historical significance of 1988 when Company Secretaries received legal recognition which marked the beginning of a vital professional responsibility. He further discussed the evolution of profession of Company Secretaries from traditional roles to strategic advisors and management experts, ensuring transparency and compliance in governance. He discussed the shift in role of Company Secretaries from law-based governance to tech-enabled governance and emphasized the importance of moral discretion in decision-making, especially in an era dominated by technology and rapid change. He significantly highlighted that the meticulous scrutiny and accurate reporting by Company Secretaries ensures compliance in letter and spirit and acknowledged their role as increasingly crucial, strategic and value-adding in today's dynamic regulatory landscape. He invoked the spirit of national pride and concluded by encouraging the gathering to embrace their roles as nation builders and to continue driving India's economic progress.

CS Asish Mohan, Secretary, the ICSI wished everyone a Happy PCS Day in advance. He proposed the Vote of thanks and expressed his sincere gratitude and greetings to the Hon'ble Chief Guest, Dignitaries, Past Presidents for gracing the occasion. He also thanked the Council Members, Regional Council Members, Chairman and Managing Committee Members of the Region in organising the 26th National Conference of Practicing

Company Secretaries. He highlighted the theme of the Conference and emphasized the importance of this two-day journey of learning and growth. He encouraged the gathering attending virtually and physically to make best use of the deliberations at the Conference and wished the Conference a great success.

Felicitation of Guwahati (North Eastern) Chapter

The Chairman and Managing Committee of the Guwahati (North Eastern) Chapter were felicitated at the event for their efforts to make the event grand success.

FIRST TECHNICAL SESSION - SECRETARIAL AUDIT AND ANNUAL SECRETARIAL COMPLIANCE REPORT

Session Coordinators: CS B. Narasimhan, Immediate Former President, The ICSI & CS Ashish Karodia, Council Member, The ICSI.

Session Chair: Ms. Kamala K., Chief Regulatory Officer, BSE Ltd.

Panelists: Ms. Saba Curtay, Chief Manager – Listing Compliance, NSE Ltd.; CS Mahesh Athavale, Former President, The ICSI and CS Manoj Kumar Banthia, Practicing Company Secretary, Kolkata.

CS B. Narasimhan in his introductory remarks briefed about session theme, welcomed all the learned panelists and invited them for sharing their views and experiences with the delegates.

Ms. Kamala K. acknowledged the Institute for its ongoing efforts in conducting programmes that raise awareness among the Company Secretaries and highlighted the diverse roles they play in the securities market, including as valuers and merchant bankers. She emphasized the importance of maintaining core professional attributes, noted the maturity of secretarial audits and their potential of providing meaningful insights beyond compliance. She recognized the importance of the secretarial audit framework in enhancing strategic value and governance across various types of companies and suggested extending secretarial audit to publicly held companies, critical infrastructure and project-oriented companies. She concluded by advocating for a proactive approach and urging secretarial auditors to adapt to evolving practices rather than relying on prescriptive methods.

Ms. Saba Curtay briefed on the growing expectations following recent SEBI amendments and encouraged improving report quality through in-depth & qualitative evaluations. She highlighted the importance of providing clear details on specific non-compliances including when they occurred and urged the Company Secretaries to align their reports with SEBI regulations and illustrate the inter-linkages between various compliances for a comprehensive view of corporate governance. She concluded by stating that thorough due diligence enhances the profession's credibility and reinforces the vital role of Company Secretaries in maintaining good corporate governance standards.

CS Mahesh Athavale deliberated on several critical points regarding the role and responsibilities of secretarial auditors in light of recent SEBI regulations and highlighted the necessity of adhering to the spirit of the law, particularly regarding the prohibition of certain services, emphasizing that secretarial auditors should not engage in activities that could create a conflict of interest. He discussed the importance of expressing professional opinions honestly and with due diligence, noting that adverse comments could significantly impact a company. He clarified the distinction between a report, an opinion and a certificate, emphasizing that a certificate must be accurate while a report may include professional opinion. He recommended seeking expert opinions to navigate compliance challenges with industry-specific laws and also cautioned against over-reliance on management representations. He concluded by underscoring the importance of maintaining independence and professionalism to ensure integrity and trust in the secretarial audit process.

CS Manoj Kumar Banthia highlighted the significance of effectively utilizing ICSI Auditing Standards to tackle the challenges faced by Practicing Company Secretaries. He outlined four key tools for utilising these standards: Consistency to ensure reliable information for regulators and stakeholders; Diligence for thorough planning and meticulous documentation; Objectivity to maintain professional skepticism; and Transparency in Reporting where reports are clear, consider materiality and ensure significant events impacting the company are accurately incorporated. He concluded by encouraging effective use of the ICSI Auditing Standards which not only improves the quality and integrity of audits but also protects the Auditors from professional liability.

The panelists deliberated on various issues pertaining to the theme of the session and answered suitably to various queries which made the deliberations fruitful and interactive.

CS Ashish Karodia summed up the discussions and proposed the Vote of Thanks.

MoU signing with Services Export Promotion Council (SEPC)

The session was followed with the signing of a Memorandum of Understanding (MoU) between the Services Export Promotion Council (SEPC) and the ICSI. The MoU was signed by Mr. Abhay Sinha, Director General, SEPC and CS Dhananjay Shukla, President, the ICSI, in the presence of Council Members and Secretary, the ICSI at the dais.

SECOND TECHNICAL SESSION - OPPORTUNITIES UNDER TAXATION REGIME

Session Coordinators: CS Rajesh C. Tarpara and CS Manoj Kumar Purbey, Council Members, The ICSI.

Panelists: CS (Dr.) J. Sridhar, Former President, The ICSI; CS Gurinder Pal Singh, GM & Head Indirect Taxation –

Infra, Larsen and Toubro Limited and Mr. Rahul Dhanuka, Partner, Khaitan & Co.

CS Rajesh C. Tarpara in his introductory remarks briefed about the session theme and welcomed all the learned panelists and invited them for sharing their views and experiences with the delegates.

CS (Dr.) J. Sridhar deliberated on the vast opportunities for Company Secretaries under direct tax regime and the preparedness required by them to capitalize these opportunities. He discussed the recent developments and prospects arising from the Income Tax Bill, 2025 and stated that these reforms coupled with proactive government initiatives have propelled growth across sectors, significantly increasing the demand for skilled professionals. He concluded by stressing that inclusion of Practicing Company Secretaries in the definition of Accountant would not only enlarge the pool of qualified professionals but also help streamline tax administration, reduce business compliance costs, bridge the gap in the availability of qualified Tax Auditors across the country, benefitting the Indian economy.

CS Gurinder Pal Singh began his address by emphasizing the need for a well-crafted strategy and stated that success in the current era is unattainable without deliberate strategy and execution. He further pointed out the government's focus in the coming years towards Small and Medium Enterprises (SMEs) opens up numerous prospects for Company Secretaries, particularly in areas such as GST registration, return filing, responding to show cause notices and other compliances. He asserted that only a dynamic market can yield meaningful results and GST, by virtue of its dynamism and scale, presents vast possibilities. He concluded by emphasizing the need for Company Secretaries to actively upskill and broaden their expertise to thrive in today's fast changing professional landscape.

Mr. Rahul Dhanuka highlighted the critical role of Company Secretaries, asserting that they are at par with other professionals. He shared valuable insights on areas like Customs Law, SEZ related Laws, the regulatory framework governing Software Technology Parks of India, etc. where Company Secretaries can effectively operate. He further highlighted that Company Secretaries falling within the ambit of 'Authorized Representatives' under the Customs Act are authorized to provide representation services and it is up to them to leverage this provision and advocate for clients before authorities, including up to the level of tribunals. He concluded by stating that Company Secretaries are well-positioned to offer advisory services on allied legislation and can play an instrumental role in formulating and executing strategic approaches.

The panelists deliberated on various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive.

CS Manoj Kumar Purbey summed up the discussions and proposed the Vote of Thanks.

Release:

After the session, the e-release of MoU with SWAYAM (MOOC platform of Govt.) was facilitated by CS Dhananjay Shukla, President, the ICSI and CS Pawan G. Chandak, Vice President, the ICSI in the presence of other dignitaries.

SPECIAL SESSION

Special Guests: Mr. Bhubaneswar Kalita, Hon'ble Member of Rajya Sabha and Mr. Dilip Saikia, Hon'ble Member of Lok Sabha.

CS Dhananjay Shukla, President, the ICSI welcomed the Special Guests and expressed his gratitude for their kind presence at the Conference. He gave an overview of the ICSI to the Special Guests, apprising them about the Company Secretaries Act, 1980 and the functioning of ICSI. He highlighted that governance involves doing the right thing at the right time and in the right manner and underscored the role of Company Secretaries in identifying what is right and wrong, maximising stakeholders' value and contributing to nation's progress towards a Viksit Bharat. He concluded by thanking the Special Guests for their participation and emphasized that their presence would inspire all delegates attending the Conference.

Mr. Bhubaneswar Kalita highlighted the transformative developments in India's economy and governance landscape since 2014 and praised the Institute for its proactive adaptation to these evolving dynamics. He stated that the 21st century represents a pivotal era for India, positioning the nation as a formidable global leader. He underscored the crucial role of Company Secretaries in promoting transparency and ensuring regulatory compliance in the corporate sector, acknowledging their diligent work that enhances business integrity and boosts operational efficiency. He praised the Conference theme as a clarion call for excellence and continuous improvement in regulatory practices, aiming for a prosperous and transparent India. He acknowledged the commendable efforts of local leaders in transforming Assam into a hub of infrastructure and industry highlighting the significant progress made in overcoming challenges and ushering in a new era of growth and opportunity. He expressed optimism for the future, envisioning the Northeast as a vital gateway to Southeast Asia that would enhance business connectivity and opportunities. He concluded by encouraging the Company Secretaries to stay dedicated towards building a strong, regulated and prosperous nation.

Mr. Dilip Saikia expressed gratitude to the Institute for inviting him to the Conference in Guwahati and emphasized the need to empower the Northeast region. He highlighted Guwahati's rapid development as a hub for connectivity, trade and digital services, while acknowledging the historical contributions of the Northeast region to the nation's progress. He discussed India's aspirations for global leadership by 2047 and

underscored the pivotal role of the corporate sector in achieving this vision. He discussed ongoing reforms aimed at enhancing the ease of doing business and highlighted the crucial role of Company Secretaries in promoting transparency and integrity within the corporate sector. He discussed the successful execution of MoUs under the Assam Advantage 2.0 initiative, attributing this progress to the dynamic leadership of Assam. He expressed appreciation for Hon'ble Prime Minister's commitment to the Northeast, noting his numerous visits to the region and the government's proactive policies aimed at integrating Northeast into the mainstream economic growth narrative. He concluded by recognizing the vital role of Company Secretaries as catalysts for India's success and expressed confidence that the Conference would yield valuable insights for the country's continued growth trajectory.

The session ended with heartfelt thanks and a Group Photograph.

June 15, 2025 (Sunday)

OPEN HOUSE SESSION

Second day of the 26th National Conference of Practicing Company Secretaries commenced with an interactive session of the Council with the members. CS Dhananjay Shukla, President, the ICSI, CS Pawan G. Chandak, Vice-President, the ICSI, CS B. Narasimhan, CS Manish Gupta, CS Suresh Pandey, CS Manoj Kumar Purbey, CS Praveen Soni, CS Rajesh C. Tarpara, CS Dwarakanath Chennur, CS Venkata Ramana R., CS Ashish Karodia, CS Rupanjana De, Council Members, the ICSI and CS Asish Mohan, Secretary, ICSI were present on the dais at the session.

CS Dhananjay Shukla, President, the ICSI apprised all participants about the initiatives of the Institute and the representations submitted by the Institute to various regulators, with specific reference to Income Tax Bill. The President alongwith the Council members replied suitably to the queries raised by the members.

THIRD TECHNICAL SESSION - ALTERNATIVE DISPUTE RESOLUTION

Session Coordinators: CS Venkata Ramana R. and CS Dwarakanath Chennur, Council Members, The ICSI.

Panelists: CS Avnit Singh Arora, Director (Arbitration & Conciliation), Department of Legal Affairs, Ministry of Law and Justice, Govt. of India; Dr. Ashok Kumar Mishra, Council Member (Govt. Nominee), The ICSI & Ex-Technical Member, NCLAT; CS Nesar Ahmad, Former President, The ICSI; Adv. Iram Majid, Executive Director, Asia Pacific Centre for Arbitration and Mediation and Mr. Chirag Balyan, Assistant Professor of Law, Maharashtra National Law University.

CS Venkata Ramana R. in his introductory remarks briefed about session theme, welcomed all the learned panelists and invited them for sharing their views and experiences with the delegates.

CS Avnit Singh Arora elaborated on the concept of ADR explaining that it serves as a viable alternative to traditional court proceedings, allowing parties to resolve disputes privately and consensually. He emphasized the significance of party autonomy in arbitration and mediation, where parties can mutually agree to settle their issues outside the court system. He provided an overview of the legal framework governing ADR and underscored the crucial role of Company Secretaries in the ADR landscape, noting their access to higher management and strong understanding of legal principles and drafting skills, which are essential for effective dispute resolution. He discussed the importance of ongoing professional development of Company Secretaries alongside active promotion of the ICSI International ADR Centre. He concluded by urging Company Secretaries to embrace roles as arbitrators and mediators and to actively promote the ICSI International ADR Centre, facilitating timely dispute resolution and maximizing the benefits of ADR within the corporate sector.

Dr. Ashok Kumar Mishra emphasized the significant advantages of mediation as an effective alternative to traditional court proceedings under the IBC. He discussed how mediation results in higher recovery rates and a greater number of resolved cases compared to court processes. He provided insights into mediation practices in the UK and USA, and also shared that it has become integral to the bankruptcy process in the USA due to supportive legislative frameworks. He concluded by expressing optimism about the future of mediation and arbitration in Insolvency and encouraged the Company Secretaries to actively participate in this field.

CS Nesar Ahmad extended greetings to all on the occasion of PCS Day, emphasizing that it serves as a reminder of the ongoing journey and future opportunities for the Company Secretary profession. He underscored the urgent need for effective dispute resolution mechanisms due to staggering number of pending cases in various courts. He discussed the importance of the Mediation Act, 2023 which is expected to enhance the framework for ADR in India. He acknowledged the increasing participation of Company Secretaries in judicial processes, particularly before the NCLT and NCLAT, showcasing the growing recognition of their role in the legal landscape. He also highlighted recent Supreme Court judgments that reflect the Court's commitment to promoting ADR, indicating a shift towards more efficient dispute resolution methods. He concluded by encouraging the Company Secretaries to embrace the opportunities presented by ADR, particularly in light of the advancements in technology that can streamline operations and reduce the burden of compliance.

Adv. Iram Majid addressed the importance of adapting to the digital age where online platforms are preferred

for services like banking and stated that access to justice should also be just a click away, achievable through technology integration in dispute resolution. She explained that ODR is not merely a virtual setting for arbitration and mediation but a dedicated platform that minimizes human intervention. She detailed how ODR allows for secure and protected processes, including negotiation, mediation and arbitration, all conducted online without the need for physical meetings. She explained that ODR platforms can help ensure procedural correctness in arbitration, ultimately enhancing the overall dispute resolution process. She discussed the potential for Company Secretaries to serve as arbitrators or mediators while integrating technology into their practices. She concluded by encouraging the Company Secretaries to explore the vast opportunities within ODR and to position themselves as Smart Company Secretaries.

Mr. Chirag Balyan highlighted the key difference between arbitration and mediation, asserting that they are often mistakenly viewed as closely related under the ADR umbrella. He emphasized that international arbitration is not a true alternative to litigation rather the default mechanism due to the absence of international courts. He discussed the Government's push to make India a global hub for arbitration and stated that it is primarily focused on international arbitration, aiming to enhance contract enforcement, ease of doing business and attract FDI. He outlined the threefold role of Company Secretaries in Arbitration: Prevention, which involves ensuring well-drafted contracts and appropriate arbitration clauses; Strategic Planning, which entails assessing potential claims to guide strategic decision-making; and Dispute Resolution, where they actively engage in resolving disputes arising from shareholder agreements. He highlighted the growing opportunities in arbitration, particularly through ODR and concluded by encouraging the Company Secretaries to seek training and accreditation from recognized institutions like the Chartered Institute of Arbitrators or Singapore Institute of Arbitrators.

The panelists deliberated on various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive.

CS Dwarakanath Chennur summed up the discussions and proposed the Vote of Thanks.

Releases:

After the session, following were released by the dignitaries:

- Insolvency and Bankruptcy (Rules and Regulations) Version 1.10 updated upto May, 2025,
- Flyer of MSME & Start-up Cataylst,
- Flyer of MSME & Start-up Helpline.

FOURTH TECHNICAL SESSION - EXPANDING HORIZONS: LEVERAGING VARIOUS OPPORTUNITIES

Session Coordinators: CS Rupanjana De, Council Member, The ICSI and CS Suresh Pandey, Council Members, The ICSI.

Session Chair: Mr. Jeevan Sonparote, Executive Director, Securities & Exchange Board of India.

Panelists: Ms. Raavi Birbal, Advocate, Supreme Court and Delhi High Court & Member, Governing Council, ICSI-International ADR Centre; Dr. Agyeya Trippathi, Deputy Director – Consulting, Agents for Impact and Mr. Santhosh Jayaram, Adjunct Professor of Practice, School of Sustainable Futures, Amrita Vishwa Vidyapeetam.

CS Rupanjana De in her introductory remarks briefed about the session theme, welcomed all the learned panelists and invited them for sharing their views and experiences with the delegates.

Mr. Jeevan Sonparote commenced his address by discussing the pace of change across industries, governance frameworks and the evolving role of Company Secretaries. He emphasized that the vision of Viksit Bharat cannot be realized without the active participation of professionals like Company Secretaries. Often regarded as the whistleblowers and extended arm of regulators, he stated that Company Secretaries have significant responsibilities to safeguard the trust of regulators, investors and the broader stakeholder community. He acknowledged the role of Company Secretaries as gatekeepers of conscience for the business as a whole, playing an integral role in ensuring ethical governance and strategic integrity. He looked upon the Institute to align with the aspirational districts identified by NITI Aayog and handhold NGOs in terms of creating awareness about the Social Stock Exchanges, in that region. He concluded by stressing on the need to strengthen and elevate this role urging them to remain indispensable, proactive and aligned with the expectations of today's business environment.

Ms. Raavi Birbal shared her insightful perspectives on key labour laws and highlighted the recent amendment of the Ministry of Corporate Affairs regarding detailed disclosures related to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act & the Maternity Benefit Act in the Board Report. She welcomed this move as a significant and positive development in fostering transparency & accountability. While acknowledging that India has no shortage of labour laws, she stressed that the real challenges lie in implementation and awareness. As Company Secretaries play a pivotal role in corporate governance and in advising the Board of Directors, she emphasized that with a thorough understanding of labour laws, Company Secretaries can fulfil the government motto of making India the human resource capital of the world.

Mr. Santhosh Jayaram began his address by emphasizing that while every profession has a role in furthering sustainability, the responsibility is especially significant for Company Secretaries today due to proliferation of sustainability regulations. He stated that though sustainability was previously a voluntary pursuit, it has now become a regulated area with new requirements emerging every day. He urged professionals to stay updated, given the evolving landscape of international sustainability regulations. He also highlighted the importance of integrating sustainability across all committees of the Board, underscoring the critical role of Company Secretaries in ensuring this integration is effective and meaningful. He made a noteworthy point by stating that compliance is not merely about adhering to the letter of the law, it is about understanding and embodying its spirit, a quality that lives within the dedicated professionals.

Dr. Agyeya Trippathi in his introductory remarks highlighted that sustainability should be viewed from three lenses - financial sustainability, social sustainability and governance. He highlighted that biodiversity related compliance is poised to be the next major regulatory development in India. He stressed that investors are increasingly prioritizing companies that are truly investible, those that demonstrate strong compliance and governance practices and in this context Company Secretaries have an essential role to play. He concluded by encouraging them to actively engage with organizations in order to raise awareness about relevant compliances and articulate their long-term impact on business viability and investor confidence.

The panelists deliberated on various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive.

Thereafter, CS Suresh Pandey summed up the discussions and proposed the Vote of Thanks.

VOTE OF THANKS

CS Asish Mohan, Secretary, The ICSI proposed the vote of thanks and extended heartfelt gratitude to the esteemed Chief Guest, Special Guests and speakers for their presence and insightful contributions. He also expressed appreciation to all the moderators for facilitation of engaging discussions and thought-provoking sessions. Furthermore, he acknowledged and thanked the President, ICSI, Vice-President, ICSI and all Council Members, Programme Organizing Committee, members attending virtually or physically, students and Team ICSI, EIRC and the Guwahati (North Eastern) Chapter of the ICSI for successful organization of the Conference. He also conveyed his sincere thanks to the sponsors, advertisers, anchors, volunteers, media and Vivanta Guwahati for their support. At the end he thanked one and all for the success of the 26th National Conference of Practicing Company Secretaries.

ICSI - WIRC Convocation 2025 held on June 11, 2025 at Nagpur, Maharashtra

Guests : Shri Avinash Gehlot, Hon'ble Cabinet Minister for Social Justice and Empowerment, Government of Rajasthan

Dr. Atul Narayan Vaidya, Vice Chancellor, Laxminarayan Innovation Technological University





PCS Day Celebrations at Regional Offices & Chapters of The ICSI



WIRO



EIRO



SIRO



Gurugram



Belagavi



Kota



Kochi



Salem



CCGRT Mumbai



Guwahati



Hyderabad



Jodhpur



Kanpur



Madurai



Nashik



Nagpur



Rajkot



Navi Mumbai



Visakhapatnam



Bhayander





Thane



Bhubaneswar



Indore



Kolhapur



Bhopal



Dombivli

Yoga Day Celebrations at Regional Offices & Chapters of The ICSI



NIRO



WIRO



SIRO



EIRO



Amaravati



Bhopal



Belagavi



Faridabad



Bhubaneswar



Guwahati



Kochi



Coimbatore



Vadodara



Pune



Chhatrapati Sambhajnagar



CCGRT Mumbai



Nagpur



Patna



Bikaner



Srinagar



Hyderabad

World Environment Day Celebrations at Regional Offices & Chapters of The ICSI



EIRO



WIRO



SIRO



NIRO



CCGRT- Hyderabad



CCGRT Mumbai



Ahmedabad



Bhopal



Thane



Patna



Gurugram



Belagavi



Chhatrapati Sambhajinagar



Ghaziabad



Goa



Visakhapatnam



Kozhikode



Kolhapur



Navi Mumbai



Kochi



Nagpur



Salem



Hooghly



Guwahati



Jodhpur



Palakkad



Panipat



Dombivli



Bengaluru

Joint Outreach Programmes - Stakeholder Awareness on Annual Filing of Revised Forms AOC-4, MGT-7 & Other Forms under MCA21-V3



ICSI Representative - CS Rupanjana De, Central Council Member, The ICSI, on June 4, 2025 at Kolkata.



ICSI Representative - CS Rajesh Tarpara, Central Council Member, The ICSI on June 9, 2025 at Ahmedabad.



ICSI Representative - CS Rajesh Tarpara, Central Council Member, The ICSI on June 10, 2025 at Mumbai.



ICSI Representatives - CS Manoj Kumar Purbey, Central Council Member, The ICSI and **CS Suresh Pandey**, Central Council Member, The ICSI on June 11, 2025 at Delhi.



ICSI Representative - CS Venkata Ramana R., Central Council Member, The ICSI on June 11, 2025 at Hyderabad.



ICSI Representative - CS Mohan Kumar A., Central Council Member, The ICSI on June 14, 2025 at Chennai.



ICSI Representatives - CS Manoj Kumar Purbey, Central Council Member, The ICSI and **CS Suresh Pandey**, Central Council Member, The ICSI on June 27, 2025 at Delhi.

ICSI WEBINARS

EEE 5.0: Master Knowledge Series

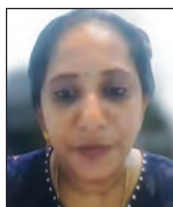
WEBINAR ON

MCA User Awareness Session on Launch of Annual Filing Forms on MCA-21 V3 held on June 2, 2025



Faculty:

Sh. Sidhil Sasi
Deputy Director General, MCA



Faculty:

Ms. Vijaya Gumpena
LTI Team Member



Special Guest:

CS Dhananjay Shukla
President, The ICSI



Special Guest:

CS Pawan G. Chandak
Vice-President, The ICSI



Moderator:

CS Rajesh Tarpara
Central Council Member, The ICSI

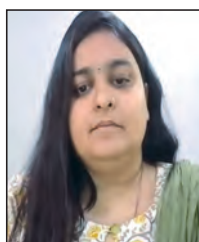
WEBINAR ON

MSMEs: Opportunities for Professionals held on June 11, 2025



Faculty:

Dr. (CS) Ajay Garg
Social Entrepreneur



Moderator:

CS Surbhi Jain
The ICSI

WEBINAR ON

Legal Framework Governing Appointment of KMPs and Case Studies held on June 18, 2025



Faculty:

CS Ramaswami Kalidas
Practising Company Secretary



Moderator:

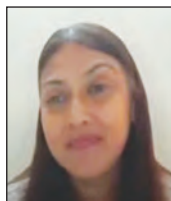
CS Mohan Kumar A.
Central Council Member, The ICSI

WEBINAR ON

Legal Framework of PMLA and WMD Act: Guidance for Professionals held on June 25, 2025



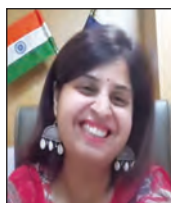
Faculty:
Mr. V Ilancheliyan
Joint Director, FIU-IND



Faculty:
CS Nehal Thaker
Company Secretary and Mentor



Faculty:
CS Shweta Gokarn
Practising Company Secretary



Moderator:
CS (Dr.) Pooja Rahi
The ICSI

Capacity Building Series

WEBINAR ON

Capacity Building Series on FEMA held on June 30, 2025 (Session-1: Overview of FEMA)



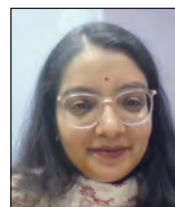
Faculty:
CS Atul Mittal
Partner, Deloitte India



CS Dhananjay Shukla
President, The ICSI



Programme Director:
CS Pawan G. Chandak
Vice-President, The ICSI



Moderator:
CS Suruchi Verma
The ICSI

WEBINAR ON

Capacity Building Series on 'GST including Litigation' held on July 1, 2025 (Session-1: Introduction & Overview of GST)



Faculty:
CS Gurinder Pal Singh
GM & Head Indirect Taxation –
Infra, Larsen and Toubro Limited



CS Pawan G. Chandak
Vice-President, The ICSI



Programme Director:
CS Rajesh Tarpara
Central Council Member,
The ICSI



Moderator:
CS Kanika
The ICSI



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"

Motto

सत्यं वद। धर्मं चर।

इष्टकारं कुरु। तृणपत्रं ब्रूय। कुरु। कुरु।

Mission

"To develop high calibre professionals facilitating good corporate governance"

Global Connect

ICSI inks MOU with SEPC



ICSI enters into a Memorandum of Understanding (MOU) with Services Export Promotion Council (SEPC) to leverage India's strengths in Corporate Governance, Compliance and Secretarial Advisory Services globally. The MOU aims at opening new avenues for ICSI members by providing access to global markets.

The SEPC, established by the Ministry of Commerce and Industry, plays a pivotal role in unlocking global business opportunities for India's service sector. It supports both aspiring and established service exporters through trade intelligence, export development, and by fostering a business-enabling environment.

Key Benefits



Customised Training Programmes tailored to meet Global Standards



Joint Capacity Building Programmes



Participation in Trade Delegations/ International Conferences/ Global Summits



Resource sharing for Training, Research, and Innovation

CS Dhananjay Shukla
President, The ICSI

CS Pawan G Chandak
Vice-President, The ICSI

CS Rupanjana De
Chairperson, International Affairs
Committee & Council Member, The ICSI

CS Asish Mohan
Secretary, The ICSI

Connect with ICSI

www.icsi.edu



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



18th International Professional Development & Fellowship Programme 2025

Date & Venue : June 20-27, 2025, Sri Lanka

Guest : Mr. Sathananthan Sudarshan, Council Member, Institute of Chartered Corporate Secretaries, Sri Lanka

INAUGURAL SESSION



Session on Empowering Governance Professionals in the Digital Age



Session on Navigating the Landscape of ESG Reporting



Session on Role of Company Secretaries in promoting inclusive board cultures



World Environment Day: A Global Commitment to Restoring our Earth

World Environment Day, celebrated annually on June 5th, serves as a powerful reminder of our shared responsibility to protect and restore our planet. Since its establishment in 1973 by the United Nations Environment Programme (UNEP), the occasion has evolved into a global movement, inspiring individuals, communities, businesses and governments to take actionable steps toward sustainability. The theme for 2025, “Restoring Our Earth: A Commitment to Sustainability”, highlights the urgency of reversing environmental damage and ensuring a healthier future. Climate change, deforestation, plastic pollution and water scarcity remain among the most pressing issues affecting ecosystems and human livelihoods. Rising global temperatures, biodiversity loss and marine pollution demand immediate solutions, ranging from transitioning to renewable energy and reforestation initiatives to adopting eco-friendly practices in industries and households. World Environment Day is not merely a symbolic event—it is a call to action. The choices made today will determine the planet’s future, emphasizing the need for collective commitment and long-term solutions. As we celebrate this occasion, we must recognize that protecting and restoring the Earth is a shared mission, requiring dedication at every level of society.



CS Satish Panditrao Bhattu, FCS

Practicing Company Secretary,
Mumbai
satishbhattu95@gmail.com

INTRODUCTION

Every year on June 5th, millions of people from every corner of the globe come together to celebrate World Environment Day, a day deeply embedded in environmental awareness and action. Established in 1973 by the United Nations Environment Programme (UNEP), this day has grown into a movement that challenges us to reevaluate our impact on the planet. In 2025, the call to action resonates even more powerfully under the theme, “Restoring Our Earth: A Commitment to Sustainability.” In this comprehensive exploration, we examine the origins, the current environmental challenges, the global response, and the steps each of us can take to ensure a healthier, more sustainable future for all.

THE ORIGINS AND EVOLUTION OF WORLD ENVIRONMENT DAY

At its inception, World Environment Day was conceptualized as a dedicated calendar day for raising environmental awareness. Over the decades, it has

become synonymous with environmental activism, engaging communities, educators, policymakers and businesses in vital conversations regarding the state of our natural world. The day was originally seen as a rallying cry against environmental degradation, and its focus has since widened from local conservation efforts to a holistic approach involving climate change, biodiversity loss, and ecological restoration.

This evolution reflects the pressing need to remain proactive about environmental concerns. In a rapidly changing climate, the initiatives that began as grassroots movements have matured into sophisticated, multifaceted campaigns. From global tree-planting events to international climate summits, World Environment Day now symbolizes the united and ongoing commitment to rectify our past environmental mistakes. This spirit of collaboration and urgency defines the day’s legacy and sets the tone for the challenges ahead.

A CLOSER LOOK AT THE 2025 THEME: RESTORING OUR EARTH

The theme “Restoring Our Earth: A Commitment to Sustainability” encapsulates a vision of renewal and the necessity for immediate action. It extends beyond the dialogue of environmental preservation to actively repairing the damage done over decades of unchecked industrialization and rapid urban expansion. It calls for the restoration of ecosystems, the rejuvenation of natural habitats, and the sustainable use of resources so that future generations inherit a planet that is both resilient and vibrant.

At its core, this theme is a response to several global environmental issues. It challenges us to understand that environmental sustainability isn’t a temporary campaign or an annual observance—it must be woven into the fabric of our daily lives, urban planning and government policies.

Restoration, in this context, involves practical strategies such as reforestation projects, wildlife conservation programs, and climate adaptation measures that not only prevent further damage but actively heal our ecosystems.

THE MAGNITUDE OF TODAY'S ENVIRONMENTAL CHALLENGES

Our planet faces an array of complex and interwoven environmental issues. The urgency of these challenges underlines the importance of carrying forward the World Environment Day message.

CLIMATE CHANGE AND GLOBAL WARMING

One of the most critical threats to our planet is climate change. Driven by greenhouse gas emissions from fossil fuels, deforestation, and industrial activities, the Earth's climate system is experiencing unprecedented disruptions. Increasing global temperatures have led to more frequent and severe weather events such as hurricanes, droughts and heatwaves. These extreme conditions not only affect natural habitats but also have a profound impact on human communities, particularly those vulnerable to resource scarcity and environmental disasters.

The long-term effects of climate change include rising sea levels, disrupted agricultural cycles and an increasing strain on water resources. Addressing climate change requires a multi-pronged approach: transitioning to renewable energy sources like solar and wind, improving energy efficiency and exploring innovative technologies that can capture and store carbon emissions. These steps are essential for mitigating climate change and securing a livable future for generations to come.

BIODIVERSITY LOSS AND HABITAT DESTRUCTION

Biodiversity is the fabric of life on Earth, yet it is under constant threat due to human activities. Deforestation for agriculture, urban development, and infrastructure projects not only removes trees from the landscape but also severs the connective tissue of ecosystems. The loss of biodiversity diminishes nature's ability to sustain ecological balance, leading to the extinction of species and the degradation of natural habitats.

The eradication of forests and natural reserves severely affects the delicate balance in ecosystems, reducing the planet's resilience to environmental shifts. This loss of nature's wealth undermines numerous ecological services, from water purification to pollination, which are critical for our survival. The revival of natural habitats via reforestation, sustainable agriculture practices, and the protection of endangered species is integral to the restoration efforts championed by World Environment Day.

PLASTIC POLLUTION AND ITS TOLL ON MARINE LIFE

Plastic pollution represents one of today's most visible forms of environmental degradation. Each year, millions of tons of plastic waste find their way into our oceans, rivers,



and landscapes. Marine life suffers immensely; countless species ingest plastic debris or become entangled in it, often with fatal consequences. The ubiquity of plastic in our environment is not just a matter of aesthetics—it represents a significant ecological threat that disrupts the entire food chain.

Efforts to counter this problem include reducing single-use plastics, advancing biodegradable alternatives, and creating robust recycling infrastructure. By rethinking how we use and dispose of plastic, we can begin to alleviate the burden on marine ecosystems and foster healthier relationships between humanity and nature.

THE GROWING CRISIS OF WATER SCARCITY AND POLLUTION

Water is life, yet many communities around the world today struggle with water scarcity and pollution. Industrial waste, agricultural runoff and untreated sewage all contribute to the contamination of freshwater sources. As water resources dwindle, the impacts are felt across all sectors—from agriculture to health—threatening both human populations and wildlife alike.

Innovative water management strategies, including the development of sustainable irrigation systems, improved water reuse practices, and stringent pollution controls, are actionable solutions that pave the way for a more water-secure future. These initiatives highlight the integral role that efficient water use plays in the broader sustainability agenda.

GLOBAL INITIATIVES: A UNIFIED FRONT FOR CHANGE

In addition to local efforts and grassroots movements, global partnerships are critical to addressing these environmental challenges. International agreements, such as the Paris Agreement, play a key role in the fight to curb greenhouse gas emissions and limit global warming. The United Nations Sustainable Development Goals (SDGs) further outline a comprehensive roadmap to address not only environmental issues but also the socio-economic challenges that often intersect with them.

These initiatives are supported by collaborative efforts from governments, industry leaders, and civil societies. Multinational projects aimed at restoring degraded ecosystems, protecting water bodies, and promoting

sustainable agricultural practices are gaining momentum. As communities worldwide mobilize, the cross-border exchange of ideas and resources continues to inspire innovative solutions and foster a sense of global unity.

DRIVING CHANGE THROUGH EDUCATION AND COMMUNITY ENGAGEMENT

Education remains one of the most powerful tools for environmental transformation. By integrating environmental studies into school curricula and offering community workshops, we empower the next generation of environmental stewards. Awareness campaigns leveraging modern communication platforms like social media, documentaries, and interactive workshops serve as catalysts for change by disseminating vital information about sustainable practices.

Community engagement is equally critical. Local environmental groups, urban gardening initiatives, and conservation projects offer hands-on opportunities for individuals to become part of the solution. Encouraging community participation not only contributes to the success of environmental initiatives but also fosters a deeper understanding of the natural world and our collective responsibility to protect it.

INDIVIDUAL ACTIONS: EVERY STEP COUNTS

While global initiatives and government policies are essential, it is the actions of individuals that collectively drive the momentum for change. The day-to-day decisions we make have a significant cumulative impact on the environment. Consider the following actionable steps:

1. **Reduce, Reuse, Recycle:** Adopt a lifestyle that minimizes waste production. This involves consciously reducing consumption, repurposing items, and recycling materials whenever possible.
2. **Embrace Sustainable Transportation:** Walk, cycle, or use public transportation to reduce carbon emissions. When possible, opt for electric vehicles or carpooling.
3. **Conserve Energy:** Use energy-efficient appliances, switch off unused electronics, and consider renewable energy sources such as solar panels for your home.
4. **Support Green Spaces:** Plant trees, maintain community gardens, and advocate for the preservation of natural habitats in urban areas.
5. **Practice Mindful Consumption:** Choose products with minimal packaging, support environmentally responsible businesses, and educate yourself about the environmental footprint of your purchases.

World Environment Day is more than just a date on the calendar—it is a clarion call to embrace environmental stewardship as a lifelong commitment. The journey toward a sustainable future begins with awareness and is driven by the transformative power of collective action.

Every small action, when multiplied across communities and nations, contributes to a larger, positive impact on the environment.

CORPORATE AND GOVERNMENTAL RESPONSIBILITIES: SHAPING POLICY AND PRACTICE

The responsibility to care for our environment extends beyond an individual. Governments and corporations hold significant sway in shaping policies and practices that directly affect the planet.

THE ROLE OF GOVERNMENTS

Governments are uniquely positioned to enact policies that promote environmental sustainability. By investing in renewable energy, enforcing strict pollution controls, and preserving natural reserves, they set the stage for large-scale environmental recovery. Fiscal policies, such as subsidies for green technologies and penalties for environmental damage, create an economic environment that favors sustainable practices. Government-led environmental campaigns not only raise awareness but also provide the resources and framework necessary for sustainable development.

THE ROLE OF CORPORATIONS

In today's interconnected world, businesses have a profound impact on the environment through their operational practices. Corporations that commit to sustainability integrate eco-friendly practices into every aspect of their supply chain—from sourcing raw materials responsibly to optimizing manufacturing processes that reduce waste and emissions. Many forward-thinking companies are transitioning to circular economy models, where resources are reused, remanufactured, or recycled, thereby minimizing waste. Collaboration between businesses and environmental organizations fosters innovation and ensures that sustainability is woven into the corporate fabric.

A VISION FOR THE FUTURE: SUSTAINABLE LIVING AS A WAY OF LIFE

World Environment Day is a reminder that sustainability should not be viewed as a temporary trend, but as a way of life. This means rethinking our relationship with nature, our consumption patterns, and the legacy we leave for future generations. It encourages us to envision a future where human progress and environmental stewardship go hand in hand—a world where technological advances and sustainable practices coexist harmoniously.

Innovation plays a pivotal role in this vision. Imagine cities powered entirely by renewable energy, transportation systems that leave no carbon footprint, and communities

that not only survive but thrive by working in concert with nature. Future generations will inherit not just a planet burdened by past missteps, but one that has been revitalized through collective commitment and visionary planning.

SUCCESS STORIES AND INSPIRING INNOVATIONS

Across the globe, there are countless inspiring examples of communities, businesses, and governments taking bold steps toward environmental restoration. In countries like Costa Rica and New Zealand, national policies prioritize nature conservation and sustainable tourism, leading to a resurgence in biodiversity. In urban areas, innovative city planning initiatives have transformed abandoned lots into green spaces, improving air quality and community well being.

These success stories highlight what is possible when we adopt a proactive approach to environmental restoration. They remind us that even in the face of significant environmental challenges, positive change is within reach. By celebrating these achievements and learning from them, we can chart a path forward that is both hopeful and sustainable.

HOW WE MOVE FORWARD TOGETHER

The challenges we face are monumental, but they are not insurmountable. World Environment Day calls upon us to do more than merely celebrate nature's beauty; it motivates us to accelerate policy changes, foster innovation, and make sustainable choices every day. The restoration of our planet requires coordinated action from individuals, communities, governments, and corporations alike.

We stand at a crossroads where every decision we make contributes to the future of our shared home. The choices we implement today—whether by supporting renewable energy, protecting natural habitats, or rethinking how we consume resources—will determine the quality of life for all living beings on Earth. The call to restoration is a call to rediscover our connection with nature and to remind ourselves that the health of our planet is the foundation upon which our future is built.

ROLE OF COMPANY SECRETARIES ACROSS THE GLOBE

Last but not the least, on the eve of World Environment Day, Company Secretaries in India are emerging as pivotal advocates for sustainable corporate governance. As Compliance Officers and Key Managerial Personnel under the Companies Act, 2013 they help to integrate Environmental, Social and Governance (ESG) standards into corporate strategies. From ensuring timely disclosures in sustainability reports to guiding boards on climate-related risks and regulatory adherence, they act as a bridge between law, business ethics, and environmental responsibility. Their expertise is essential in embedding sustainability into the DNA of business operations.

Beyond compliance, Company Secretaries also play a transformative role in fostering a culture of environmental awareness within organizations.

A growing number are steering Corporate Social Responsibility (CSR) initiatives that focus on environmental education—organizing roadshows, awareness campaigns, and school outreach programs to engage communities. For instance, companies like Hyundai Motor India Foundation and Diligent India have launched impactful CSR programs that include waste management education and lake restoration projects. Additionally, CSR-focused platforms such as CSRBox and ProteanTech highlight how Company Secretaries can collaborate with NGOs and educational institutions to promote sustainability literacy. As India moves toward its Sustainable Development Goals and net-zero targets, the leadership of Company Secretaries in driving CSR-led environmental education is not just commendable it's indispensable.

CONCLUSION: A LASTING LEGACY OF ENVIRONMENTAL STEWARDSHIP

World Environment Day is more than just a date on the calendar—it is a clarion call to embrace environmental stewardship as a lifelong commitment. The journey toward a sustainable future begins with awareness and is driven by the transformative power of collective action. As we celebrate this day on June 5th, let us remember that restoring our Earth means investing in a future where nature and progress exist in harmony.

Our fight for environmental sustainability is a testament to the ingenuity, resilience, and compassion of humanity. By standing together, we can correct past misdeeds, restore balance to ecosystems, and ensure that our planet remains a vibrant and nurturing home for generations yet to come. Each action—no matter how small—adds momentum to this movement, demonstrating that a sustainable future is not only possible but within our grasp.

In the end, our planet's story is our own story. As custodians of the Earth, we are tasked with a sacred duty: to ensure that our natural environment thrives alongside human progress. With renewed determination and gratitude for the beauty of our world, we can build a legacy that future generations will celebrate—a legacy of hope, restoration, and enduring commitment to a sustainable future.

This extensive narrative not only honours the essence of World Environment Day but also invites us all to reflect, participate, and lead the movement for a healthier, cleaner, and more sustainable world. Happy World Environment Day—let's continue to restore our Earth, one thoughtful action at a time!

REFERENCES:

- i. <https://indiacsrsummit.in/>
- ii. <https://www.news18.com/lifestyle/indias-climate-leaders-show-the-way-forward-on-world-environment-day-9366345.html>
- iii. <https://www.unep.org/events/un-day/world-environment-day-2025>
- iv. <https://www.worldenvironmentday.global/about/theme-host>



**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)

www.icsi.edu

ARTICLES INVITED FOR GLOBAL CONNECT IN CHARTERED SECRETARY JOURNAL

Dear Member,

The ICSI invites articles for its prestigious Chartered Secretary Journal - a monthly publication on the critical aspects of the Company Secretary Profession from across the globe.

As the new age Governance Professional, it is imperative for Company Secretaries to enhance their knowledge and skills to effectively manage investor expectations and thrive in environment of disruption, uncertainty and change.

We therefore request you to kindly share your valuable insights and expertise, and enrich the coveted Chartered Secretary Journal with diverse perspectives on contemporary issues relevant to Company Secretaries globally.

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.
- **Best Practices:** Discuss successful strategies and best practices adopted by the industry in different jurisdictions.
- **Regulatory Updates:** Provide an overview of recent regulatory changes and their implications for Company Secretaries in different jurisdiction.

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,

Team ICSI

Guidelines for Authors

1. Articles on subjects of interest to the profession of Company Secretaries are published in the Journal.
2. The article must be original contribution of the author.
3. The article must be an exclusive contribution for the Journal.
4. 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.
5. The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants.
6. 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.
7. 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.
8. The copyright of the articles, if published in the Journal, shall vest with the Institute.
9. The Institute/the Editor of the Journal has the sole discretion to accept/reject an article for publication in the Journal or to publish it with modification and editing, as it considers appropriate.
10. The article shall be accompanied by a summary in 150 words and mailed to overseas@icsi.edu
11. The article shall be accompanied by a 'Declaration-cum-Undertaking' from the author(s) as under:

Declaration-cum-Undertaking

1. I, Shri/Ms./Dr./Prof....., declare that I have read and understood the Guidelines for Authors.
2. I affirm that:
 - a) the article titled "....." is my original contribution and no portion of it has been adopted from any other source;
 - b) this article is an exclusive contribution for ICSI Journal and has not been / nor would be sent elsewhere for publication; and
 - c) the copyright in respect of this article, if published in ICSI Journal, shall vest with the Institute.
 - d) the views expressed in this article are not necessarily those of the Institute or the Editor of the Journal.
3. I undertake that I:
 - a) comply with the guidelines for authors,
 - b) shall abide by the decision of the Institute, i.e., whether this article will be published and / or will be published with modification / editing.
 - c) shall be liable for any breach of this 'Declaration-cum-Undertaking'.

(Signature)



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। तृप्तये।
इष्टं कुरु। तृप्तये।

Mission

"To develop high calibre professionals
facilitating good corporate governance"

#IntlGovCon

10 Structured CPE credits

REGISTRATION OPENS

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

Knowledge Partners



PROGRAMME HIGHLIGHTS



DELEGATE FEE AND REGISTRATION (NON-RESIDENTIAL)

	Fee in INR (Exclusive of GST @18%)	Fee in AUD* (Taxes as applicable)
ICSI Member	16,000	300
ICSI Student/Accompanying Guest	12,000	220
Others	20,000	360
Registration Link	https://shorturl.at/wx9LB 	https://forms.gle/bqVfmJXQsYayRAKu6 

*Delegate making payment in AUD to pay at below mentioned bank account before registration:

Beneficiary Name	The Institute of Company Secretaries of India
Account Number	912010040104826
Swift Code (Outside Country)	AXISINBB055
Bank Name & Branch	Axis Bank Ltd. Swasthya Vihar, New Delhi - 110092

KINDLY NOTE

- Prior Registration for the Conference is mandatory
- Delegate fee is payable in advance and is non-refundable. Please note that payments are not accepted through DD, Cheque, Cash etc.
- The fee includes literatures, tea/coffee, refreshments, high-tea and lunches
- Delegates may arrange flight tickets, visa, stay and local travel on their own. Delegates may also contact Mr.Suraj Singh, Visa Executive, Uniexpress Pvt. Ltd. at visas@unex.co.in & +91 7838717003 for Visa Assistance.
- 10% Corporate Discount on registration for nominating 3 or more delegates from the same organisation. To avail, send nominations at overseas@icsi.edu
- ICSI Members attending the conference shall be eligible for 10 CPE credits (Structured)

HOTEL BOOKING FOR DELEGATES

1. Concessional rates for booking rooms in Crowne Plaza, Sydney are:

Room Type:
Standard King Room
(1 king bed or 2 single beds).

Rate:
AUD 309.00 per room per night
excluding breakfast



(Address: Crowne Plaza Sydney Darling Harbour, 58 Bathurst Street, Sydney NSW 2000 Australia)

- ✓ **Breakfast:** AUD 30.00 per serving if booked in advance or AUD 40.00 on the day.
 - ✓ Concessional rate is available for bookings between 2 - 5 September 2025 (Reservation will be on first-cum-first-serve basis)
 - ✓ The above rates are inclusive of all applicable service charges, local fees, and taxes.
 - ✓ Government Tax is subject to change without prior notice, (rates will be adjusted in case of change in Government taxes)
 - ✓ Complimentary wireless high-speed internet access in guest rooms and public areas
 - ✓ **Check-in:** 3.00 PM **Check-out:** 12.00 Noon
 - ✓ Delegates will have to carry an official identification card for check-ins
 - ✓ **Cancellation /No-show Policy:** 1 night fee applies for no-shows or any cancellations received within 30 days prior to arrival date.
2. For booking of rooms, email to **overseas@icsi.edu** with a copy of the delegate registration receipt.
 3. All hotel payments are to be settled at the Hotel directly by the delegate. A credit card is required at the time of the booking to secure the reservation.
 4. Delegates may also book their stay in any other hotel of their choice

For Query/ Clarifications: ☎ +91 - 11 - 4534 1063/ 1064/ 1065/1087/1088
✉ **overseas@icsi.edu**

CS Dhananjay Shukla
President, The ICSI

CS Pawan G Chandak
Vice President, The ICSI

CS Rupanjana De
Chairperson, International Affairs Committee
& Council Member, The ICSI

CS Asish Mohan
Secretary, The ICSI

CS Joginder Sharma
Chairman, ICSI Overseas
Centre Australia Inc.

Connect with ICSI

www.icsi.edu



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

Articles Part - I

Good and Simple Tax: Challenges, Hiccups and Solutions

62

CS Nitin Dabrialwal

The Goods and Services Tax was introduced in 2017 with the intent to simplify the multiplicity of levies charged through various indirect taxes and bring them under one single umbrella. The article elaborates on initial challenges and hiccups in the effective implementation of the GST regime in India. Measures taken by the GOI, such as the integration of technology, Input Tax Credit management, efficient Dispute Resolution mechanism, and compliance simplification & rationalisation, have been effective in streamlining the processes for various stakeholders.

Articles Part - II

GST Audit: Means to Compliance and Governance

67

CS Mythily R

A GST audit is a tool to examine and verify a taxpayer's records, returns, and financial data. The article explicates types of GST audit, accounts and records to be reviewed by GST Auditor, typical areas where comments by GST Auditor are required or reviewed, GST Audit-Related Forms, GST Audit as a Compliance and Governance Mechanism, challenges in GST Audit and mitigation strategies.

GST Audit: Means to Compliance and Governance

72

CS Sambamoorthy CR

The author articulates the role of regulatory bodies such as the Central Board of Indirect Taxes and Customs in integrating technological advancements in effective Compliance for ease of doing business. The article focuses on various aspects of governance through Audits, such as exports, specific issues in certain sectors, and risk management and mitigation. Company Secretaries play a key role in advising on various GST compliances.

AI in Audit: Disruption, Detection, and Due Diligence in the Age of Algorithms

76

CS Aditi Maheshwari

In 2025, AI is no longer experimental in Indian audit—it is elemental. The Government's "IndiaAI Mission Phase II" has added significant momentum, with RegTech and AuditTech startups receiving direct institutional support. The establishment of an "AI Safety Institute" and a sector-specific focus on audit automation have catalysed the development of tools for governance risk scoring, AI policy testing, and intelligent compliance verification.

Furthermore, SEBI's 2025 draft on "Mandatory AI Audit Trails" for listed companies introduces a new layer of disclosure. Any deployment of AI in investor advisory, algorithmic trading, or regulatory filings must now maintain verifiable trails of model evolution and decision-making logic. For Company Secretary, this means taking active charge of algorithmic accountability, not merely corporate compliance.

ESG Audit: Concepts, Global Perspectives and Emerging Trends

81

CS Joel Evans

The article provides an understanding of the concepts and evolution of ESG audit, the emerging regulatory scenario, and key developments. The author explicates the Reasonable Assurance Concept in the SEBI BRSR Framework and its ramifications for listed entities.

Are Financial Shenanigans becoming the triggers for implementation of Forensic Audit?

86

Dr. Nabanita Ghosh, CS K S Parameswara Kumar

Forensic Audit is a useful tool in detecting and preventing financial frauds and misrepresentation in financial statements of the company. The article explicates the types of financial Shenanigans and articulates its interconnectedness with the theories of Forensic Audit. Artificial Intelligence tools can play a significant role in the early detection of financial frauds. Company Secretaries with their expertise can provide early warning signs to the management in reporting such incidents and liaison between Board, Audit firm, and the Regulators for effective execution of forensic audit.

ESG Audit: Placing Sustainability at the Centre of Corporate Governance

90

CS Gaurav Kumar Vohra

Beginning with the conceptual understanding on ESG audit, the article delves deeper into its regulatory mechanisms and the scope of ESG audit for investors and corporates in building brand equity, mitigating risks, and business continuity, aligning with boardroom requirements. Further the article elaborates on ESG audit process.

The Algorithmic Witness: Company Secretary as Architect of the AI-Powered Audit

96

CS Bhuvesh Malhotra

Using case examples, the author illustrates the panoramic view of Artificial Intelligence across the Audit spectrum, Financial and Internal audits, GST audit, Forensic audit, Secretarial and Compliance audits, and Specialised audits in Transfer pricing and customs. These case examples reveal that AI in auditing is a present-day reality across India's corporate landscape, from PSU giants to SMEs. For Company Secretaries, the practical step forward is clear: begin with pilot projects—whether

automating GST reconciliation, compliance tracking, or risk analysis. By integrating AI's analytical power with human expertise, Company Secretary professionals can evolve from compliance overseers to strategic assurance leaders, driving organizational value and resilience.

Internal and External Audit: The Dual Pillars Fortifying Corporate Governance in a Dynamic Era 101

CS Rajiv Malik

Internal audit plays a vital and multifaceted role in Corporate Governance by assessing and reporting on the effectiveness of governance, risk management, and control processes. These processes are specifically designed to help the organization achieve its strategic, operational, financial, and compliance objectives. In the realm of risk management, internal audit systematically assesses the organization's framework for identifying and mitigating potential threats. This includes evaluating the adequacy of controls against various risks such as operational disruptions, environmental compliance issues, cybersecurity vulnerabilities, geopolitical shifts, and macroeconomic fluctuations. The external auditors meticulously examine and analyze a business's financial records and statements. The primary objective of an external audit is to provide assurance to external stakeholders, such as shareholders, creditors, and regulatory bodies, regarding the accuracy, reliability, and fairness of the financial statements and the company's compliance with applicable laws and regulations.

ESG Audit: Placing Sustainability at the Centre 107

CS Aishwarya M Banthia, CS Darsana Menon, R. Sruthi

At the heart of ESG performance lies, an effective monitoring, management, and disclosure of four critical environmental dimensions - Water, Waste, Emissions, and Energy (collectively referred to as the '2W & 2Es'). These focus areas form the foundation of sustainability reporting and are central to risk management, resource efficiency, and long-term value creation. Tools of ESG audit are applied for the implementation of regulatory and operational ESG Audits.

Forensic Audit and Ethical Governance: A Game Changing Synergy 112

Dr. Dileep Kumar S D

emanating from the principles of Ethical Governance, this article exemplifies the scope of Forensic Audit. Given its nature of activities, Forensic Audit has emerged as a strategic tool for Ethical Leadership. Technology-driven Forensic Audits have been integrated with Corporate Governance. As corporate structures become more digitised and globalised, and as ESG standards and regulatory expectations rise, forensic audits will play a transformative role. They will empower ethical leadership, reinforce internal controls, and restore investor confidence.

An Analysis of Concurrent Audit in India

CS Manoj Sharma

116

This article analysis the present state of Concurrent Audit in India. With the developments in the Banking and Financial sector, there has been a concern for the timely examination of the financial transactions on a regular basis. Concurrent Audit has emerged as a tool for internal control. This article explores the Concept, Evolution, Regulatory Framework, operational scope, and technological transformation of Concurrent Audits in India. Further, the author shares his insights on the role of Company Secretaries as Governance Partners in Concurrent Audits.

Concurrent Audit in Public Financial Management: Objectives, Scope, and Governance Framework 121

CA Prabhat Ranjan

This article provides insights into the concept and scope of Concurrent Audit. The author elaborates on the role and responsibilities of Practising Company Secretaries, particularly in the context of depository operations, as per regulations and circulars issued by the National Securities Depository Limited (NSDL) from time to time, and recognition given by SEBI to Company Secretaries to carry on audit of Investment Advisers. Further the Governance framework in Banks and Financial Institutions, covering its structure, Functions, and Strategic importance, is discussed.

Articles Part - III

Need for Strengthening the IT Governance Framework in Banking Sector for Achieving Digital Operational Resilience 126

CS (Dr.) Ravichandran K S

The article discusses, Master Direction issued by RBI. The direction sets the broad but mandatory IT Governance Framework to be installed, inter alia, by banking companies/entities. As per the aforesaid Master Direction, "Information Asset" includes any piece of data, device or other component of the environment that supports information-related activities. Information Assets include information system, data, hardware, and software and "Information Systems" means a set of applications, services, information technology assets or other information-handling components, which includes the operating environment and networks. The expression "IT Risk" refers to the business risk associated with the use, ownership, operation, involvement, influence, and adoption of IT within an enterprise. The Master Direction describes that "Cyber-attack" are malicious attempt(s) to exploit vulnerabilities through the cyber medium to damage, disrupt or gain unauthorized access to assets. The role and functions of the responsibility owners in IT governance structure are discussed.

Taxation Laws and Practising Company Secretaries: Embracing Evolving Roles and Expanding Opportunities 132

CS Shivangi Agarwal

This article throws light on the evolving landscape of Taxation laws in India and new avenues for Practising Company Secretaries. The interplay between Corporate laws and Tax laws in situations such as mergers, acquisitions, demergers and restructuring exercises requires an understanding of their dual impact. Practising Company Secretaries, with their expertise in corporate and allied laws, are uniquely positioned to efficiently structure corporate Transactions, while ensuring compliance with corporate law (e.g., considering the tax implications of different types of mergers or demergers under the Income Tax Act, 1961, and the Companies Act, 2013). They assist companies in obtaining necessary approvals from both corporate (e.g., National Company Law Tribunal - NCLT) and tax authorities (e.g., Income Tax Department, GST authorities) for complex transactions. Company Secretaries ensure that transaction documents (e.g., scheme of arrangement, share purchase agreement) are drafted to adequately address the tax implications, clearly define tax liabilities and responsibilities of the parties involved, and include necessary indemnification clauses. The article also discusses the opportunities for PCS in Taxation Practice.

Evolving Role of Company Secretaries in Ensuring Regulatory Compliance under SEBI LODR Regulations 137

Dr. Manjunatha H. R

The article describes the role of Company Secretaries in SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015. Under Regulation 6 of the SEBI LODR, every listed entity is mandated to appoint a qualified Company Secretary as the Compliance Officer responsible for ensuring conformity with the regulatory provisions, including timely disclosures, board procedures, and coordination with stock exchanges and regulatory authorities. In jurisdictions like the UK, Australia, and Singapore, the Company Secretary (or equivalent) is viewed as a key governance officer who ensures board accountability and regulatory compliance.

Research Corner P-145

India's Economic Resilience Amid Global Uncertainties: Navigating the Transition from Classical to Strategic Globalization (2024–2026) 146

Akki Maruthi

This study predicts the state of India's economic resilience and transition towards globalisation during the period from 2024 to 2026. The study analyses the secondary data from Reserve Bank of India

and International Monetary Fund reports and depicts the domestic and economic outlook, covering snapshot of trends and drivers of CPI inflation on Food, projections of CPI inflation, employment outlook, aspects of trade and industrial sector, India's financial and monetary policies and specific developments in key sectors of the economy. To understand India's economic resilience, the data is examined within the context of the current global macroeconomic environment. The major findings of the study indicate that potential tax incentives, agricultural buffers (4.8% production rise), and coordinated monetary policy (RBI's 5.5 lakh crore infusion) are necessary for resilience. Strategic sector prioritization is essential for a successful shift toward globalization; electronics exports (+0.1%) have outperformed traditional sectors (10.9%). Prompt policy actions effectively addressed external vulnerabilities (FPI outflows) (US\$10 billion FX swaps). Limitations include PLFS data lags and monsoon-dependent forecasts. Sectoral case studies (semiconductor manufacturing) and the quality of employment generation across transitioning industries should be the focus of future research.

Legal World

P-157

- **LMJ 07:07:2025** We are inclined to the view that the Corporation and the State of Orissa should have been impleaded in the suit prior to the decree on the terms of the Amalgamation Order.[SC]
- **LW 49:07:2025** Looking into the findings as above and particularly the observations that the Appellant has to come with clean hands for grant of equitable relief, the rejection of the prayer for the grant of interim relief cannot be legally faulted with, because the actions of the Appellant have prima facie have resulted in continuous breach of service contract.[NCLAT]
- **LW 50:07:2025** It is not in dispute that the term of the agreement has expired and thereafter the appellant ceased to have any lawful right to be in possession. [NCLAT]
- **LW 51:07:2025** In the Commission's opinion, the buyer who has not followed agreed terms and conditions of the contract cannot take advantage of its own default even though the buyer is liable for damages/losses to that extent which the seller suffered due to non-lifting of contracted material.[CCI]
- **LW 52:07:2025** It is a matter of common knowledge that under the provision of the GST Act, the purchaser cannot compel the selling dealer to deposit the amount of tax realized from the petitioner with the government treasury.[ALL]

- **LW 53:07:2025** Right of an employee to seek and search for better employment is not to be curbed by an injunction even on the ground that the employee has confidential data. In the garb of confidentiality, the employer cannot be allowed to perpetuate forced employment.[DEL]
- **LW 54:07:2025** In other words, in a case where the party does not invoke the jurisdiction of the Council and consequently, no proceedings are pending under Section 18, it cannot be urged that the party is precluded from taking recourse directly under provisions of 1996 Act for appointment of an Arbitrator.[DEL]
- **LW 55:07:2025** We have no hesitation in finding that the Bank was negligent in having encashed the plaintiffs' cheques with the forged signatures of its authorised signatories.[KER]
- **LW 56:07:2025** Once, the entire amount of compensation has been deposited and that the complainant has not filed any appeal, or proceedings, for enhancement of compensation, the order of sentence, passed by the learned trial Court, is liable to be interfered with, as, law is good, but, justice is better [HP]

From The Government P-167

- Creation of Special Courts for the purposes of providing speedy trial of offences
- Relaxation of additional fees for filing of 13 e-forms during the period of transition from MCA21 V2 to V3
- Separate Filing of e-form CSR-2 post the period of transition from MCA21 V2 to V3
- Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2025
- Investor Charter Infrastructure Investment Trusts (InvITs)
- Investor Charter Real Estate Investment Trusts (REITs)
- Review of provisions relating to Product Advisory Committee (PAC)
- Adoption of Standardised, Validated and Exclusive UPI IDs for Payment Collection by SEBI Registered Intermediaries from Investors
- Extension of timeline of additional liquidation period for VCFs migrating to SEBI (Alternative Investment Funds) Regulations, 2012
- Framework for Environment, Social and Governance (ESG) Debt Securities (other than green debt securities)
- Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Margin obligations to be given by way of Pledge/Re-pledge in the Depository System
- Investor Charter for Research Analysts
- Investor Charter for Investment Advisers
- The Depositor Education and Awareness (DEA) Fund Scheme, 2014 –Revised Operational Guidelines

- Review of Priority Sector Lending norms - Small Finance Banks
- Implementation of Section 51A of UAPA,1967: Updates to
- UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Addition of 01 Entry
- Reserve Bank of India (Project Finance) Directions, 2025
- Implementation of Section 51A of UAPA,1967: Updates to
- UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Removal of 01 Entry
- Review of instructions issued vide Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission
- Master Direction – Reserve Bank of India (Electronic Trading Platforms) Directions, 2025
- Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)
- Import of Shipping Vessel - Relaxation
- Stripping/Reconstitution in State Government Securities
- Reserve Bank of India (Know Your Customer (KYC)) (Amendment) Directions, 2025
- Updation/ Periodic Updation of KYC – Revised Instructions
- Inoperative Accounts/ Unclaimed Deposits in Banks - Revised Instructions (Amendment) 2025
- Basel III Capital Regulations - External Credit Assessment Institution (ECAI)
- Non-achievement of PSL targets – Prudential treatment of contribution towards eligible funds with NABARD, NHB, SIDBI and MUDRA Ltd.
- Large Exposures Framework – Amendment in the list of exempted exposures
- Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Sixth Amendment) Regulations, 2025
- Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025
- Maintenance of Cash Reserve Ratio (CRR)
- Penal Interest on shortfall in CRR and SLR requirements - Change in Bank Rate
- Review of Qualifying Assets Criteria
- Standing Liquidity Facility for Primary Dealers
- Liquidity Adjustment Facility - Change in rates

Other Highlights

- ❖ NEWS FROM THE INSTITUTE
- ❖ GST CORNER
- ❖ ETHICS IN PROFESSION
- ❖ CG CORNER
- ❖ MARITIME CORNER
- ❖ ESG CORNER
- ❖ MSME CORNER
- ❖ GIST OF ROC & RD ADJUDICATION ORDERS

1

ARTICLES



Articles Part - I

- GOOD AND SIMPLE TAX: CHALLENGES, HICCUPS AND SOLUTIONS

Articles Part - II

- GST AUDIT: MEANS TO COMPLIANCE AND GOVERNANCE
- GST AUDIT: MEANS TO COMPLIANCE AND GOVERNANCE
- AI IN AUDIT: DISRUPTION, DETECTION, AND DUE DILIGENCE IN THE AGE OF ALGORITHMS
- ESG AUDIT: CONCEPTS, GLOBAL PERSPECTIVES AND EMERGING TRENDS
- ARE FINANCIAL SHENANIGANS BECOMING THE TRIGGERS FOR IMPLEMENTATION OF FORENSIC AUDIT?
- ESG AUDIT : PLACING SUSTAINABILITY AT THE CENTRE OF CORPORATE GOVERNANCE
- THE ALGORITHMIC WITNESS: COMPANY SECRETARY AS ARCHITECT OF THE AI-POWERED AUDIT
- INTERNAL AND EXTERNAL AUDIT: THE DUAL PILLARS FORTIFYING CORPORATE GOVERNANCE IN A DYNAMIC ERA
- ESG AUDIT : PLACING SUSTAINABILITY AT THE CENTRE
- FORENSIC AUDIT AND ETHICAL GOVERNANCE: A GAME CHANGING SYNERGY
- AN ANALYSIS OF CONCURRENT AUDIT IN INDIA
- CONCURRENT AUDIT IN PUBLIC FINANCIAL MANAGEMENT: OBJECTIVES, SCOPE, AND GOVERNANCE FRAMEWORK

Articles Part - III

- NEED FOR STRENGTHENING THE IT GOVERNANCE FRAMEWORK IN BANKING SECTOR FOR ACHIEVING DIGITAL OPERATIONAL RESILIENCE
- TAXATION LAWS AND PRACTICING COMPANY SECRETARIES: EMBRACING EVOLVING ROLES AND EXPANDING OPPORTUNITIES
- EVOLVING ROLE OF COMPANY SECRETARIES IN ENSURING REGULATORY COMPLIANCE UNDER SEBI LODR REGULATIONS

Good and Simple Tax: Challenges, Hiccups and Solutions

This article delves into the journey of GST, examining initial hurdles encountered by businesses and its administration, analyzing implemented solutions, and assessing the path ahead. It highlights the transformation of GST towards a more streamlined system, despite ongoing challenges like rate rationalization and the exclusion of certain sectors, emphasizing the continuous collaborative efforts required for its complete realization.



CS Nitin Dabriwal, FCS

Dabriwal & Associates, Kolkata, West Bengal
dabriwalandassociates@gmail.com

INTRODUCTION

THE GRAND VISION OF “GOOD AND SIMPLE”

Prior to the advent of the Goods and Services Tax (GST), India's indirect tax landscape was a labyrinth of complexities, characterized by a multiplicity of levies such as Central Excise Duty, Service Tax, Value Added Tax (VAT) varying across states, Central Sales Tax (CST) on inter-state sales, octroi, entry tax, and various cesses. This fragmented system suffered from a severe cascading effect, where tax was levied on tax at every stage of the supply chain, significantly inflating the final price of goods and services. The absence of seamless Input Tax Credit (ITC) across different taxes and state borders stifled businesses, creating a fragmented national market riddled with check-posts, bureaucratic hurdles, and a cumbersome compliance burden of dealing with numerous tax authorities and varying regulations.

In this intricate environment, GST was envisioned as a monumental reform, promising a paradigm shift for various stakeholders:

- **Manufacturers** anticipated reduced production costs due to the elimination of cascading effects and streamlined inter-state movement.
- **Traders** looked forward to simplified compliances, abolition of CST, and access to a truly unified national market.
- **Consumers** were expected to benefit from transparent pricing and potential price reductions stemming from a more efficient tax structure.

- **The Government** aimed for a broader tax base, higher tax buoyancy, and enhanced compliance through a cleaner, more digitalized administration.

Globally, many large economies had already transitioned to Value Added Tax (VAT) or GST systems. However, India's journey was uniquely challenging given its vast federal structure, necessitating unprecedented consensus among diverse states, and its large informal sector, which posed significant hurdles in transitioning to a formal, digital tax regime.

The Goods and Services Tax (GST), heralded as independent India's most significant tax reform, commenced its journey on July 1, 2017. The very slogan “Good and Simple Tax” encapsulated the ambitious vision behind its introduction: to consolidate a plethora of central and state indirect taxes into a singular, unified levy. This transformative step aimed to eliminate the cascading effect of taxes, streamline supply chains, broaden the tax base, and foster a truly common national market. It was envisioned as a catalyst for economic growth, ease of doing business, and enhanced transparency in tax administration. For businesses, the promise was simplicity in compliance, a reduction in the multiplicity of forms and processes, and a more predictable tax environment. For consumers, it was expected to lead to a more equitable and transparent tax burden.

However, the transition from this vision to ground-level reality was, predictably, not without its complexities. Like any monumental reform impacting a diverse economy of India's scale, GST's initial years were marked by significant challenges, unexpected hiccups, and a continuous process of learning and adaptation. This article delves into the journey of GST, examining the initial hurdles encountered by businesses and the administration, analyzing the solutions that have been progressively implemented, and assessing the path ahead towards truly realizing its foundational promise of being “Good and Simple”. For Company Secretaries, understanding this evolution is not just about compliance, but about strategic advisory and ensuring robust corporate governance amidst an evolving tax landscape.

INITIAL CHALLENGES AND HICCUPS

The initial months and years of GST implementation were a steep learning curve for all stakeholders. The “simple” aspect of the tax proved to be particularly elusive due to a confluence of technological, conceptual, and administrative hurdles.

1. Technological Gaps and GSTN Strain

The Goods and Services Tax Network (GSTN) was the backbone of the new regime, designed to be the central IT infrastructure for registration, return filing, and payment. However, its nascent stages were plagued with significant performance issues:

- **System Glitches and Slowdowns:** Taxpayers frequently reported difficulties in logging in, uploading invoices, and filing returns, especially during peak periods. This led to immense frustration, missed deadlines, and a sense of anxiety among businesses. Persistent login failures and slow server responses were common, particularly during the last few days leading up to filing deadlines. Businesses often had to spend late nights or endure multiple attempts to simply access the portal. There was also an inability to upload invoices in bulk, frustrating businesses with high transaction volumes and forcing them to resort to manual entries or delayed filings.
- **Data Reconciliation Issues:** The core concept of seamless Input Tax Credit (ITC) flow relied heavily on robust invoice matching. However, discrepancies between GSTR-1 (supplier's sales) and GSTR-2A/2B (recipient's purchases) were rampant, leading to ITC blockages and working capital issues for businesses. Errors in auto-population of data in GSTR-2A led to discrepancies, severely hindering the promised seamless ITC flow. Many taxpayers reported that GSTR-2A data was incomplete, delayed, or incorrect, forcing them to reconcile manually or claim provisional credit at their own risk. The GSTR-2 and GSTR-3 returns, intended for detailed reconciliation, proved too complex and were eventually suspended.
- **User Interface Challenges:** The portal's user interface was initially not intuitive enough for a vast number of taxpayers, particularly MSMEs with limited digital literacy.

GST has played a pivotal role in the increased formalization of the Indian economy, bringing a significant portion of previously informal trade under the tax net, thereby broadening the tax base and improving transparency.

2. Complexity of Compliance and Frequent Changes

The promised simplicity was overshadowed by a high initial compliance burden:

- **Multiple Return Filings:** The initial requirement of filing GSTR-1, GSTR-2, GSTR-3 (and GSTR-3B for summary) monthly was onerous for many businesses. The sheer volume and detail required proved challenging.
- **Frequent Rule Changes and Notifications:** The GST Council, in its earnestness to address immediate issues, issued a flurry of notifications,

circulars, and clarifications. While necessary, this constant flux made it difficult for businesses and tax professionals to keep pace and implement changes effectively, leading to uncertainty.

- **Understanding New Concepts:** Concepts like Reverse Charge Mechanism (RCM) applicability, place of supply rules for services, and valuation rules for certain transactions proved intricate and prone to misinterpretation.

3. Input Tax Credit (ITC) Conundrums

The seamless flow of ITC was a cornerstone promise, but its implementation created significant liquidity and compliance challenges:

- **GSTR-2A/2B Discrepancies:** As mentioned, mismatches between supplier and recipient data led to legitimate ITC claims being denied or deferred, impacting cash flows.
- **Rule 36(4) Restrictions:** The introduction of restrictions on provisional ITC claims (e.g., limiting ITC to 105% or 100% of auto-populated GSTR-2A/2B) aimed at curbing fake invoices but penalized honest taxpayers due to supplier non-compliance. This rule, introduced in October 2019 and subsequently modified, significantly impacted businesses by restricting provisional ITC that could be claimed.
 - ◆ **Impact on Manufacturing and Construction:** Industries with long and often unorganized supply chains, such as manufacturing (e.g., auto components, textiles) and construction (e.g., sourcing materials from numerous small vendors), were severely hit. If their numerous small suppliers failed to file GSTR-1s on time or correctly, recipient manufacturers/contractors would see their eligible ITC blocked, leading to significant working capital blockages.
 - ◆ **Impact on Businesses with Unorganized Suppliers:** Any industry heavily reliant on unregistered or poorly compliant small suppliers faced challenges in ensuring their ITC was fully reflected in GSTR-2A. This forced businesses to chase suppliers, face ITC denials, or explore more expensive procurement channels.
 - ◆ **Impact on Businesses with Large Volumes of Transactions:** Companies with thousands of monthly purchase invoices found reconciliation under Rule 36(4) extremely arduous, leading to increased compliance costs and potential errors.

- **Refund Delays:** Businesses, especially exporters and those with inverted duty structures, faced considerable delays in processing GST refunds, leading to working capital blockages and increased compliance costs.

4. Classification Dilemmas and Litigation

The promise of “Good and Simple Tax” often hit a roadblock when it came to the practical application of classification, leading to numerous disputes that demanded clarity from Advance Ruling Authorities (ARAs) or even the higher courts.

- **HSN/SAC Code Issues: Disputes over Classification and Tax Rates**

The Harmonized System of Nomenclature (HSN) for goods and Service Accounting Codes (SAC) for services are the bedrock of GST classification, aiming for global standardization. However, their application in a diverse economy like India frequently led to interpretational challenges and direct disputes over applicable tax rates. A classic example is the classification of ‘flavoured milk’ – whether it’s plain milk (exempt or 0% GST) or a beverage containing milk (12% or 18% GST). This was a prominent dispute with conflicting rulings from various Advance Ruling Authorities. Similarly, for services, the distinction between “works contract” and pure “supply of services” created ambiguity, impacting the applicable GST rate and ITC implications. This often led to businesses seeking specific Advance Rulings, consuming significant time and resources, or facing potential litigation.

- **Definition Ambiguities: Fueling Confusion and Disputes**

Beyond classification, the nascent stages of GST also saw considerable confusion arising from the interpretation of fundamental definitions, which underpin the very levy of tax.

- a. **‘Supply’:** The definition of “supply” under Section 7 of the CGST Act, 2017 is extremely broad, often leading to debates. A significant dispute arose regarding the taxability of canteen services provided by employers to their employees. The Kerala AAR in the case of Caltech Polymers Pvt. Ltd. ruled that recovery of food expenses constituted a ‘supply’ under GST, making it taxable, even when companies merely recovered nominal charges without profit. This ruling highlighted how activities perceived as welfare measures could fall under the tax net if they involved a ‘consideration’. Another common area of ambiguity involved whether activities like “agreeing to tolerate an act” (e.g., liquidated damages for contract breaches, notice pay recovery from employees) amounted to a ‘supply’ of service.

- b. **‘Consideration’:** The concept of ‘consideration’ extends beyond monetary payments. Disputes emerged on how non-monetary transactions or adjustments would be treated. Barter transactions or supplies between related parties without immediate monetary exchange often required scrutiny to determine ‘deemed consideration’.
- c. **‘Recipient’:** Pinpointing the ‘recipient’ could also be complex, especially in tripartite agreements or complex supply chains involving intermediaries. Incorrect identification could lead to issues with place of supply and incorrect levy of CGST/SGST versus IGST.
- d. **‘Inter-state/Intra-state Supply’:** While seemingly straightforward, the determination of ‘Place of Supply’ (PoS) for certain services, particularly those delivered digitally or involving installation across state lines, posed significant challenges. For example, correctly determining the PoS for telecommunication services with customers across states, and thus applying IGST or CGST/SGST, became a recurring point of contention. Similarly, advertising campaigns running across multiple states often led to debates on the correct PoS.

GOVERNMENT’S RESPONSE AND STREAMLINING EFFORTS

Recognizing the initial hurdles and feedback from taxpayers, the GST Council and the government demonstrated a commendable willingness to adapt, simplify, and refine the GST regime. This iterative approach has been central to moving towards the “Good and Simple Tax” ideal.

1. **Technological Advancements and GSTN Stabilisation**
 - **Enhanced Server Capacity and Stability:** Significant investments were made to upgrade GSTN’s infrastructure, leading to improved uptime and reduced slowdowns, especially during peak filing periods.
 - **Introduction of E-invoicing:** Mandated for larger taxpayers and progressively expanded, e-invoicing has been a game-changer. It automates invoice data submission to GSTN, facilitates real-time data population in GSTR-1 and GSTR-2B, and largely addresses the ITC mismatch problem. This is a crucial step towards true seamlessness.
 - **E-way Bills:** The successful implementation of the e-way bill system for inter-state and increasingly intra-state movement of goods has ensured better tracking, reduced road blockages, and deterred tax evasion.

- **Offline Tools and Apps:** Development of various offline utilities to help taxpayers prepare returns even without continuous internet access, catering to businesses in remote areas.

2. Compliance Simplification and Rationalization

- **Rationalization of Return Forms:** The most significant simplification was the introduction of GSTR-3B, a summary return, which replaced the more complex GSTR-2 and GSTR-3. This greatly reduced the monthly compliance burden. The original GST return mechanism was designed with an ambitious three-return system and stringent invoice-matching. GSTR-1 was filed by the supplier, detailing outward supplies. GSTR-2 was the proposed inward supplies return, meant to be auto-populated from suppliers' GSTR-1s for reconciliation. If a supplier failed to file or made an error, the recipient's GSTR-2 would not reflect correct ITC, leading to denial of credit. The system relied on perfect and timely compliance from all entities. GSTR-3 was envisioned as a monthly summary auto-populating from GSTR-1 and GSTR-2. However, due to GSTR-2 glitches, GSTR-3 could not be operationalized. The reliance on perfect two-way matching led to the suspension of GSTR-2 and GSTR-3, resulting in the introduction of GSTR-3B as a temporary, summary-based self-declaration return, which has since become the staple.

- **Quarterly Filing with Monthly Payment (QRMP Scheme):** Introduced to ease the burden on small taxpayers (with turnover up to ₹ 5 crore), allowing them to file GSTR-1 and GSTR-3B quarterly while still paying taxes monthly. This significantly reduced the number of filings.

- **Annual Return (GSTR-9) and Reconciliation Statement (GSTR-9C) Streamlining:** The processes for annual returns were simplified, and for many taxpayers, the mandatory requirement of GSTR-9C certification by a Chartered Accountant or Cost Accountant was replaced with self-certification, reducing compliance costs.

- **Amnesty Schemes:** Periodically, the government has introduced amnesty schemes for past non-filers or those with pending compliances, encouraging broader tax base participation.

3. ITC Management and Refund Streamlining:

- **GSTR-2B Introduction:** A fixed, auto-drafted ITC statement (GSTR-2B) provides recipients with a clear picture of eligible ITC. This has brought much-needed certainty and reduced the reliance on real-time matching, aiding reconciliation.

- **Refund Process Automation:** The refund application process has been largely automated through the GSTN portal, leading to faster processing and disbursement of refunds, thereby easing liquidity issues for businesses, particularly exporters.

- **Clarifications and FAQs:** The government and GST Council have consistently issued clarifications, circulars, and FAQs to address ambiguities in law and procedure, leading to greater clarity for taxpayers.

4. Dispute Resolution and Anti-Evasion Measures

- **Establishment of Appellate Authorities:** The framework for appellate tribunals is being strengthened to expedite dispute resolution.

- **Data Analytics for Non-Compliance:** Tax authorities are leveraging data from e-invoicing, e-way bills, and various return filings, and are increasingly using data analytics to identify potential non-compliance and tax evasion, moving towards a more intelligence-driven enforcement rather than broad-brush audits.

- **Crackdown on Fake Invoicing:** Continuous efforts and technological interventions to identify and penalize entities involved in issuing fake invoices, which had previously plagued the ITC system.

OTHER CHALLENGES AND FUTURE PATH

Despite the significant strides made, the journey towards a truly "Good and Simple Tax" is ongoing. Certain inherent complexities and areas requiring further reform persist.

1. Rate Rationalization and Harmonization

- **Multi-Tiered Rate Structure:** India's GST has multiple tax slabs (0%, 5%, 12%, 18%, 28%, plus cess). While this caters to economic sensitivities, it adds complexity in classification and compliance compared to countries with 1-2 rates.

- **Debate on Ideal Structure:** The ongoing debate about merging rates (e.g., 12% and 18% into a single rate) aims to reduce complexity but faces challenges in revenue implications and impact on specific sectors.

- **Inclusion of Excluded Items:** Major sectors like petroleum products, alcohol for human consumption, and electricity currently remain outside the GST purview. Their inclusion would truly complete the "one nation, one tax" vision, eliminate residual cascading effects, and enhance the tax base, but faces significant political hurdles due to revenue implications for states.

2. Further Simplification for Small Businesses

- **Compliance Burden for MSMEs:** Even with QRMP, many small businesses find the monthly tax payment and quarterly return filing, coupled with annual compliances, daunting.

- **Access to Technology:** Digital literacy and access to necessary IT infrastructure remain challenging for very small businesses in remote areas, hindering seamless compliance.

- **Capacity Building:** There's a continuous need for education and handholding for MSMEs to navigate the digital compliance ecosystem effectively.

3. Strengthening Dispute Resolution Mechanism

- **GST Appellate Tribunals (GSTATs):** Despite legislative provisions, the establishment of GSTATs across India has been slow. Their full operationalization is crucial for speedy resolution of disputes and reducing the burden on High Courts.

- **Advance Ruling Authority (ARA):** While ARAs provide clarity, consistency in rulings across different states remains a concern, sometimes leading to conflicting interpretations.
- 4. **Evolving Compliance and Audit Landscape**
 - **Dynamic Nature of Law:** GST law continues to evolve, necessitating continuous learning and adaptation from businesses and professionals.
 - **Data-Driven Audits:** While beneficial for authorities, this means businesses need robust internal controls and meticulous record-keeping to withstand data-driven scrutiny.
 - **Challenges of Non-Compliance Detection:** Despite technology, instances of fake invoicing and fraudulent ITC claims persist, requiring continuous vigilance and technological upgrades from the administration.
- 5. **The Role of Company Secretaries in Future Simplification:**
 - **Advocacy:** CS professionals, through their representative bodies, have a vital role in advocating for further simplification and rationalization based on ground-level experience.
 - **Internal Process Optimization:** Guiding companies in leveraging technology (ERP integration, automation) to simplify internal GST processes and ensure audit readiness.
 - **Capacity Building:** Providing continuous education and training to internal teams on GST updates and best practices.
 - **Risk Mitigation:** Proactively identifying potential compliance gaps and advising the Board on mitigation strategies.

CONCLUSION: TOWARDS A MATURE AND SIMPLIFIED GST REGIME

The journey of the Goods and Services Tax (GST) in India has been a profound testament to both ambitious reform and adaptive governance. Since its inception in July 2017, GST has achieved its core mandate of eliminating the insidious cascading effect of taxes, a pervasive flaw in the prior fragmented indirect tax system. This singular reform has undeniably created a common national market, dismantling internal barriers and fostering a smoother flow of goods and services across state lines. Furthermore, GST has played a pivotal role in the increased formalization of the Indian economy, bringing a significant portion of previously informal trade under the tax net, thereby broadening the tax base and improving transparency. While the initial years were indeed marked by significant “hiccups” that challenged the “simple” promise – from technological teething issues and complex return filing to liquidity concerns due to ITC discrepancies – the continuous efforts of the GST Council and the government in technological advancements, procedural simplifications, and active stakeholder engagement have brought considerable maturity and predictability to the regime.

Today, GST stands as a far more streamlined system than its initial iteration. However, the pursuit of ultimate simplicity and efficacy remains an ongoing endeavor. Key areas for

future reform include rate rationalization to simplify the multi-tiered structure, the inclusion of currently excluded sectors like petroleum products and alcohol under the GST ambit to complete the unified vision, and the strengthening of dispute resolution mechanisms like the GST Appellate Tribunals to ensure quicker legal certainty. Achieving these next steps will require continued collaboration between the government, industry stakeholders, and tax professionals. It's this ongoing dialogue and collective effort that will truly hone GST into a “Good and Simple Tax” in its fullest sense.

For Company Secretaries, the evolving GST landscape represents a dynamic arena for strategic contribution. Beyond ensuring mere compliance, their expertise in governance, risk management, and legal advisory is invaluable in navigating the complexities, leveraging technological solutions, and championing best practices. As India progresses, the ‘Good and Simple Tax’ will continue to evolve, demanding informed adaptability and proactive engagement from professionals at the forefront of corporate governance. The Company Secretary, therefore, emerges not just as a compliance guardian but as an indispensable strategic partner, uniquely positioned to drive their organizations towards robust governance, greater efficiency, and sustainable success within this ever-evolving tax ecosystem.

REFERENCES:

- <https://digitalcommons.du.edu/irbe/vol4/iss2/62/>
- <https://piceapp.com/blogs/reasons-for-implementation-of-gst/>
- <https://www.icicprulife.com/insurance-library/income-tax/what-is-gst.html#:~:text=GST%20Eliminates%20Tax%20Cascading&Implementing%20a%20uniform%20tax%20across,by%20both%20businesses%20and%20consumers.>
- <https://cleartax.in/s/impact-of-gst-on-indian-economy>
- <https://cleartax.in/s/common-errors-filing-gst-returns>
- <https://cleartax.in/s/gst-input-tax-credit>
- <https://authbridge.com/knowledge-centre/insights/gstr-2-vs-gstr-2b-explained>
- <https://cleartax.in/s/details-mentioned-form-gstr-3b>
- [https://tutorial.gst.gov.in/userguide/returns/FAQs_change_profile.htm#:~:text=Quarterly%20Returns%20with%20Monthly%20Payment%20\(QRMP\)%20Scheme%20is%20for%20eligible,returns%20on%20quarterly%20basis%2C%20while](https://tutorial.gst.gov.in/userguide/returns/FAQs_change_profile.htm#:~:text=Quarterly%20Returns%20with%20Monthly%20Payment%20(QRMP)%20Scheme%20is%20for%20eligible,returns%20on%20quarterly%20basis%2C%20while)
- <https://cleartax.in/s/gst-amnesty-scheme>
- <https://cleartax.in/s/gst-payments-and-refunds>
- <https://www.taxmann.com/post/blog/analysis-of-circulars-issued-post-53rd-gst-council-meeting>
- <https://cleartax.in/s/gst-structure-india>
- <https://www.iifl.com/knowledge-center/msme/msme-compliance-requirements>
- <https://wepsol.com/gst-appellate-tribunal-composition-procedures-impact/#:~:text=The%20primary%20purpose%20of%20establishing,the%20quicker%20resolution%20of%20cases.>
- <https://authbridge.com/knowledge-centre/glossary/gst-practitioner>
- <https://www.mygstzone.com/the-impact-of-limited-gst-knowledge-on-business-growth/#:~:text=Businesses%20can%20improve%20GST%20awareness,to%20online%20resources%2C%20encouraging%20discussions>

GST Audit: Means to Compliance and Governance

The implementation of the Goods and Services Tax (GST) marked a significant shift in India's indirect taxation system, aimed at creating a unified market and improving tax transparency. Among the various mechanisms designed to ensure the efficiency and accountability of this system, the GST Audit stands out as a critical instrument of compliance and governance.



CS Mythily R, ACS

Dindigul, Tamil Nadu
mythily06unique@gmail.com

INTRODUCTION

A GST Audit is an examination of a taxpayer's records, returns and financial data to verify that:

- turnover and tax liabilities are accurately reported,
- input tax credit (ITC) is legitimately claimed.
- refunds are justly availed, and
- the taxpayer adheres to the GST law.

TYPES OF GST AUDITS

1. Departmental Audit (Section 65)

Conducted by the tax authorities to ensure compliance with GST laws and rules. It involves scrutiny of returns and records maintained by the taxpayer.

2. Special Audit (Section 66)

Ordered by the Commissioner when the complexity of the case warrants detailed scrutiny.

Note: The turnover-based audit under Section 35(5), which required businesses with turnover above ₹2 crore to get audited by a professional, has been omitted from FY 2020–21 onwards to reduce compliance burden.

ACCOUNTS AND RECORDS TO BE REVIEWED BY GST AUDITOR

1. GST Returns Filed

- GSTR-1 (Outward supplies).
- GSTR-3B (Monthly summary return).

- GSTR-9 (Annual return).
- GSTR-9C (Reconciliation statement with certification).

2. Books of Accounts

Maintained under Rule 56 of CGST Rules, including:

- Sales register (outward supplies).
- Purchase register (inward supplies).
- Input tax credit (ITC) ledger.
- Output tax liability register.
- Stock register.
- Expense ledger.
- Journal entries and general ledger.
- Cash book and bank book.

3. Tax Invoices and Documents

- Sales and purchase invoices.
- Debit and credit notes.
- Delivery challans.
- Bill of supply (if applicable).

4. Reconciliation Statements

- Reconciliation of turnover declared in financial statements vs. GST returns.
- Reconciliation of ITC claimed in returns vs. books of accounts.
- Reconciliation between GSTR-1, GSTR-3B, and GSTR-9.

5. E-Way Bills and Transport Records

- To verify compliance for movement of goods.

6. Payment Records

- Challans for tax payments (Form GST PMT-06).
- Interest and penalty payments, if any.

7. Registration Documents

- GST registration certificate.
- Amendments to GST registration (if any).

8. Other Statutory Records

- Audited financial statements.
- Tax audit report under Income Tax Act (if applicable).
- Records relating to job work, branch transfers, and exports/imports.

- Purpose: Consolidated return for the financial year (summary of outward/inward supplies, tax paid, ITC, etc.).
- Due date: 31st December following the end of the financial year.

TYPICAL AREAS WHERE COMMENTS BY GST AUDITOR ARE REQUIRED OR REVIEWED

1. Turnover Reconciliation (Table 5 of GSTR-9C)

Auditor's Comments:

- Differences between audited financial statements and turnover declared in GSTR-9.
- Reasons such as non-GST income, accounting classification differences, or unbilled revenue.

Example:

"The difference of ₹2,50,000 is due to interest income not liable to GST and hence excluded in GSTR-9."

2. Tax Paid vs. Tax Payable (Table 9 of GSTR-9C)

Auditor's Comments:

- Short or excess payment of tax.
- Tax paid under wrong head (CGST vs SGST vs IGST).
- Late fee or interest omitted.

Example:

"IGST of ₹15,000 was wrongly paid as CGST and SGST in GSTR-3B. This has been rectified via DRC-03."

3. Input Tax Credit (ITC) Reconciliation (Table 12 & 13 of GSTR-9C)

Auditor's Comments:

- ITC as per books vs ITC claimed in GSTR-3B.
- Ineligible or excess ITC availed.
- Reversal of ITC not done.

Example:

"ITC of ₹10,000 related to personal expenses was erroneously claimed and has been reversed voluntarily."

GST Audit is a strategic tool that reinforces good governance, promotes tax discipline, and fosters a fair and efficient tax environment for businesses and the nation alike.

2. GSTR-9C – Reconciliation Statement & Auditor's Certificate

- Who files: Taxpayers with aggregate turnover above ₹5 crore in a financial year (as per recent thresholds, subject to notification).
- Purpose:
 - Reconciliation between audited annual accounts and GSTR-9.
 - Disclosure of additional liabilities (if any).
 - Includes Part A (Reconciliation) and Part B (Certification).

Note: If turnover is below ₹5 crore, GSTR-9C is not required unless notified otherwise.

3. DRC-03 – Voluntary Tax Payment Form

- Purpose: Used to make voluntary payment of additional tax, interest, or penalty found during audit or self-assessment.
- Commonly used when: Discrepancies are found during audit or reconciliation process.

4. ADT-01 – Notice for Conduct of Audit

- Issued by: GST Department.
- Purpose: If audit is initiated by the tax authorities under Section 65, they issue this form to notify the registered person.

5. ADT-02 – Audit Report by Tax Authorities

- Issued by: GST Department.
- Purpose: Used to communicate the findings of the audit conducted under Section 65.

GST AUDIT AS A COMPLIANCE TOOL

The Goods and Services Tax (GST) is not just a taxation system—it also acts as a powerful compliance tool that helps streamline tax administration, enhance transparency, and reduce tax evasion.

1. Ensures Accuracy in Tax Reporting

One of the primary goals of a GST audit is to confirm that businesses are accurately reporting their taxable transactions. This includes validating the turnover

GST AUDIT RELATED FORMS

1. GSTR-9 – Annual Return

- Who files: Regular taxpayers (not composition scheme).

declared, reconciling GST returns with books of accounts, and ensuring that tax liabilities are correctly calculated and discharged.

2. Deters Tax Evasion

By making audits a regular feature of the GST regime, authorities create a deterrent against deliberate tax evasion. The possibility of being audited encourages businesses to be diligent and honest in their filings.

3. Validates Input Tax Credit (ITC)

The audit checks whether the taxpayer has rightfully claimed input tax credit. It ensures that the ITC availed matches the purchases reported and complies with the conditions laid down in the GST law, thereby minimizing the risk of fraudulent claims.

4. Identifies Procedural Errors

Often, businesses may commit unintentional errors such as incorrect invoicing, late filing of returns, or non-maintenance of records. Audits help in detecting these issues and guide corrective actions, promoting procedural compliance.

5. Unified Tax System

- Pre-GST: Multiple taxes (excise, VAT, service tax) led to cascading and compliance confusion.
- Post-GST: A single tax structure for goods and services simplifies compliance and reporting.

6. Real-Time Invoice Matching and Return Filing

- Returns like GSTR-1, GSTR-2B, and GSTR-3B enable:
 - ♦ Cross-verification of supplier and buyer data.
 - ♦ Automated matching of outward and inward supplies.
 - ♦ Detection of discrepancies and mismatches early.

7. E-Way Bill and E-Invoicing

- E-Way Bill: Mandatory for transport of goods beyond threshold limit; ensures monitoring of goods movement.
- E-Invoicing: Real-time reporting to GST portal; makes invoices traceable and uniform.

8. Mandatory Timely Filing

- Late returns attract interest and penalties.
- Non-filing leads to blocking of ITC, and even cancellation of GST registration.
- Strict timelines for:

- ♦ Monthly/quarterly returns.
- ♦ Annual returns and reconciliation.

9. Reconciliation and Audit Requirements

- GSTR-9 and GSTR-9C enforce annual self-checking and third-party audits.
- Ensures that taxpayers reconcile books and returns, identifying gaps and errors.

10. Registration and Compliance Tracking

- Centralized database for taxpayer details.
- Every business gets a unique GSTIN, facilitating:
 - ♦ Uniform compliance norms across India.
 - ♦ Easy tracking of defaults and behavior patterns.

11. Data Analytics and AI by GSTN

- The GST Network (GSTN) uses AI and analytics to:
 - ♦ Detect fraud.
 - ♦ Identify high-risk taxpayers.
 - ♦ Auto-generate notices based on inconsistencies.

GST promotes compliance through a self-regulating ecosystem where:

- all parties are digitally linked.
- transactions are traceable, and
- benefits (like ITC) are tied directly to following the rules.

GST AUDIT AS A GOVERNANCE MECHANISM

A GST audit is not just a statutory requirement—it plays a critical role as a governance mechanism to enhance accountability, transparency, and trust in the indirect tax ecosystem.

1. Ensures Transparency in Tax Compliance

- a. Reconciles financial books with GST returns (via GSTR-9C).
- b. Identifies:
 - Underreporting or overreporting of turnover.
 - Mismatches in Input Tax Credit (ITC).
- c. Mandates detailed disclosures, improving financial accountability.

Promotes openness and full disclosure of tax-related practices.

2. Data-Driven Monitoring

- a. Audit supports governance by generating structured data:
 - Reconciliations.
 - Tax gaps.
 - Risk areas.
- b. This data feeds into government analytics for policy and enforcement improvements.

3. Detects and Deters Tax Evasion

- Identifies errors, frauds, and willful misreporting.
- Recommends voluntary tax payments (via DRC-03) or flags for departmental action.

Acts as a deterrent mechanism for willful defaulters.

4. Strengthens Internal Controls

- a. Audits help businesses:
 - Assess and improve internal systems.
 - Fix procedural or documentation lapses.
- b. Encourages proactive compliance and better governance at the entity level.

5. Improves Public Revenue Management

- a. Accurate audits ensure the correct amount of tax is reported and collected, improving:
 - Government cash flows.
 - Budget forecasting.
 - Trust in public financial management systems.

6. Supports Policy and Regulatory Feedback

- a. Audit findings reveal systemic issues or policy bottlenecks.
- b. Helps government refine:
 - Tax laws.
 - Compliance procedures.
 - IT systems (like GSTN, GSTR forms).

7. Promotes Transparency and Trust

Audits bring transparency to tax administration. A uniform audit process builds taxpayer confidence and fosters a sense of fairness, thus strengthening the relationship between the state and the taxpayer.

8. Encourages Better Internal Controls

The prospect of an audit prompts businesses to adopt robust internal accounting systems, maintain documentation, and adhere to compliance timelines. This results in better overall governance within organizations.

9. Informs Policy Making

Insights from GST audits help tax authorities understand sector-wise trends, identify systemic issues, and evaluate the impact of policy decisions. This evidence-based feedback loop aids in refining GST regulations and procedures.

10. Enhances Revenue Collection

By ensuring that taxes are correctly paid and reducing instances of tax leakage, audits contribute to increasing government revenue. They help in close the compliance gap and improve fiscal discipline.

CHALLENGES IN GST AUDITING**1. Frequent Changes in GST Law and Rules**

- Continuous amendments, notifications, and circulars lead to interpretation difficulties.
- Auditors must stay updated with latest provisions, which can affect audit consistency.

Example: Changing rules on e-invoicing thresholds or ITC eligibility.

2. Complex Return Structure and Reconciliation Issues

- Multiple returns (GSTR-1, GSTR-3B, GSTR-9, GSTR-9C) require extensive reconciliation.
- Data mismatches between books and portal create audit complexity.

Example: Turnover as per books ≠ Turnover in GSTR-1 due to timing differences or omitted invoices.

3. Inadequate Record Keeping by Taxpayers

- Many businesses fail to maintain:
 - ♦ Proper stock registers.
 - ♦ Vendor-wise ITC records.
 - ♦ Transport/E-way bill data.
- Lack of documentation complicates verification and audit accuracy.

4. IT System Limitations

- Portal glitches, slow response times, and inconsistent auto-populated data impact:

- ♦ Filing accuracy.
- ♦ Audit reconciliation.
- ♦ Data extraction and analysis.

Example: Incomplete auto-drafted GSTR-2B causing ITC mismatch issues.

5. Understanding Place of Supply and Tax Jurisdiction

- Misclassification between inter-state (IGST) and intra-state (CGST+SGST) supplies.
- Errors in place of supply lead to wrong tax payments, difficult to rectify.

6. Complex Business Models and Transactions

- Auditing businesses with:
 - ♦ Multiple GSTINs (across states).
 - ♦ Branch transfers.
 - ♦ Exports, SEZ, job work.
- These require detailed transaction tracking and nuanced tax treatment.

7. Incorrect or Ineligible Input Tax Credit (ITC)

- Businesses often:
 - ♦ Claim ITC without fulfilling conditions (e.g., receipt of goods/services, vendor non-compliance).
 - ♦ Fail to reverse ITC for exempted supplies, personal use, or non-payment within 180 days.

8. Ambiguity in Valuation and Discounts

- Trade discounts, free supplies, and related party transactions may be misinterpreted for GST value computation.
- Requires careful examination of contracts and invoices.

9. Coordination with Multiple Departments/Branches

- GST audits often require data from finance, sales, purchase, legal, and IT departments.
- Poor coordination delays audit and affects completeness.

10. Time and Resource Constraints

- High volume of transactions, short audit timelines (especially during annual return season), and limited qualified manpower can impact audit quality.

11. Mitigation Tips:

- Use audit software or data analytics tools.
- Train staff regularly on latest GST changes.
- Prepare a pre-audit checklist.
- Engage in interim audits or mock reconciliations.

CONCLUSION

The GST audit is a cornerstone of India's indirect tax framework. While its primary function is to ensure compliance, it also plays a broader role in establishing good governance, fostering trust, and enhancing the credibility of the tax system. For businesses, audits offer an opportunity to strengthen internal controls and demonstrate transparency, while for the government, they serve as a vital tool for policy enforcement and revenue assurance.

From a compliance perspective, it strengthens the GST ecosystem by:

- validating tax filings with financial records,
- detecting errors, fraud, and tax evasion,
- ensuring appropriate availing and utilization of Input Tax Credit (ITC), and
- encouraging businesses to adopt better internal controls and documentation practices.

From a governance standpoint, it:

- builds taxpayer credibility through independent certification,
- enhances the transparency of financial and tax data,
- enables data-driven policy decisions by the government, and
- supports the creation of a self-regulating, accountable tax culture.

In essence, GST audit is not just a statutory obligation—it is a strategic tool that reinforces good governance, promotes tax discipline, and fosters a fair and efficient tax environment for businesses and the nation alike.

REFERENCES:

- GST Assessments and Audits – Untangling complexities by CA Jigar Doshi and CA Nikita Maheshwari.*
- Handbook on GST Audit by Tax Authorities.*
- Model All India GST Audit Manual by Committee of Officers on GST Audits.*

□

GST Audit: Means to Compliance and Governance

This article delves into the pivotal role that Company Secretaries both in profession and in practice can play in ensuring appropriate compliances under Central Goods and Services Tax Act, 2017 (CGST) and adhere to the rules, thereby facilitating seamless operations for the Organisations. Drawing from over 12 years of professional experience, the discussion encompasses importance and background of the compliances under GST along with the technology trends, audits and litigations flow, more focus areas for organisations and the value that we can bring to businesses by navigating the complexities.



CS Sambamoorthy CR, ACS

Deputy General Manager - Indirect Taxation
Redington Limited, Chennai
cs.sambamoorthy@gmail.com

INTRODUCTION

India is the world's fastest-growing economy, creating a wealth of opportunity both for Indian and international entrepreneurs and investors.¹

This article delves into the pivotal role that Company Secretaries (CS) both in profession and in practice can play in ensuring appropriate compliances under Central Goods and Services Tax Act, 2017 (CGST) and adhere to the rules, thereby facilitating seamless operations for the Organisations.

Drawing from over 12 years of my professional experience, the discussion encompasses importance and background of the compliances under GST along with the technology trends, audits and litigation flow, more focus areas for organisations and the value that CS can bring to businesses by navigating the complexities.

BACKGROUND OF GST IN INDIA

India has a well-developed and balanced tax structure between the Central and State under Indirect tax system:

- **Central Government** levies taxes such as Customs duties, Central Excise and erstwhile Service tax.
- **State Governments** levy Value Added Tax (VAT), State Excise.

If you look back, the Indian taxation system has undergone various trade reforms in last 15 years. Tax rates on various products have undergone changes on the basis

of recommendations, individual earnings have been rationalized, and the laws have been revisited and simplified resulting in ease of doing business and ensured adequate compliances for better enforcement.

With the introduction of GST which is one of the biggest tax reforms in the indirect taxation landscape with a vision of **"One Nation, One Tax, One Market"** thereby bringing together all the States and Union Territories under a single tax umbrella. As the law completes 8 years in July 2025 and marching towards the ninth year of its implementation, GST law is shaping India's vision as it is not just a tax reform, but a bold step towards economic transformation.

It is imperative to note that alongside of *"One Nation, One Tax, One Market"*; we have also witnessed 55 GST council meetings and its outcomes, 480+ notifications, 550+ rate notifications (*approx. 185+ under each head*), 240+ circulars which signifies both from the Government and the taxpayers to apply them in their day-to-day transactions. This also reflects the importance of proper compliance, appropriate implementation, and effective Governance under GST. Hence, we can say the term **"Compliance and Governance"** gains more importance under the GST regime.

IMPORTANCE OF COMPLIANCE

Compliance refers to adhering the regulations and requirements set forth under any legislature. Under GST, it involves accurate preparation and filing of returns, ensuring the applicable tax payments, maintaining proper records, reports and invoice copies to prove the claims prescribed in the GST.

Compliance has become a crucial factor for businesses to avoid heavy penalties, maintaining credibility, and ensuring smooth operations.

In the inaugural month of GST, July 2017, monthly collections reached INR 92,200 crore². The average GST collection for the FY 2024-25 ending March 2025 is INR 1.49 lakh crore marking 8.79% increase when compared with March 2024. This shows the steady growth in the expansion of the registered taxpayers and the transactions that takes up in the market across India and more importantly, all such registered taxpayers are ensuring their compliances on time.

¹ <https://www.moneymakers.com/india-the-land-of-opportunity-10-sectors-to-monitor/>

² <https://www.pib.gov.in/PressReleasePage.aspx%3FPRID%3D2016802>

With the increased number of registered taxpayers and increased volume in the monthly compliances, it would be difficult for the GST departments to validate, scrutinise, and call for the clarifications. In this background, Central Board of Indirect Taxes and Customs (CBIC) has rolled out a flagship data analytics project in 2021 named **ADVAIT** (*Advanced Analytics in Indirect Taxes*) which uses capabilities of big data and Artificial Intelligence in analysing the compliance forms, and creates trend analysis of the taxpayers across India. These data and details are being relied upon by the department to initiate audits, assessments and litigation. Due to this increased scrutiny, compliance have become more complex and time consuming in the hands of taxpayers/organisations. To handle the monthly and annual compliances organisations are relying on the technological evolution / tools so that focus is more towards understanding the transactions before reporting.

With several measures introduced in 2025 to strengthen GST Compliance such as Mandatory multi-factor authentication (MFA), Invoice Management System (IMS) also termed as Invoice Matching System, restrictions on E-invoice generations, E-invoice threshold compliance, HSN code reporting etc., clearly shows that the compliance base is being widened.

On an average, GSTN has been releasing one or the other new compliance checks on the Taxpayers be it from introduction of GSTR 2A in 2019 followed by GSTR 2B in 2020, then changes in reporting of form GSTR 3B in 2022, introduction of electronic credit reversal statement in 2023, optional IMS system from 2024 and finally with Input Service Distribution (ISD) from 2025.

This gives a clear picture under GST that Compliances are going to be the crucial in determining the future cash flows, contingencies for any organisation, proprietor, or any taxpayer who is registered under GST.

As per the recent study³, India spends an average of 252 hours per year towards the tax filing procedures which equates to an hour per day (*excluding the weekends and public holidays*) and also spends 49.3% of its time towards post filing activities. However, in reality, the number of hours spent towards compliance is even more than that depending on the size of the Organisation. In contrast, China spends around 35 hours per year towards its compliance process.

Like in China, with the introduction of technology in the field of GST, the tax filing hours can be limited with the help of enabling tax tools used in the compliance. With that, any number of forms introduced to the taxpayers under GST can be suitably complied and filed with the authorities.

GST AUDIT REQUIREMENT

“Audit” highlights the role and importance of ensuring proper adherence to tax laws and promoting effective corporate governance. It implies that conducting audits under the framework serves as a tool to verify compliance with GST regulations, detect discrepancies, if any, and maintain transparency within organizations.

Additionally, it underscores the importance of audits in fostering accountability and strengthening governance practices, which are essential for the smooth functioning of businesses and the broader economy.

Under the provisions of Central Goods and Services Tax Act, 2017 (CGST) the Audit conducted by Tax authorities and the Special audit is prescribed in Section 65 and Section 66 of the Central Goods and Services Tax Act, 2017 (CGST).

Tax authorities conduct the audit through its authorised officers to whom Commissioner delegates the powers. There is no turnover limit for this audit. Every registered person should undergo this.

GST Department has relied heavily on the technology and transformed themselves into the actions such as sending communications, daily tasks, information access etc. which are being filed by the Company/ taxpayers.

On the other hand, Special audit is something which is conducted by Chartered Accountant/Cost and Management Accountant, basis the order of the officer (not below the rank of Assistant Commissioner).

At the time of GST law introduction, there was another type of audit named “Turnover based” audit under Section 35(5). However, such concept has been omitted subsequently with retrospective effect from July 2017.

As per Section 59 of the Central Goods and Services Tax Act, 2017 (CGST) the taxpayer must calculate and self-assess the taxes and report the same in GST returns. The department has the role of validating such tax payments.

Further, Section 61 of the Central Goods and Services Tax Act, 2017 (CGST) provides power to the tax authority to analyse, scrutinize and review the GST returns filed along with related information and take/initiate actions suitably when they find any discrepancy. Basis the intimation of such discrepancies by tax authorities, the taxpayers are bound to provide acceptable explanation or resolves the issues within prescribed time as per the notice.

In case of any failure in response by the taxpayer, the tax authority can initiate appropriate actions, such as initiating audit under Section 65, special audit under Section 66, Inspection under Section 67, or issuance of show cause notice under Section 73 or 74.

The following are the key areas checked during GST Audit:

- Understanding the business model.
- Reconciliation of GST returns between GSTR-1, GSTR-3B, GSTR-9 and GSTR-9C.

³ Tax Technology & GST: 2017 TO 2047 conducted by Tax Sutra

GST Audit: Means to Compliance and Governance

- GST Input tax credit claimed by the taxpayer vs. the details reported by supplier in GSTR-2A/2B.
- Eligible input tax credit claim and ineligible input tax credit claim.
- Compliance and reconciliation between E-way bill & E-invoice.
- Reverse charge payments, tax payments, delay in tax payments, short payments etc., if any.
- Time of Supply and Place of Supply issues.
- Lawful Refund claims with adequate backup documents.

Considering that the tax authority has various process and procedures / methods to assess the tax payment made by the taxpayers, it is important that the taxpayer should also enable themselves in a more pro-active manner to face such audits and compliance scrutiny.

GOVERNANCE THROUGH AUDITS

The Director General of GST Intelligence (DGGI) plays a key role in governance and is expected to intensify scrutiny on GST Compliance, targeting considerable risk areas to prevent revenue leakage and also with an objective to curb tax evasions.

The Major risk areas for audits and investigations are:

- **Export-Related**

Recently, various Export refund claims were being scrutinised. It starts with fake Letters of Undertaking (LUT), meeting the export obligations to claim zero tax benefit, etc., It becomes important for the department to ensure that only eligible taxpayers with genuine export transactions avails refund claims. Authorities may closely examine export invoices to detect overvaluation of goods or services aimed at fraudulently claiming higher GST refunds, particularly in high-risk sectors prone to such manipulation.

- **Issues specific to certain sectors**

DGGI may likely to maintain its focus on sectors, such as start-up's, new tech-based business, construction, and real estate, OIDAR transactions, etc., Owing to new business models that comes up, it is challenging for the department to analyse that the said model adopted by the taxpayers are tax complied.

- **Input Tax Credit (ITC) Mismatches and Fraudulent Claims**

DGGI may also intensify its focus on ITC mismatches and fraudulent claims by leveraging the advanced data analytics available with them. Recently in Bengaluru and in Delhi, the GST department has unearthed huge tax fraud in connection fake ITC claims (*invoices without actual supply*), wrongful availment or non-reversal of credit (*ineligible items, blocked credits, or unreversed ITC for lost/stolen goods or unpaid invoices beyond 180 days*). Further, vendor compliance, prompt

filing of returns by suppliers, corresponding tax payment, etc., are given equal importance while governing the compliances.

- **Reconciliation of Returns with Books of Accounts**

The Gap between the outward supplies declared in GSTR-1 and GSTR-3B, GSTR 1 and E-invoice generated, GSTR 1 with E-way bills generated, GST Returns with the books of accounts are potentially triggering areas of audits in the recent times.

Apart from the above, it is important to note that Securities Exchange Board of India (SEBI) has amended quarterly corporate governance disclosure requirements vide **circular dated December 31, 2024** wherein, it is requested to provide the details of the turnover reported by the listed companies under Income tax Act, 1961 (in Income tax returns) and under GST (in annual filings).

Through this we can infer that the inter-departmental communications gains weightage and importance which shall be used as a base for audits in future.

BEST PRACTICES FOR BUSINESS & TAXPAYERS

In order to stay compliant and vigilant, a proactive approach with automated process and key tax positions should be enabled by the Companies/taxpayers to face such audits/assessments under GST.

The following are the key action points which companies can concentrate on:

- **Regularly reconcile GSTR-1, GSTR-3B, and books of accounts**

It is expected and recommended that the taxpayer/companies should give importance to regular reconciliation of the books with GST filings. The gaps, if any identified should immediately be reported and tax to that extent shall be paid to avoid interest implications. The Company/taxpayer shall also implement robust reconciliation process through various tools / platforms. Such regular reconciliations shall instill in the Companies/taxpayers a confidence to face the audits assessments.

- **Ensure vendor compliance to avoid ITC disallowance**

As per the provisions of Section 155 of the CGST Act, 2017, the burden of proving the claim of eligible input tax credit lies on such person who claims the Input tax Credit (i.e., recipient of goods/services).

There are various provisions under GST which shall make the availed ITC as ineligible. In addition to the prudent compliance carried out by the Company/taxpayers, it is equally important to ensure the compliance of the vendors who has supplied goods/services to the Company/taxpayers which avails ITC.

- **Adopt internal audit mechanisms**

For the listed Companies, the Internal auditor appointment is mandatory and hence they may have inhouse internal auditors. For other companies be it a private company, LLP, sole proprietor etc., the issue of adopting effective internal control mechanism is challenge.

The Company/taxpayer should enable the process as follows:

- a. Identify the problems.
- b. Criteria on which the problems are based upon.
- c. Identify the reason behind the occurrence of the problem.
- d. Analyse the consequences.
- e. Take corrective measures.
- f. Enable control process for the identified problems.
- g. Adopt the suggested opinion in the process flow to ease the problem.
- h. Review the process every quarter.

- **Stay updated with GST Updates**

GST Department, CBIC and GST Council regularly interact and communicate various circulars and notifications towards clarifying and implementing the law in a prudent manner. It is important for taxpayers to stay updated on such communications. It is also important to track the sector specific judgments pronounced by Hon'ble High Courts of different States and by Hon'ble Supreme Court which shall be applied and relied in specific business and would help the Companies in adopting/revisiting its tax positions.

Accordingly, it is recommended to enrol themselves with various third-party portals where periodical updates are being sent.

- **Enabling / relying on the technology**

GST Department has relied heavily on the technology and transformed themselves into the actions such as sending communications, daily tasks, information access etc. which are being filed by the Company/taxpayers.

The time has come that the Company should get involved in streamlining themselves with the compliances using the technology advancements. This will save the time of the Company/taxpayer during assessments/audit and also enable the Company to confidently face the litigation.

OPPORTUNITIES FOR COMPANY SECRETARIES

Company Secretaries (CS including PCS) are independent professionals governed by the body governed by the Code of Conduct provided in the Company Secretaries Act, 1980.

CS professionals who are well-versed with the interpretation of Laws, Acts, Statutes, Rules and various other Legislations in India, with such skillsets Company Secretaries are well equipped to take up GST as an area of profession.

The following key areas where CS, professionals can excel themselves:

- **GST Planning and Advisory** – CS Professionals are highly capable of interpreting the law including GST and provide thorough guidance and can serve as advisors to the business entities. CS are more equipped for the advisory role basis the knowledge of

laws and effective communication skills. Further, CS are competent to understand the impact of laws and its alternatives/relevance which can help the business in proper tax planning under GST.

- **Operational and Procedural Compliances** – GST laws have various operational and procedural based compliances. In case if we want to equate, right from incorporation to closure of business, Company Secretaries play a vital role in the journey of the organisation, likewise from inception of the business operations i.e., GST registration, GST return preparation and filings, payments of taxes, assessment etc., CS have ample opportunities to engage ourselves. Being recognised as Compliance officers under various other laws, CS can assist the Companies/ Taxpayers under GST law as well.
- **Tax Process and implementation** – Any business shall have their own process of implementing their model (be it goods or services) and follow a method to run the daily show. We can get involved with the taxpayers right from the time of incorporation and understand the needs of the business and suitably support them with implementing the tax process and procedures which is an add-on value for the profession.
- **Representation and Appellate Works** – As CS are recognised compliance officers, they can provide the service of representation with the help of various trade bodies, and represent the Ministry and the Government departments on the basis of their practical exposure. As CS, they have the legal blend of mind through which they can contribute better services in appellate forum and support the organisations/taxpayers/businesses in audit, assessments and in litigation.

CONCLUSION

CS Professionals are playing a pivotal role in corporate management. Various State Governments have recognized the importance of the role being played by the CS Professionals and authorize us to do various compliance related activities and also enable us to appear before the Appellate Authority as the Authorized Representative.

Further to strengthen CS position, the New Income tax Bill 2025 has recognised "CS" professionals as "Accountant" thereby enabling them to take up Tax Audit under Income tax Act.

With the ample of requirements, changes in laws and with various dimensions of competency, CS can look forward to GST as an area of opportunity.

REFERENCES:

- i. <https://www.moneymakers.com/india-the-land-of-opportunity-10-sectors-to-monitor/>
- ii. <https://www.hciseychelles.gov.in/taxation-system-in-india.php>
- iii. *Tax Technology & GST: 2017 TO 2047 conducted by Tax Sutra*



AI in Audit: Disruption, Detection, and Due Diligence in the Age of Algorithms

As artificial intelligence shifts audit from hindsight to foresight, Company Secretaries (CS) aren't just navigating laws—they are interpreting logic, engineering trust, and safeguarding the invisible architectures of data ethics. The profession is not being disrupted; it's being redefined—and in 2025, Practicing Company Secretaries (PCSs) and professionals stand not at the edge of innovation, but at its ethical core.



CS Aditi Maheshwari, ACS

Blogger with The Times of India,
Bhopal
Snowwhiteaditi@gmail.com

INTRODUCTION: REIMAGINING AUDIT IN THE AGE OF COGNITION

The audit room is no longer dimly lit with files and fluorescent lights—it hums with neural networks and predictive heatmaps. In today's India, the auditor's pen has morphed into an algorithmic lens, and materiality thresholds are recalibrated in machine language. As artificial intelligence shifts audit from hindsight to foresight, Company Secretaries (CS) aren't just navigating laws—they are interpreting logic, engineering trust, and safeguarding the invisible architectures of data ethics. The profession is not being disrupted; it's being redefined—and in 2025, Practicing Company Secretaries (PCSs) and professionals stand not at the edge of innovation, but at its ethical core.

Why India, Why Now?

India is rapidly becoming a global hub for AI deployment, with over 59% of Indian enterprises adopting AI across core operations in 2025, the highest rate among G20 economies (as per a Nasscom-BCG joint report). The MeitY-led IndiaAI Mission, launched in 2024, is backed by a strategic outlay of ₹10,372 crore and a computing infrastructure of 10,000+ GPUs, accelerating AI democratization. Adding to this momentum, the AI Safety Institute—tasked with ensuring ethical deployment and risk governance—officially commenced operations in January 2025, positioning India not just as an AI adopter, but as a thought leader in algorithmic accountability.

On the regulatory front:

- SEBI and MCA are actively developing mandatory AI audit trails.
- NFRA is consulting on “digital audit evidence”, including AI explainability.
- 69% of companies report delaying AI adoption until governance systems are vetted—a clear opening for PCS to lead.

The audit committee is no longer a static backroom. It is a nerve center—algorithmically alert, digitally dexterous, and strategically proactive. In 2025, Artificial Intelligence (AI) has firmly rooted itself in boardrooms across India, transforming the audit landscape from passive oversight into intelligent, predictive governance. For PCSs, this is not merely an era of change—it is a decisive shift in the DNA of corporate compliance and leadership. According to a 2025 executive survey by pkcindia.com, over 92% of corporate leaders plan to increase their AI investments, with more than half anticipating a minimum 10% rise in AI budgets, much of it directed towards audit and compliance enhancement. India, in particular, is emerging as a testbed for innovation, with forward-looking firms piloting AI Readiness Indices—comprehensive assessments of board maturity, AI adoption, and reporting efficacy.

Auditing in India is undergoing a radical reinvention. Once rooted in the ledger-and-logics paradigm, the audit profession now finds itself operating in an algorithmic era. For PCS, artificial intelligence is not just an emerging tool—it is an evolving partner in governance. The year 2025 marks a pivotal juncture, with AI reshaping audit from retrospective compliance to proactive strategic foresight. Initiatives such as the IndiaAI Mission Phase II, the Digital Personal Data Protection Act (DPDP), 2023, and evolving proposals from regulatory bodies like SEBI, MCA, and NITI Aayog are collectively sculpting India's digital audit architecture.

But 2025 has also brought with it several game-changing developments that are now fundamentally altering the compliance canvas. The introduction of the National AI Assurance Framework (NAAF), the MCA's AI Risk Disclosure Format (AIRDF), and IRDAI's directive for AI-integrated internal audits mark a new shift—one that integrates ethics, legal stewardship, and algorithmic

accountability into the very spine of audit. Moreover, with the launch of NFRA's proposals on digital audit standards, CS are now expected not only to ensure compliance, but to architect the ethical frameworks within which these technologies operate.

Let us explore how AI is transforming audit in three interconnected dimensions: "Disruption", "Detection", and "Due Diligence". It further unpacks India's shifting regulatory stance, comparative global standards, and emerging leadership responsibilities for PCS, who are now not merely legal interpreters but algorithmic stewards.

DISRUPTION: RECONSTRUCTING THE INDIAN AUDIT DNA

In 2025, AI is no longer experimental in Indian audit—it is elemental. The Government's "IndiaAI Mission Phase II" has added significant momentum, with RegTech and AuditTech startups receiving direct institutional support. The establishment of an "AI Safety Institute" and a sector-specific focus on audit automation have catalysed the development of tools for governance risk scoring, AI policy testing, and intelligent compliance verification.

Furthermore, SEBI's 2025 draft on "Mandatory AI Audit Trails" for listed companies introduces a new layer of disclosure. Any deployment of AI in investor advisory, algorithmic trading, or regulatory filings must now maintain verifiable trails of model evolution and decision-making logic. For CS, this means taking active charge of algorithmic accountability, not merely corporate compliance.

This shift is being institutionalised with the launch of the "National AI Assurance Framework (NAAF)" by MeitY (Ministry of Electronics and Information Technology) in May 2025. NAAF provides a risk-tiered classification of AI systems and establishes comprehensive assurance protocols. This framework makes it mandatory for AI tools deployed in regulated sectors to undergo third-party audits that assess not just functionality, but fairness, explainability, and stakeholder impact. It includes technical parameters for algorithmic validation, stakeholder consent documentation, and mandatory disclosures for AI-generated decisions. The NAAF places CS's in the centre of a complex new compliance web where algorithmic fairness and regulatory interpretation now go hand in hand.

To build further upon this, the Ministry of Corporate Affairs (MCA) introduced the "AI Risk Disclosure Format (AIRDF)" in 2025, a mandated section in Board Reports under the Companies Act, 2013. AIRDF obliges corporates to disclose the purpose, scope, vendors, risk categories, and mitigation measures of any AI tools deployed in core decision-making. PCS are now responsible for vetting and curating these disclosures—making them both comprehensive and legally defensible. This addition elevates the secretarial audit into the digital domain, turning PCS into legal architects of AI transparency.

The shift is evident: the checklist auditor is giving way to the algorithmic interpreter. The PCS must now decode the DNA of AI models embedded within corporate systems, questioning their purpose, probing their parameters, and ensuring they remain just, transparent and explainable.

DETECTION: FROM SAMPLE CHECKS TO SYNAPTIC SURVEILLANCE

The traditional sampling methodology in audit is fast becoming obsolete. AI tools such as MindBridge, CaseWare IDEA, and ACL Robotics, now enable synaptic-scale surveillance—examining vast transactional universes for anomalies, behavioural deviations, and unstructured inconsistencies.

In India, the financial services sector is leading the way. The RBI, in collaboration with fintech watchdogs, has pushed for "AI-integrated fraud risk monitoring", where models detect patterns from biometrics, sentiment analytics, and digital footprints. Deepfake impersonation, synthetic voice fraud, and real-time phishing simulations are now part of audit risk maps.

PCS on audit committees are expected to understand federated learning models, used to detect fraud without compromising data privacy. This calls for enhanced proficiency not just in understanding audit trails but in interpreting machine learning outcomes and alert signals.

PCSs stand at the frontline of this transformation. Leading professionals are:

- Embedding sentiment analysis into board meeting minutes to detect early governance stress points.
- Deploying predictive compliance alerts that pre-empt regulatory violations.
- Curating AI-enhanced agendas, synthesizing historical data and model-driven foresight to guide board discussions.

Also emerging in 2025 is the concept of "GenAI Risk Audits", necessitated by the widespread usage of AI tools and indigenous clones in compliance drafting, financial summarisation and employee assessments. PCS must now ensure that such generative AI outputs are accurate, secure, and free from regulatory vulnerabilities.

Audit detection is no longer about what slipped through; it is about how we detect intent. For a PCS, the focus is now on building systems that observe, interpret, and warn—before breaches crystallise.

DUE DILIGENCE: ALGORITHMIC INTELLIGENCE IN STRATEGIC ASSESSMENT

The 2025 lens of due diligence is sharper, broader, and faster. What was once a box-ticking compliance scan has become an enterprise-wide strategic diagnostic exercise. AI is instrumental in this evolution.

Modern due diligence platforms now ingest structured and unstructured data across news channels, litigation databases, corporate registries, ESG ratings, social media, and whistleblower reports. Tools like “Kira Systems”, “Luminance”, and India-developed NLP engines are providing PCS a 360-degree risk radar.

What’s more, AI is being used to pre-emptively assess a company’s vulnerability to technological displacement—an emerging practice called “AI Disruption Audits”. CS are now tasked with advising boards on algorithmic obsolescence. Is the service replicable by a generative model? Are competitors automating cost centres? This is due diligence redefined for digital survival.

In the ESG space, the rollout of “SEBI’s BRSR Core” has encouraged companies to automate their sustainability reporting. AI-generated ESG disclosures are now commonplace, and PCS must scrutinise whether these auto-generated metrics are consistent, ethical, and auditable.

Building further, “NFRA’s Consultation Paper on Digital Audit Guidelines (2025)” proposes admissibility of AI-derived audit evidence, model explainability scores, and threshold-based materiality disclosures. PCS must now align traditional due diligence norms with these tech-centric proposals, enhancing the fiduciary integrity of digital audits.

Legal due diligence is being upended by AI platforms like RAVN and Kira, which scan millions of legal clauses in seconds, surfacing red flags for class-action exposure and regulatory misalignments. The days of post-facto legal cleanups are over—now, compliance is a continuously monitored phenomenon.

PCSs with legal acumen can fortify their services by:

- Integrating contract-redlining tools that flag deviations from standard clauses.
- Leveraging litigation risk scoring engines powered by global case law patterns.
- Embedding AI in forensic readiness protocols, ensuring audit trails are tamper-proof, discoverable, and legally admissible.

Moreover, with the “live AI compliance dashboards linked to MCA21 V3”, PCS can now interface directly with regulatory APIs. Real-time compliance heatmaps, red-flag visualisations, and AI-generated deviation summaries are accessible to regulators and boards alike, creating a system of continuous, visible compliance.

The due diligence canvas is expanding from legal vetting to holistic algorithmic viability analysis. PCS must respond not just as lawyers, but as data navigators, ethics custodians, and ecosystem advisors.

Case Features: Learnings from Real and Hypothetical Frontlines.

Integrating short “case-in-point” narratives into governance reports can help to contextualize AI’s audit value:

- **SEBI AI-Trail Test in a Mid-Cap:** PCS enforced algo-trading audit trails, enabling real-time decision traceability for the board.
- **AI-Driven Layoff Decision:** PCS reviewed ethical vetting before AI-influenced workforce reductions.
- **Japanese Benchmark:** A Japanese company aligned its AI governance audit with Indian PCS-led frameworks, setting a new global standard.

REGULATORY AND ETHICAL GOVERNANCE: FROM COMPLIANCE TO ALGORITHMIC ACCOUNTABILITY

India’s regulatory bodies are in transition mode. The Digital Personal Data Protection Act, 2023, although foundational, is now supported by proposed updates in 2025 that deal specifically with AI lifecycle documentation, stakeholder consent, and explainability norms. SEBI’s AI audit trail requirements and MCA’s draft amendment to the “Companies (Audit and Auditors) Rules, 2016” mark a clear move towards AI-integrated disclosure standards.

Globally, India is aligning with frameworks such as the “EU Artificial Intelligence Act”, which mandates strict governance of high-risk AI systems. Meanwhile, NITI Aayog’s “White

Paper on AI in Governance” (2025) introduces sandbox frameworks for AI deployment in public audits and PSU accountability mechanisms.

As AI tools begin operating across jurisdictions, PCS must evolve into cross-border audit strategists. Key challenges include:

- Navigating conflicting rules such as India’s DPDP Act, Europe’s GDPR, and the EU AI Act.
- Understanding jurisdiction-specific AI risk tiering and disclosure norms.
- Leading federated AI audits, ensuring global data is handled within local legal bounds.

PCS are also witnessing a rise in AI Governance Boards within companies. These cross-functional bodies, inclusive of CS, CIOs, and ethicists, are tasked with setting internal policies, monitoring algorithmic impact, and ensuring stakeholder transparency. CS’s must play a lead role in defining these roles, ensuring that AI systems remain interpretable, auditable, and equitable.

PCS are no longer mere auditors. They are algorithmic stewards, navigating legal landscapes, building ethical frameworks, and embedding transparency into systems that think for themselves.



As AI enters the audit arena, a crucial ethical and legal question looms large: *Who bears the burden when AI fails?* Jurisdictions like the EU have begun delineating responsibility between human judgment and black-box algorithms. India will soon follow.

PCSs must now make critical decisions:

- Should they co-sign AI-generated audit conclusions, or define their liability boundaries?
- Can new indemnity insurance clauses be structured to cover algorithmic errors?
- How do they build oversight protocols that keep AI subordinate to human governance?

This is not just risk management—it is ethical architecture.

AI brings not just efficiency but potential harm—bias, opacity, and exclusion. As part of the Audit With Purpose 2025 (AWP-2025) initiative, PCS leaders are crafting ethical response systems that include:

- Escalation protocols to triage, anonymize, and report AI-generated harms.
- Quarterly governance reviews incorporating fairness assessments, bias audits, and stakeholder engagements.
- AI Governance Calendars to stress-test policies, ensuring continuous ethical compliance.

PCSs are becoming not just ethical auditors—but architects of trust.

Certification like “ISACA’s AI Auditor” offer PCS a structured path to acquire these new competencies. The AIGAC program, launched in mid-2025, is designed to impart nuanced understanding of black-box AI models, audit sandbox participation, and ethics-by-design frameworks. In 2025, the ethical compass is as vital as the legal code.

STRATEGIC ROADMAP: THE PCS AS THE ALGORITHMIC STEWARD

The AI audit ecosystem is not a threat to the profession; it is an invitation to evolve. For PCS with deep experience, this is not merely a call for adaptation—it is a moment of professional ascension.

Their leadership in 2025 must manifest through the following core mandates:

- **AI Governance Councils:** Create and lead internal structures that formulate, review, and update AI ethics and compliance charters.
- **Tool-Embedded Governance:** Use AI platforms to develop live regulatory heat maps, board effectiveness dashboards, and compliance visualisations.

PCS can no longer afford to stay at the periphery of AI discourse. They must architect policies that enable innovation while upholding trust. To institutionalize trust, audit itself must evolve from a procedural formality to a data-driven validation of algorithmic ethics. In 2025, the audit profession's credibility will hinge on its ability to measure AI impact—not just adopt it. PCS professionals are expected to redefine audit KPIs, incorporating algorithmic metrics such as:

- Explainability scores, model drift rates, and false-positive percentages.
- Risk heatmaps integrated into Secretarial Reports.
- Audit maturity frameworks that track AI's contribution to traceability, fairness, and compliance.

This is no longer about ticking boxes. It's about proving transparency through data. But while these metrics are critical in large enterprises, the true frontier of AI-led governance may lie in India's fragmented startup and MSME landscape.

For PCS advising startups and MSMEs, AI presents an unmatched opportunity to standardize chaos. These sectors often struggle with fragmented data, informal compliance structures, and unpredictable disclosure practices. Veteran PCS leaders can drive grassroots transformation by:

- Using AI to structure unorganized financial data into audit-ready formats.
- Preparing clients for upcoming initiatives such as the Startup Governance Index 2025 and Udyam Compliance Frameworks.
- Integrating fraud-detection systems linked to DPI (Digital Public Infrastructure), anticipating future statutory expectations.

PCs must keep one eye firmly on the horizon. Emerging disruptors include:

- Quantum auditing and blockchain-based smart contract reviews (2026–27).
- Behavioural risk profiling through AI analytics of board sentiment and whistleblower activity.
- Regulatory sandboxes launched by SEBI and MCA to experiment with GenAI in governance environments.

The future isn't approaching—it's integrating.

CONCLUSION: FROM LEDGERS TO LEARNING LOOPS

AI is no longer just a tool—it is a force reshaping the soul of corporate governance. For PCS professionals, the challenge is no longer whether to adopt AI—it is how to guide it, govern it, and ensure its ethical deployment.

PCS are no longer mere auditors. They are algorithmic stewards, navigating legal landscapes, building ethical

frameworks, and embedding transparency into systems that think for themselves. In this new age, PCS signatures does more than certify—it safeguards the future. CS's have transitioned from auditing numbers to auditing narratives; from tracking ledgers to interpreting learning loops. AI is not just reconfiguring audit tools—it is transforming the very identity of auditing.

In this cognitive shift, CS's are the sentinels of interpretability. They are the human filters through which ethical discernment, regulatory intent, and stakeholder trust must pass. Data is powerful, but context is sovereign. In this evolving algorithmic age, it is the PCS who brings that sovereign context to life.

In an era where algorithms command trust, the audit profession's transformation is far beyond digital—it's deeply philosophical. Auditors, now algorithmic stewards, hold the delicate balance between innovation and integrity, embedding foresight into the very fabric of governance. As CS decode the silent poetry of predictive analytics, their vigilance ensures not just compliance, but consciousness. In 2025, the pulse of auditing beats to the rhythm of logic and ethics intertwined, securing trust in a world increasingly written in code.

REFERENCES:

- i. *AI Whistleblower Protocol (AWP-2025)*
- ii. *Audit With Purpose 2025 (AWP-2025)*
- iii. *CaseWare IDEA*
- iv. *Digital Personal Data Protection Act (DPDP), 2023.*
- v. *EU Artificial Intelligence Act.*
- vi. *ICAI and ICSI AI Audit Lab (April 2025).*
- vii. *ICSI AI Governance and Audit Certification (AIGAC), 2025.*
- viii. *IndiaAI Mission Phase II (2024).*
- ix. *IRDAI Directive on AI-Integrated Internal Audits (2025).*
- x. *MCA AI Risk Disclosure Format (AIRDF), 2025.*
- xi. *MCA Draft Amendment to Companies (Audit and Auditors) Rules, 2016.*
- xii. *MeitY's National AI Assurance Framework (NAAF), May 2025.*
- xiii. *MindBridge.*
- xiv. *NFRA Consultation Paper on Digital Audit Guidelines, 2025.*
- xv. *NITI Aayog White Paper on AI in Governance, 2025.*
- xvi. *pkcindia.com Executive Survey, 2025.*
- xvii. *SEBI BRSR Core Framework (2025 Update).*
- xviii. *SEBI Draft Regulation on Mandatory AI Audit Trails, 2025.*



ESG Audit: Concepts, Global Perspectives and Emerging Trends

Environmental, Social, and Governance (ESG) audit has become a cornerstone of modern corporate accountability, driven by growing demands for sustainability and transparency in business operations. As organizations worldwide face increasing scrutiny from investors, regulators and stakeholders, ESG audits serve as a vital tool for assessing and verifying non-financial performance, ensuring alignment with ethical and sustainable practices. This article delves into the concept of ESG auditing, historical genesis, the evolving scenarios in India, the European Union (EU), the United Kingdom (UK), and the United States (US). It also examines the role of auditors, benchmark frameworks, and key trends shaping the future of ESG auditing.



CS Joel Evans, FCS

Company Secretary,
Gujarat Mineral Development
Corporation Limited, Gujarat
joelevans141@gmail.com

INTRODUCTION

ESG audit is a structured process to evaluate an organization's Environmental, Social and Governance practices against established standards or frameworks. Unlike traditional financial audits, which focus on monetary metrics, ESG audits assess non-financial factors that influence a company's long-term sustainability and societal impact. The three pillars of ESG are:

Environmental	Social	Governance
Focuses on a company's environmental footprint, including carbon emissions, energy use, waste management and climate risk mitigation.	Evaluates labor practices, diversity, equity, inclusion (DEI), human rights, and community engagement.	Examines corporate leadership, transparency, anti-corruption measures, executive compensation and shareholder rights.

The primary objective of an ESG audit is to ensure that a company's reported ESG performance is accurate, reliable, and compliant with relevant standards. It enhances stakeholder trust, mitigates risks, and supports informed decision-making for investors and regulators. ESG audits can be conducted internally to improve processes or externally for third-party assurance, providing credibility to ESG disclosures.

EVOLUTION OF ESG AUDIT

The concept of ESG audit evolved from the broader movement toward Corporate Social Responsibility (CSR) and sustainable investing in the 1980s. Early efforts focused on environmental reporting, driven by public concerns over pollution and resource depletion. The 1990s saw the rise of social responsibility standards, such as SA8000, addressing labor practices. Governance gained prominence in the 2000s following corporate scandals like Enron, emphasizing transparency and accountability.

The term "ESG" was coined in 2004 in the United Nations "Who Cares Wins" report¹, which urged integrating environmental, social, and governance factors into financial markets. This catalyzed the development of ESG frameworks like Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). The 2015 Paris Agreement and the UN Sustainable Development Goals (SDGs) further accelerated demand for ESG reporting and auditing, as regulators and investors sought standardized metrics.

ESG audit emerged as a distinct practice in 2010, driven by the need for assurance over voluntary ESG disclosures. The lack of uniform standards initially led to inconsistent reporting, prompting calls for mandatory frameworks. Today, ESG audit is a critical component of corporate governance, with regulators worldwide introducing disclosure mandates.

EMERGING SCENARIO IN INDIA FOR ESG AUDIT

In India, ESG audit is gaining traction amidst increasing regulatory and investor focus on sustainability. The Securities and Exchange Board of India (SEBI)² introduced the Business Responsibility and Sustainability Reporting (BRSR) framework in 2021, mandating the top 1000 listed companies to disclose ESG performance. The BRSR aligns with global standards like GRI and SASB, requiring assurance for key metrics by 2026.

KEY DEVELOPMENTS

SEBI has formulated a glidepath for implementation of BRSR, BRSR Core and its assessment/ assurance. The following table summarizes the SEBI requirement and the glidepath:

Requirement	Applicable To	Effective From (FY)
BRSR Comprehensive annual reporting	Top 1000 listed entities by market cap	2022-23
BRSR Core disclosures + “assessment or assurance”	Top 150 listed entities	2023-24
BRSR Core disclosures + “assessment or assurance”	Top 250 listed entities	2024-25
BRSR Core disclosures + “assessment or assurance”	Top 500 listed entities	2025-26
BRSR Core disclosures + “assessment or assurance”	Top 1000 listed entities	2026-27
Value-Chain ESG disclosures (voluntary; ‘comply-or-explain’)	Top 250 listed entities	2025-26
Value-Chain ESG disclosures + “assessment or assurance”	Top 250 listed entities (same group)	2026-27
Standardized BRSR Core templates & industry-specific guidance	All listed entities (subject to BRSR Core mandate)	2024-25 onwards

REASONABLE ASSURANCE CONCEPT IN THE SEBI BRSR FRAMEWORK

The Business Responsibility and Sustainability Reporting (BRSR) framework, introduced by the Securities and Exchange Board of India (SEBI), mandates ESG disclosures for listed companies to enhance transparency and accountability. A critical aspect of this framework is the “reasonable assurance” requirement, which ensures that reported ESG data is credible and reliable. This concept aligns with global ESG reporting trends, where third-party assurance enhances stakeholder confidence.

Reasonable assurance under the BRSR framework involves an independent evaluation of a company’s ESG disclosures to ensure they are free from material misstatements. Unlike limited assurance, which provides a moderate level of confidence, reasonable assurance offers a higher degree of scrutiny, akin to financial audits.

Key aspects covered under reasonable assurance include:

- Accuracy of ESG metrics (e.g., carbon emissions, energy consumption, diversity ratios).
- Compliance with SEBI’s disclosure requirements (Principle-wise and Leadership Indicator disclosures).
- Verification of qualitative statements (e.g., policies on human rights, anti-corruption, and sustainable sourcing).

RAMIFICATIONS FOR LISTED COMPANIES

Assurance requirements prescribed by SEBI will have following ramifications for listed companies in India.

Enhanced Credibility & Investor Confidence:

Assurance enhances the credibility of ESG disclosures for Indian listed companies by ensuring data accuracy

and compliance with global standards like ISSB and SEBI’s BRSR framework. Reliable, third-party verified reports build trust among ESG-focused investors, both domestic and international, who prioritize transparency. As India integrates with global markets, assured ESG disclosures align with cross-border

regulatory expectations, easing compliance for Indian firms seeking foreign capital. For instance, companies with assured BRSR reports can attract sustainability-linked investments from ESG funds in the U.S. or Europe. This alignment not only boosts investor confidence but also positions Indian firms competitively in the global ESG ecosystem, fostering sustainable growth.

Operational & Compliance Challenges:

For Indian listed companies, implementing robust ESG data collection systems and third-party assurance involves upfront costs, but delivers long-term benefits. The SEBI BRSR mandate requires accurate disclosures, and unreliable reporting risks regulatory penalties (like suspension or fines) and reputational damage. For example, discrepancies in carbon emissions or diversity data could trigger SEBI scrutiny or investor lawsuits. While assurance engagements increase compliance costs (by 15-25% for large caps), they prevent costly violations and build market trust. Companies like Tata Steel and Infosys, which invest in assured ESG reporting, gain easier access to global ESG funds and avoid losses from non-compliance. Thus, assurance acts as both a safeguard and strategic investment.

SEBI’S REQUIREMENT OF ASSURANCE PROVIDER

SEBI has in its Master Circular dated November 12, 2024, specifically provided for the qualifying criteria with respect to the assurance provider.

- The Board of the listed entity shall ensure that the assurance provider of the BRSR Core has the necessary expertise, for undertaking reasonable assurance.
- The listed entity shall ensure that there is no conflict of interest with the assurance provider appointed for assuring the BRSR Core. For instance, it shall be

ensured that the assurance provider or any of its associates do not sell its products or provide any non audit / non assurance related service including consulting services, to the listed entity or its group entities.

- The reasonable assurance mandate under SEBI's BRSR framework marks a significant step toward standardized and reliable ESG reporting in India. While it imposes additional compliance burdens, it also enhances corporate accountability and aligns Indian markets with global sustainability reporting norms. As ESG audits gain prominence, companies must proactively strengthen their data governance and assurance mechanisms to meet evolving regulatory expectations.

RBI'S REGULATORY ROADMAP: INTEGRATING CLIMATE RISKS INTO INDIA'S FINANCIAL SYSTEM

The Reserve Bank of India (RBI) released a discussion paper to integrate climate-related risks into India's financial stability framework.³ It highlights how climate change poses physical risks (e.g., extreme weather disrupting assets) and transition risks (e.g., policy shifts impacting carbon-intensive sectors), which could destabilize banks and financial institutions. The paper proposes:

1. **Disclosure Mandates:** Aligning with global standards like TCFD, RBI recommends mandatory climate risk disclosures for regulated entities (banks, NBFCs), focusing on governance, strategy, and risk management.
2. **Risk Assessment:** Financial institutions must adopt climate stress testing to evaluate exposure to vulnerable sectors (e.g., agriculture, energy) and build resilience.
3. **Sustainable Finance Incentives:** RBI suggests green deposit frameworks, preferential risk weights for ESG-aligned loans, and liquidity facilities for green bonds to channel capital toward low-carbon projects.
4. **Capacity Building:** Banks need internal expertise to quantify climate risks, aided by RBI's proposed guidelines and training programs.

The paper seeks stakeholder feedback on implementation challenges, including data gaps and sector-specific transition pathways. By embedding climate considerations into financial regulation, RBI aims to safeguard India's economy while supporting its 2070 net-zero goal.

SCENARIO IN THE EU FOR ESG AUDIT

The European Union is a global leader in ESG regulation, with the Corporate Sustainability Reporting Directive (CSRD)⁴ setting a high standard for ESG audit. Effective from 2024, the CSRD mandates over 50,000 companies to report audited ESG data, covering environmental impact, social responsibility, and governance practices.

The CSRD entered into force on January 5, 2023, with phased implementation starting in 2024 and extending through 2029. Companies initially in scope must start collecting data in 2024 to be prepared for reporting in 2025.

KEY ASPECTS OF THE CSRD

The following table gives a bird's eye view about the key aspects of the Corporate Sustainability Reporting Directive

Mandatory ESG Reporting	The CSRD requires companies to report detailed ESG data, including information about their operations and supply chains, governance structures, and sustainability practices.
Double Materiality	Companies must assess both the impact of sustainability issues on their financial performance and the impact of their business on the environment and society.
Standardized Reporting	The CSRD promotes standardization in sustainability reporting through the use of digital formats, allowing for easier comparison of metrics across different organizations.
Mandatory Assurance	The CSRD requires limited assurance for ESG disclosures, with plans to transition to reasonable assurance by 2028. Third-party auditors, including traditional audit firms and sustainability specialists, play a critical role.

WHO MUST COMPLY WITH THE EU CSRD?

Mandatory CSRD compliance depends on a company's size and financial revenue. In February 2025, the European Commission released the EU Omnibus proposal updating the minimum qualifying criteria. The proposed rules now only affect companies operating in the EU with a minimum of 1000 employees with an exemption given to Small and mid-sized organizations. Instead, they follow the Voluntary Sustainability Reporting Standard (VSME). This focuses regulation efforts on entities with the largest social and environmental impact.

ESG AUDIT SCENARIO IN THE UK

The UK has emerged as a leader in mandatory ESG reporting and assurance, driven by stringent regulations and growing investor demand for transparency. Key frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), UK Sustainability Disclosure Standards (UK SDS), and Corporate Sustainability Reporting Directive (CSRD) for UK-based EU companies shape the ESG auditing landscape.

The IFRS S1 and S2, developed by the International Sustainability Standards Board (ISSB), are global sustainability disclosure standards designed to provide consistent, comparable ESG reporting for financial markets.

1. IFRS S1: General Sustainability Disclosures

- Governance: How sustainability risks are managed at board level.
- Strategy: Business model resilience to sustainability risks (e.g., climate, human rights).
- Risk Management: Processes for identifying and mitigating ESG risks.
- Metrics & Targets: Performance indicators (e.g., carbon footprint, diversity ratios).

2. IFRS S2: Climate-Specific Disclosures

- Scope 1, 2 & 3 Emissions: Mandatory GHG reporting (with phased compliance for Scope 3).
- Climate Resilience: Scenario analysis for different warming pathways (1.5°C, 2°C+).
- Transition Plans: How the company aligns with net-zero goals.

These standards mark a shift from voluntary ESG reporting to regulated, investor-grade disclosures.

The UK has adopted these as the basis for its Sustainability Disclosure Standards (UK SDS), mandatory from 2025 for listed companies.

The IFRS S1 (General Sustainability Disclosures) and IFRS S2 (Climate-related Disclosures) standards do not explicitly mandate third-party assurance as part of their requirements.

USA- ENHANCED CLIMATE DISCLOSURES: NUANCES AND KEY FEATURES

In the USA, ESG audit is evolving amidst a fragmented regulatory landscape and growing investor demand. The Securities and Exchange Commission (SEC) introduced climate disclosure rules in 2024, requiring large public companies to report Scope 1 and 2 emissions, with limited assurance mandatory by 2029.

The SEC's newly adopted climate disclosure rules mark a significant shift toward standardized, investor-grade environmental reporting. Public companies must now disclose material climate-related risks, including how they impact business strategy, financial performance, and operational resilience. A critical nuance is the phased implementation—larger firms (accelerated

filers) must comply earlier, while smaller companies get extended timelines. The rules also introduce stringent requirements for GHG emissions reporting, with Scope 1 and 2 disclosures mandatory for many firms, though Scope 3 emissions were notably excluded due to industry pushback. This tiered approach balances transparency with practicality, acknowledging varying corporate capacities while ensuring consistent, comparable data for investors.

The SEC's primary goal is to equip investors with reliable, decision-useful climate data to assess long-term risks and opportunities. By mandating disclosures aligned with the TCFD framework, the rules aim to curb greenwashing and promote apples-to-apples comparisons across firms. Another key objective is enhancing corporate accountability—companies must detail their climate risk management processes, governance oversight, and transition plans (if any). While the rules stop short of requiring full net-zero commitments, they incentivize proactive climate strategies by making such efforts visible to stakeholders. Ultimately, the SEC seeks to foster market stability by reducing information asymmetry and ensuring climate risks are priced accurately into securities.

Assurance providers are no longer optional but essential actors in the ESG ecosystem. By ensuring transparency, compliance, and continuous improvement, they empower companies to build stakeholder trust, secure investment, and achieve long-term sustainability goals.

The rules apply to all SEC-registered public companies, including foreign private issuers, but with scaled requirements based on firm size and filing status. Notably, smaller reporting companies (SRCs) and emerging growth companies (EGCs) are exempt from Scope 1 and 2 emissions reporting, reflecting cost-benefit considerations. High-impact industries (e.g., energy, transportation) face heightened scrutiny due to their exposure to physical and transition

risks. The rules also carve out a “safe harbor” provision for forward-looking climate statements, shielding firms from liability if projections are made in good faith.

FROM COMPLIANCE TO COMPETITIVE EDGE: HOW ESG AUDITS STRENGTHEN VALUE PROPOSITIONS FOR LISTED FIRMS

The findings of a seminal study¹ indicate how ESG practices of the firm significantly influence economic performance and robust ESG disclosures enhance firm valuation and investor confidence. In today's interconnected global economy, stakeholders increasingly view ESG practices as critical drivers of corporate performance and long-term resilience. Studies demonstrate that proactive ESG management fosters organizational integrity, strengthens stakeholder trust, and cultivates a culture of sustainable growth. Companies that transparently disclose their ESG

¹ “The Impact of Environmental, Social and Governance Practices (ESG) on Economic Performance: Evidence from ESG Score”, Tarmuji, I., Maelah, R., & Tarmuji, N. H. (2016)



commitments, particularly through standardized reporting frameworks, often reap significant benefits, including enhanced reputational equity, greater investor confidence, optimized resource efficiency, and sustained competitive advantage.

Another seminal study² provides critical evidence on how ESG data shapes investment decisions. Through a comprehensive survey of global investors, the authors found that audited ESG disclosures significantly influence capital allocation, with 73% of respondents relying on verified ESG metrics to assess long-term risks and opportunities. The study underscores how assurance transforms ESG data from aspirational claims into actionable intelligence, bridging the trust gap between corporations and stakeholders. For listed companies, this translates to tangible benefits: lower cost of capital, higher valuation premiums, and preferential inclusion in ESG indices. As regulatory frameworks like SEBI's BRSR mandate stricter disclosure norms, Amel-Zadeh and Serafeim's work reinforces why Indian firms must treat ESG audit as a strategic imperative, not just compliance.

THE CRITICAL ROLE OF ASSURANCE PROVIDERS IN ESG REPORTING

In an era where Environmental, Social, and Governance (ESG) factors significantly influence investment decisions and corporate reputation, the role of assurance providers has become indispensable. Assurance providers, including auditing firms, certification bodies, and specialized ESG verifiers, serve as critical intermediaries that enhance the credibility, accuracy, and reliability of ESG disclosures. Their involvement ensures that reported data meets regulatory requirements and stakeholder expectations, thereby fostering trust and transparency in corporate sustainability claims.

One of the primary functions of assurance providers is to validate the accuracy of ESG disclosures, protecting against greenwashing—a practice where companies exaggerate or misrepresent their sustainability efforts.

² Amel-Zadeh and Serafeim, (2018), "Why and How Investors Use ESG Information: Evidence from a Global Survey" *Financial Analysts Journal*, Vol. 74, Issue 3, pp. 87–103.

By conducting independent audits, assurance providers verify metrics such as carbon emissions (Scope 1, 2, and 3), workforce diversity, and supply chain ethics. For instance, under frameworks like SEBI's Business Responsibility and Sustainability Reporting (BRSR) in India or the EU's Corporate Sustainability Reporting Directive (CSRD), third-party assurance is increasingly mandated to ensure compliance. Without such verification, companies risk regulatory penalties, investor skepticism, and reputational damage.

Assurance providers are no longer optional but essential actors in the ESG ecosystem. By ensuring transparency, compliance, and continuous improvement, they empower companies to build stakeholder trust, secure investment, and achieve long-term sustainability goals. As ESG regulations tighten globally, their role will only grow in significance, making them indispensable partners in the transition to a more accountable and sustainable corporate world.

CONCLUSION

ESG auditing is transforming corporate accountability, bridging the gap between sustainability goals and stakeholder expectations. From its origins in CSR to its current prominence, ESG auditing reflects a global shift toward responsible business practices. While India, the EU, the UK, and the US adopt distinct approaches, common challenges like standardization and auditor expertise persist. Benchmark frameworks and technological advancements are driving progress, with auditors playing a critical role in ensuring transparency and trust. As regulatory mandates tighten and investor scrutiny intensifies, ESG audit will remain a cornerstone of sustainable growth, shaping a future where businesses thrive while prioritizing people and the planet.

REFERENCES:

- i. *Corporate sustainability reporting*
(https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en)
<https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=21071>
- ii. Tarmuji, I., Maelah, R., & Tarmuji, N. H. (2016). *The Impact of Environmental, Social and Governance Practices (ESG) on Economic Performance: Evidence from ESG Score* (<https://www.ijtef.org/vol7/501-FR00013.pdf>)
- iii. *Who cares Wins, Connecting Financial Markets to Changing World*
(<https://documents1.worldbank.org/curated/en/280911488968799581/pdf/113237-WP-WhoCaresWins-2004.pdf>)
www.sebi.gov.in

Are Financial Shenanigans becoming the triggers for implementation of Forensic Audit?

The shenanigans are the red flags which lie under the bed rocks of the financial statements and cause the damage to the health and wealth of the company. These shenanigans can be unearthed by the implementation of the Forensic Audit. Company Secretary, being a governance watchdog is responsible for the detection of the scams and scandals committed intentionally or unintentionally by the shenanigans and also to enable the forensic auditors to exercise their expertise in generating a true audit report.



Dr. Nabanita Ghosh

Asst Prof, Christ University, Bengaluru
nabanita.ghosh@christuniversity.in



CS K S Parameswara Kumar, ACS

Chief Manager (Finance), Hindustan Aeronautics Limited,
 Bengaluru
parameswar_kumar@yahoo.co.in

INTRODUCTION

The art of presenting the financial information comes true when the statement of accounts and income statement of the company is produced before the stakeholders. The need to prepare financial statements is said to be of utmost importance as the decision of the future investment is entrusted majorly on that. The truthfulness of the same is always doubted as the real-time difficulty exists in fathoming its intrinsic value. The researchers, academicians, investors and various other segments of stakeholders always depend on these volumes of information as they believe to build their blocks by nurturing the available information in the public domain. This practice is always tested and questioned as information presented before the table is distorted intentionally with a target of developing reservoir of void

surplus or unintentionally as it becomes an inherited norm. Financial scandals and scams are outcomes of the age-old deliberate exaggeration of the financial transactions made by the top level management. Sometimes the financial reporting of the companies are done with tricks and gimmicks with the intention to portray a rosy picture before the investors. These manipulative approaches in the name of accounting tricks and strokes are known as Financial Shenanigans.

Approximately 50000 frauds have hit the banks in India during FY2009-2019. RBI Report (2019) affirms that in India bank frauds went up to ₹ 2.05 trillion in the last 11 years and this lead to the sarcasm of creating more financial troughs instead of financial peaks. The birth of Auditing and Auditing techniques and rebirth of Audit in the name of Forensic Audit as a post mortem analysis could not completely arrest its accelerating trend but was instrumental in doing some deeper analysis with an objective of revealing the truth for future safety and security.

CONCEPT AND TYPE OF FINANCIAL SHENANIGANS

Financial shenanigans are the art and architecture of creating hype in the financial status of the company by window dressing the balance sheet, income statement, cash flow statement and statement of showing changes in equity and in addition also the notes to account and other annexures. It is the deceptive mechanism of presenting willfully the stretched statistics of the financial transactions before the investors' community by adopting some unethical yet creative and unusual techniques.

TYPES OF SHENANIGANS

The intention of defeating the investors and eroding their confidence mainly exist in the form of hiking losses to save taxes, booking unrealized profits in the dull period, not writing off the necessary fictitious assets, recording unsound liabilities under mining the sale of assets and typically misclassifying the expenses. In the name of accounting flexibility the financial shenanigans are used and their dubious incorporation in the financial statements results in drainage of shareholders' wealth. There are restricted few financial shenanigans that are not illegal and do not do away with the requirements of the GAAP but majority of them are introduced to mask the truthfulness of the financial statements.

The types of Shenanigans are tabularized as follows. The items with * are explained below the table.

Table No 1: Types of Shenanigans

Earning Manipulation	Erroneous Classification of items	Related Party Transactions	Asset Manipulation	Window Dressing	Siphoning of Funds	Insider Trading & Stock Manipulation
Hiking Revenue	Capitalizing expenses	*Round Tripping	Over valuation of Assets	Short term Borrowing	Fund Diversion	*Pump & Dump
Postponing expenses	*Off- Balance Sheet Items	Over Invoicing	*Ghost Assets	*Temporary Boost	*Loan ever greening	*Insider Trading
*Cookie Jar Reserves		Under Invoicing				

*Cookie Jar Reserves refers to the process of building a reserve/s in good year/s and releasing the same in the year of losses.

*Off- Balance Sheet Items means the process of keeping away the liabilities or losses from the Balance sheet by suing the Special Purpose Vehicle.

*Round Tripping is the process of creating fake sales by routing funds through related entities.

*Ghost Assets are the non existing assets but they are placed artificially in the balance sheet.

*Temporary Boost is the one time sale or financial gimmick at the end of the year.

*Loan ever greening is the process of lending new loans to the defaulters to shadow their NPAs.

*Pump & Dump is the deliberate increase in the stock prices by capitalizing the false information and then selling at a profit.

*Insider trading is the trading done by using the sensitive but unpublished information.

Anomaly Detection, Text Analysis, Predictive Models, Forensic Accounting Tools are some of the key applications of the AI in detecting financial shenanigans.

the health and wealth of the company. These shenanigans willfully deceive the stakeholders of the company and the same can be unearthed by the implementation of the powerful audit named as Forensic Audit-the audit that follows untraditional route to excavate the causes of the loopholes in the financial statements. The frauds which are

common in the corporate corridor often go unnoticed and non indicative in the spectrum of statutory audit but comes to the knowledge of the community by the deep rooted searching of the super investigative wings of the forensic audit.

THEORIES OF FORENSIC AUDIT

The theories which developed gradually in the field of forensic audit are namely

Fraud Triangle Theory, Fraud Diamond Theory, Fraud Pentagon Theory, and Fraud Scale Theory. These theories evolved within the period from 1950 to 2016. The basic theory is the Fraud Triangle theory of Dr. Cressey resting on the pillars of Pressure, Rationalization and Opportunity which compel the fraudsters to commit the fraud. The theories that got established later also trusted significantly these pillars and introduced the additional pillars to strengthen the viability of the theory. The Fraud Diamond theory of Wolf & Hermanson brought the fourth pillar in the name of "Capability" which indicates that the fraudster not only hunts for a right opportunity, not only get the impulse out of pressure and the power to rationalize the actions committed but also needs the capability to execute the same. Further to this theory came the Crowey's Fraud Pentagon theory which added the pillar Arrogance as a triggering competency to commit the fraud. In case of Fraud Scale theory the pillar named as "Rationalization" of Fraud Triangle theory is replaced with the term "Personal Integrity" keeping other pillars constant. This model was developed by W. Steve Albrecht and emphasised on the personal integrity as one of the unavoidable aspect in committing frauds especially in the context of financial fraud reporting.

TYPES OF FINANCIAL SHENANIGANS AND FORENSIC AUDIT

The companies who are blamed for using the financial shenanigans are of the following types:

REASONS FOR THE EXISTENCE OF SHENANIGANS

Some of the prominent reasons as why the shenanigans exist:

- Greed factor
- Fear factor
- Need for finance
- To turn off the negative market sentiment
- To support the company's financing covenants

INTERCONNECTION BETWEEN FINANCIAL SHENANIGANS AND EMERGENCE OF FORENSIC AUDIT

The above mentioned reasons are further corroborated by the theoretical framework of Forensic Audit. The shenanigans are the red flags which lie under the bed rocks of the financial statements and cause the damage to

Are Financial Shenanigans becoming the triggers for implementation of Forensic Audit?

- Companies with narrow or zero focus on checks and balances.
- Companies who are comfortable with camouflaging the financial metrics for the short run benefit.
- Companies who are having incompetent members in the Board of Directors.
- Companies who lack control in Corporate Governance.
- Companies who do not hesitate to compromise financially in the context of recruiting the professional and ethical auditors.
- Companies whose Vision and Mission statements are at a questionable stake.
- Companies such as newly incorporated public companies, privately held ones and basket case companies are highly prone to commit accounting frauds.

HOW TO DETECT FINANCIAL FRAUDS IN FINANCIAL REPORTS: HOWARD M SCHLITZ'S 7 FINANCIAL SHENANIGANS

- Recording revenue too soon.
- Recording bogus revenue.
- Boosting income with one-time gains.
- Shifting current expense to a later period.
- Failing to disclose liabilities.
- Shifting current income to a later period.
- Shifting future expenses to a current period.

FINANCIAL SHENANIGANS IN US AND INDIA

Financial Shenanigans are not only accounting gimmicks or tricks but also refers to financial misconduct, regulatory mishaps, corporate failures and such other significant financial dilapidations.

The table below shows the list of US and Indian companies who have embroiled themselves in various tumultuous financial, regulatory and systemic damages.

Table No 2: Year and name of companies with its origin that used Financial Shenanigans

Year	Name of the US based Company	Type of Shenanigans
2001	Enron Corporation	Off Balance-sheet Financing
2002	WorldCom	Expense Capitalization
2008	Lehman Brothers	105 Repo Transactions
2019	General Electric	Misclassification of expense and under reporting of risks

2024	Archer Daniels Midland Investigation	Securities fraud related to accounting practices
2024	Supermicro Accounting Violations	Accounting Violations
Year	Name of the Indian Company	Type of Shenanigans
2009	Satyam Computers	Misappropriation of revenue and cash balances.
2010	Sahara Group	Illegal Optionally fully convertible debentures issued for ₹24000 crore without regulatory approval.
2013	Sharada Chit Fund	Exposure of ₹2500 crore ponzi scheme slash in financial cash flows.
2018	Dena Bank and Oriental Bank of Commerce	Embezzlement of cash of ₹257 crore in Dena bank and ₹180 crore misappropriation from Fixed deposits in Oriental Bank of Commerce.
2018	ILFS	Ever greening of loans and subduing the debt.
2019	Punjab National Bank and Nirav Modi	Fake LOU of ₹127000 crore.
2020	Yes Bank	Under reporting of Toxic assets or loans.
2023	Adani Group	Brazen stock manipulation.
2025	BluSmart and Gensol Engineering	Fund diversion.
2025	IndusInd Bank Microfinance Irregularities	Discrepancy in reporting of bad loans.
2025	TASMAC scam	Manipulation of tender, inflation of expenses and illegal transactions.

The companies conducted forensic audit as the above shenanigans washed out the financial profits, made injudicious use of systems and procedures and tarnished the corporate image. Forensic audit was instrumental in the case of above companies to unfold the true facts.

ROLE OF ARTIFICIAL INTELLIGENCE (AI) IN DETECTING FINANCIAL SHENANIGANS

The role of AI is in experimental stage in detecting the financial shenanigans. Though the world around us is reeling under the wheels of AI, with special mention to Machine Learning (ML) and Natural Language processing (NLP), Still AI can perpetuate frauds in financial reporting.

Some of the key applications of the AI in detecting financial shenanigans are:

- **Anomaly Detection:** AI can locate unusual frauds in the financial statements; can identify the unnatural patterns and movements.
- **Text Analysis:** NLP can examine annual reports, earning calls, MD & A sections to detect deceptive language or obfuscation.
- **Predictive models:** Machine Learning can predict the likelihood of fraud based on historical patterns.
- **Forensic Accounting Tools:** AI driven tools and supports are used by the auditors and regulators to conduct real time financial scrutiny.

The companies are heavily dependent on the use of AI to detect the frauds but the challenges are also unavoidable.

- **Duplication of data:** Generative models sometimes give birth to some artificial transactions.
- **Fake Financial Reports:** Generative models would bring in highly convincing earning reports or investors' presentation.
- **Algorithm bias:** Unethical actors might exploit AI system's blind spots to manipulate financial outcomes.
- **Dark AI Models:** Proprietary AI used in Fintech or trading platforms could be made to hide the losses or to exaggerate the performance.

ROLE OF COMPANY SECRETARY IN UNLEASHING THE FRAUDS COMMITTED BY THE FINANCIAL SHENANIGANS AND FACILITATING THE CONDUCT OF THE FORENSIC AUDIT

Company Secretary, being a governance professional is responsible for the detection of the scams and scandals committed intentionally or unintentionally by the shenanigans and also to enable the forensic auditors to exercise their expertise in generating a true audit report. The four-fold role of a Company Secretary is highlighted below in a tabular form.

Table No 3: Four-fold role of Company Secretary

Phase	Role
Preventive	Can take active participation in ensuring smooth compliance procedure as per Companies Act, 2013, SEBI Listing Obligations, fulfilling statutory and filing requirements. Also can emphasize on the proper disclosure of financial data, related party transactions and documents reflecting board decisions.
Early Warning Signals	Can identify through the irregular board resolutions, unusual disclosures, filing gaps. Can take due care of whistle blower policy to protect the organization.

Support in conducting forensic audit	Acts as a liaison between the boards, audit firm and the regulators. Providers of various company's documentation.
Governance compliance and post audit support	Keep up the role of a reporter in post audit scenarios to the shareholders, regulators. Maintain ethical policies intact. Trainers for the directors and members.
Case based Resolution	Handles queries from regulators such as SEBI, MCA. Provider of information specific to the company data to the forensic auditors. Maintains compliance with investigative procedures.

CONCLUSION

Financial shenanigans are the weapons used in distorting and depicting willfully the financial picture of the organization. These shenanigans can be unearthed by the collaborative efforts of the Forensic Auditors and meticulous support from the Company Secretary for maintenance of adequate governance and compliance mechanisms.

REFERENCES:

- Agrawal, K., & Chatterjee, C. (2015). *Earnings management and financial distress: evidence from India*, *Global Business Review*, 16(5), 140-154. DOI: 10.1177/0972150915601928.
- Beasley, M. S., Carcello, J. V. & Hermanson, D. R. (2001). *Financial reporting fraud: Could it happen to you?* *Journal of Corporate Accounting & Finance*, 12(4), 3-9. DOI: 10.1002/jcaf.2402
- Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). *Detecting earnings management*. *The Accounting Review*, 70(2), 193-225. Retrieved from <http://www.jstor.org/stable/248303>.
- Kranacher, M.-J., Riley, R. A., & Wells, J. T. (2011). *Forensic accounting and fraud examination*. John Wiley & Sons.
- Mishra, M., & Malhotra, A. K. (2016). *Earnings management practices in Indian companies: A cross-sectional analysis*, *Journal of Modern Accounting and Auditing*, 12(6), 295-305. DOI:10.17265/1548-6583/2016.06.001
- Moneycontrol. (2025). *SEBI orders forensic audit of Gensol Engineering*. <https://www.moneycontrol.com>
- Nelson, J. & Below, S. (2012). *A penny saved is a penny earned: Avoiding investment losses through the early detection of financial shenanigans*. *Journal of Applied Finance*. (1), 1-27. Retrieved from: <https://ssrn.com/abstract=2690259>
- Rezaee, Z. (2005). *Causes, consequences, and deterrence of financial statement fraud*. *Critical Perspectives on Accounting*, 16(3), 277-298. [https://doi.org/10.1016/S1045-2354\(03\)00072-8](https://doi.org/10.1016/S1045-2354(03)00072-8)
- Schilit, H. M., & Perler J. (2010). *Financial shenanigans*. McGraw-Hill Education.

ESG Audit: Placing Sustainability at the Centre of Corporate Governance

In today's world, where climate, community and corporate conduct converge, ESG Audits serve as the compass guiding responsible businesses. They transform lofty sustainability promises into verifiable performance. Because without audit, ESG is just storytelling. And what gets audited... gets trusted.



CS Gaurav Kumar Vohra, FCS

Certified CSR, Labour Law Professional, Ranchi,
Jharkhand
gauravkv_cs@yahoo.com

INTRODUCTION

The global business landscape is undergoing a seismic shift. No longer is corporate success measured solely by profits and shareholder value. Today, companies are expected to demonstrate responsibility toward environmental sustainability, social equity, and ethical governance — collectively known as Environmental, Social and Governance (ESG). In this context, ESG Audits have emerged as a powerful mechanism to assess, assure, and improve a company's sustainability footprint.

ESG audits are no longer voluntary acts of goodwill; they are fast becoming regulatory imperatives, investor expectations, and market differentiators. For Indian companies, especially listed entities and large corporates, ESG disclosures under frameworks like BRSR (Business Responsibility and Sustainability Reporting) are now mandatory, raising the need for an objective, structured ESG audit.

Globally, ESG investments have crossed \$40 trillion, reflecting a fundamental shift in investor mindset. Stakeholders now want evidence — not just policy declarations — of ethical sourcing, carbon footprint reduction, DEI (diversity, equity, inclusion) practices, and robust anti-corruption systems. In this context, an ESG audit acts as a bridge between intention and impact, validating that the enterprise walks the talk.

Moreover, regulators are closing in on greenwashing — companies falsely projecting a sustainable image. An independent ESG audit mitigates this risk by

enforcing transparency and traceability in claims made under sustainability reports, integrated annual reports, or social impact statements. It is not only a shield against scrutiny but a sword for strategic growth.

This article explores the ESG audit ecosystem in India, its relevance, regulatory push, audit scope, emerging global standards, industry readiness, and most importantly the strategic role of the Company Secretary as an ESG enabler and assurance leader.

UNDERSTANDING ESG AUDITS: DEFINITION AND SCOPE

An **ESG Audit** is a structured, evidence-based evaluation of a company's environmental, social and governance practices. It aims to ensure that the organization is not only complying with regulatory expectations but also genuinely integrating sustainability into its strategic and operational DNA. ESG audits offer a holistic view of how responsibly and ethically a company is functioning — far beyond just financial metrics.

At its core, the ESG audit revolves around three pillars:

- **Environmental (E):** Examines the organization's impact on the environment such as carbon emissions, energy consumption, waste disposal, water conservation, pollution control, biodiversity protection and climate adaptation strategies.
- **Social (S):** Reviews how the organization treats people both internally (employees, workers) and externally (customers, communities). It includes labor rights, diversity and inclusion, occupational health and safety, training and development, social outreach, and human rights due diligence.
- **Governance (G):** Evaluates the ethical and administrative framework of the organization — including board composition, compliance systems, data protection, internal controls, Anti-corruption policies, executive compensation and shareholder rights.

Unlike financial audits, which rely heavily on quantifiable outcomes and historical performance, ESG audits focus on **qualitative disclosures, stakeholder impact, ethical conduct and future preparedness**. They also require

an understanding of evolving global expectations and sectoral materiality — not all ESG issues matter equally in every industry.

The typical **scope of an ESG audit** involves:

- **Policy Review:** Are the ESG-related policies (CSR, environment, code of conduct, POSH, etc.) well-documented, current, and board-approved? Do they reflect global best practices?
- **Process Evaluation:** How well are these policies implemented? Are ESG considerations factored into procurement, operations, customer engagement, vendor selection, etc.?
- **Data and Disclosure Verification:** Are the ESG metrics presented in reports accurate, traceable, and audit-ready? Do disclosures align with SEBI's BRSR format, GRI or other recognized global frameworks?
- **Stakeholder Engagement Check:** Are internal and external stakeholders meaningfully engaged on ESG issues? Are feedback mechanisms present, and are concerns acted upon?
- **Gap Identification and Risk Mapping:** What are the blind spots or high-risk areas? Are there any red flags related to greenwashing, under-reporting, or governance lapses?
- **Opportunities and ESG-Linked Strategy Review:** Is the company leveraging ESG as a growth driver (e.g., green products, sustainable finance, social impact partnerships)?

Additionally, a high-quality ESG audit will also check for alignment with Global frameworks such as:

- GRI (Global Reporting Initiative)** for sustainability reporting.
 - TCFD (Task Force on Climate-related Financial Disclosures)** for climate risk.
 - SASB (Sustainability Accounting Standards Board)** for industry-specific disclosures.
 - ISSB (International Sustainability Standards Board)** for emerging unified disclosure standards.
 - UN SDGs** for overarching global goals.
 - CDP (Carbon Disclosure Project)** for carbon and environmental performance.
- **Indian frameworks:**
 - SEBI BRSR (Business Responsibility and Sustainability Reporting)** mandatory for top 1000 listed companies.
 - MCA's National Guidelines on Responsible Business Conduct (NGRBC).**



Thus, the ESG audit is not a one-time checkbox but a **comprehensive governance tool** that validates whether sustainability is embedded in the organization's ethos, culture, and accountability systems.

WHY ESG AUDITS ARE BECOMING NON-NEGOTIABLE IN INDIA?

India is at an inflection point in its journey toward sustainable economic growth. As environmental challenges, social disparities, and governance failures dominate headlines, the demand for **corporate accountability** has never been stronger. ESG audits, once considered a luxury or CSR offshoot, are now **strategic necessities** driven by multiple forces.

1. Regulatory Push

India's regulators are making ESG compliance a formal requirement:

- **SEBI's BRSR mandate (2021):** Applicable to the top 1000 listed companies by market capitalization, this framework requires disclosures across nine ESG principles and over 140 indicators — including quantitative KPIs and narrative insights.
- **MCA's NGRBC:** Encourages responsible business conduct aligned with India's sustainable development goals.
- **RBI's Climate Risk Advisory (2022–2025):** NBFCs and banks are expected to disclose environmental risks in their credit and investment portfolios.
- **Proposed ESG rating regulations:** SEBI is also framing a regulatory regime for ESG rating providers to curb greenwashing and bring consistency.

These regulations mean that **ESG disclosures will soon need to be verified** — and ESG audits become the primary assurance tool.

2. Investor & Lender Expectations

ESG has emerged as a decisive factor in capital allocation. Global investors, sovereign funds, and ESG mutual funds now screen companies based on ESG scores, sustainability-linked bonds, and climate-risk disclosures. Domestic banks and financial institutions are also leaning towards:

- Green finance
- ESG-linked lending rates
- Climate-resilient credit assessments

Without an ESG audit, companies' risk being left behind in fundraising or may face higher capital costs.

3. Reputation and Brand Trust

In an age where brand reputation travels faster than facts, even a single ESG lapse — say, labor abuse in the supply chain or a pollution violation can result in massive reputational damage. Independent ESG audits:

- Enhance credibility of sustainability claims.
- Provide third-party assurance to customers and partners.
- Protect against accusations of greenwashing or tokenism.

Unlike financial audits, which rely heavily on quantifiable outcomes and historical performance, ESG audits focus on qualitative disclosures, stakeholder impact, ethical conduct, and future preparedness.

Companies that invest in ESG assurance earn **greater stakeholder trust**, especially among Gen Z and millennial consumers who care about purpose-driven brands.

4. Business Continuity and Risk Management

Climate change is no longer a distant threat. Floods, heatwaves, and droughts are already disrupting supply chains. ESG audits help companies:

- Assess environmental vulnerabilities.
- Build resilience in operations.
- Prepare for stricter compliance audits.
- Identify governance blind spots that could lead to penalties or litigation.

It becomes a **proactive risk tool**, not just a reactive compliance mechanism.

5. Boardroom and Global Alignment

Multinational partners and global supply chains are increasingly demanding ESG-compliant vendors and affiliates. ESG audits enable Indian companies to:

- Meet international partner expectations.
- Qualify for global sustainability indices.
- Position themselves as future-ready, ethical businesses.

In effect, ESG audits are becoming **non-negotiable for access, advantage, and assurance** in a changing world.

ESG AUDIT PROCESS: STEP-BY-STEP WALKTHROUGH

Conducting an ESG audit is not just about checking documents — it's about understanding the soul of a company's sustainability commitment. A well-structured ESG audit follows a **systematic, multi-phase approach**, blending qualitative analysis with data verification, stakeholder insights, and governance evaluation.

Step 1: Preliminary Assessment and Scoping

- Define the **audit scope**: Will it cover all three ESG pillars or focus on material issues?
- Map the applicable **frameworks**: SEBI BRSR, GRI, SASB, etc.
- Identify key **stakeholders** and departments to be involved.
- Sign the **engagement letter** outlining objectives, responsibilities, and timelines.

Step 2: Policy and Document Review

- Examine existing ESG-related policies: Environment, POSH, DEI, CSR, whistleblower, vendor code of conduct, etc.
- Evaluate if these policies are board-approved, updated, and compliant with regulatory norms.
- Check integration of ESG in mission statements, code of ethics, and strategic documents.

Step 3: Process and Control Assessment

- Evaluate **process implementation** — not just policy presence.
- Review controls related to carbon emissions tracking, energy monitoring, waste segregation, employee grievance redressal, board evaluations, etc.
- Look into **procurement, vendor onboarding, community engagement, and employee training** for ESG alignment.

Step 4: KPI and Data Validation

- Verify **quantitative data** reported in sustainability reports — such as GHG emissions, gender diversity, training hours, community investments, etc.
- Validate against source data (payroll, energy bills, waste logs, etc.).
- Check **consistency of disclosures** across annual reports, BRSR, website, investor presentations.

Step 5: Stakeholder Interviews and Feedback

- Conduct interviews with board members, employees, CSR teams, HR, vendors, etc.
- Assess awareness of ESG policies, grievance handling, ethical practices.
- Gauge the **culture of compliance vs. box-ticking**.

Step 6: Risk and Gap Analysis

- Identify areas of non-compliance or weak performance.
- Highlight greenwashing risks, regulatory gaps, reputational red flags.
- Map ESG risks (e.g., climate, human rights, data privacy) to operational and strategic impact.

Step 7: Recommendations and Roadmap

- Suggest corrective actions, ESG goal-setting, board engagement, and training needs.
- Recommend alignment with better frameworks or enhanced disclosures.
- Create a **time-bound roadmap** for improvements.

Step 8: Final Reporting and Assurance

- Draft the **ESG audit report** with executive summary, detailed observations, evidence base, and recommendations.
- Submit for board review and public disclosure (if applicable).
- Optionally, issue a **limited assurance certificate** (especially for BRSR Core).

An effective ESG audit is **collaborative, not adversarial**. It helps businesses not just pass scrutiny but build long-term value.

THE ROLE OF THE COMPANY SECRETARY IN ESG AUDITS

In the evolving landscape of sustainable corporate governance, the Company Secretary (CS) emerges as a strategic enabler of ESG transformation. With

deep expertise in compliance, board functioning, and stakeholder communication, the CS is uniquely equipped to embed ESG auditing into the DNA of governance.

The role of the CS in ESG audits goes beyond facilitation — it encompasses leadership, assurance, and stewardship. Here's a detailed look at how the CS champions ESG assurance:

1. ESG Governance Architect

- **Bridge Builder:** The CS serves as a critical bridge between the board and management, ensuring ESG is not seen as an isolated function but a boardroom priority.
- **Agenda Integrator:** Ensures ESG matters become a standing agenda item across Board, Audit, Risk, and CSR Committee meetings.
- **Committee Enabler:** Advises on the formation of ESG Committees or the expansion of existing Risk and CSR committees to incorporate ESG oversight.
- **Policy Custodian:** Leads the drafting, review, and approval of key ESG policies such as climate action, code of conduct, gender diversity, and responsible sourcing.

2. Disclosure & Reporting Champion

- **BRSR Navigator:** Plays a pivotal role in preparing, reviewing, and filing the Business Responsibility and Sustainability Report (BRSR) in accordance with SEBI guidelines.
- **Disclosure Strategist:** Ensures consistency and coherence of ESG disclosures across multiple channels — annual reports, integrated reports, investor decks, and corporate websites.
- **Assurance Collaborator:** Works with internal and external auditors to ensure ESG data is accurate, auditable, and free from greenwashing risks.
- **Standards Aligner:** Maps internal reporting to international frameworks like GRI, SASB, TCFD, and SDGs, positioning the company for global recognition.

3. Compliance Gatekeeper

- **Regulatory Tracker:** Constantly monitors evolving ESG-related regulations and guidance issued by SEBI, MCA, RBI and global standard setters.
- **Proactive Watchdog:** Identifies potential ESG compliance gaps and escalates them to senior management and the Board for timely action.
- **Documentation Guardian:** Maintains robust documentation and version control of ESG-related policies, reports, resolutions, and stakeholder communications for audit readiness.

4. Culture and Ethics Custodian

- **Governance Culture Builder:** Advocates for a strong culture of integrity, inclusion, and ethical conduct across all levels of the organization.
- **Training Facilitator:** Organizes ESG literacy workshops and board-level sensitization programs on emerging issues such as climate risk, greenwashing, and ethical AI.
- **Whistleblower Oversight:** Monitors the effectiveness of whistleblower, anti-retaliation, and grievance redressal mechanisms, especially on ESG-linked concerns.

5. ESG Audit Facilitator

- **Coordination Hub:** Acts as the single point of contact for ESG auditors, streamlining access to documentation, stakeholders, and audit trails.
- **Audit Readiness Champion:** Prepares internal teams for audit readiness through mock assessments, documentation templates, and internal checklists.
- **Implementation Tracker:** Post-audit, monitors the timely execution of audit recommendations and keeps the board informed on progress through structured reporting.

6. Stakeholder Communicator

- **Investor Interface:** Represents the company in ESG interactions with shareholders, ESG rating agencies, and sustainability index evaluators.
- **Narrative Architect:** Crafts authentic and credible ESG narratives for annual reports, IPO filings, ESG roadshows, and analyst briefings.
- **Public Voice:** Addresses ESG-related queries during AGMs, public disclosures, and media interactions — ensuring clarity, consistency, and transparency.

MORE THAN A COMPLIANCE OFFICER — A STEWARD OF SUSTAINABILITY

In essence, the CS is no longer confined to regulatory filings and minutes. In the ESG era, the CS emerges as a governance innovator and sustainability integrator, ensuring that ESG audits don't remain one-off events but become embedded into the corporate lifecycle.

Whether it's aligning boardroom decisions with sustainability goals or ensuring transparent ESG assurance practices, the CS is the linchpin in transforming ESG from a reporting requirement to a competitive strength.



CONCLUSION: ESG AUDIT — FROM COMPLIANCE TO COMPETITIVE EDGE

We are living in a time where trust, transparency, and transformation define the corporate success story. ESG audits, once seen as voluntary or idealistic, are now the backbone of credible business conduct. They have evolved from being a compliance requirement to becoming a **strategic differentiator** — influencing investor sentiment, consumer loyalty, boardroom confidence, and brand value.

For Indian companies, this transformation is being accelerated by both **domestic regulatory mandates** and **global ESG expectations**. The introduction of the BRSR framework, coupled with the growing influence of ESG rating agencies, institutional investors, and sustainability-linked finance, has made **ESG assurance a boardroom priority**.

But what truly sets leading companies apart is their **attitude toward ESG audits** — not just as an obligation, but as a **tool for introspection, innovation, and long-term resilience**. ESG audits challenge companies to:

- Identify and fix blind spots before they turn into reputational risks.
- Build stakeholder confidence through evidence-based sustainability disclosures.
- Future-proof operations against climate shocks, social unrest, and regulatory scrutiny.
- Transform ethical commitments into measurable outcomes.

This shift requires not just technical skills but a **culture of governance excellence** — and that's where the CS comes in. As the anchor of board processes, statutory compliance, and ethical oversight, the CS is uniquely positioned to lead this evolution. From designing ESG frameworks to coordinating audits, from drafting policies to reporting progress, the CS becomes the **orchestrator of sustainable governance**.

As ESG becomes the new grammar of business, ESG audits will be the punctuation marks — giving credibility, structure, and meaning to a company's sustainability story. The future will belong to organizations that don't just disclose, but assure. That don't just commit, but audit.

In this future, the **Company Secretary is not just a Compliance Officer**, but a **strategic conscience keeper** — ensuring that sustainability isn't just a speech, but a system.

REFERENCES:

- i. **SEBI (Securities and Exchange Board of India)**
 - ♦ *Business Responsibility and Sustainability Reporting (BRSR) Framework – Circular dated May 10, 2021*
 - ♦ *Consultation Paper on ESG Rating Providers – SEBI, January 2023*
 - ♦ *BRSR Core Guidelines – SEBI Circular, July 2023*
- ii. **Ministry of Corporate Affairs (MCA), Government of India**
 - ♦ *National Guidelines on Responsible Business Conduct (NGRBC), 2019*
 - ♦ *Report of the Committee on Business Responsibility Reporting, 2020*
- iii. **RBI (Reserve Bank of India)**
 - ♦ *Discussion Paper on Climate Risk and Sustainable Finance, July 2022*
 - ♦ *Master Direction on Risk-Based Supervision Framework for NBFCs, 2023*
- iv. **GRI (Global Reporting Initiative)**
 - ♦ *GRI Standards 2021 Update: <https://www.globalreporting.org>*
 - ♦ *GRI Universal Standards: Principles and Disclosures*
- v. **TCFD (Task Force on Climate-related Financial Disclosures)**
 - ♦ *Final Recommendations Report, 2017*
 - ♦ *TCFD Implementation Guide (2021)*
- vi. **SASB (Sustainability Accounting Standards Board)**
 - ♦ *SASB Standards for Industry-specific ESG Disclosures: <https://www.sasb.org>*
- vii. **ISSB (International Sustainability Standards Board)**
 - ♦ *IFRS S1 and S2 Standards on Sustainability and Climate-related Disclosures, 2023*
- viii. **United Nations**
 - ♦ *UN Sustainable Development Goals (SDGs) – <https://sdgs.un.org/goals>*
- ix. **CDP (Carbon Disclosure Project)**
 - ♦ *Annual Climate Disclosures and ESG Benchmarking Reports*

The Algorithmic Witness: Company Secretary as Architect of the AI-Powered Audit

As traditional audits falter under surging data and regulatory complexity, Artificial Intelligence (AI) emerges as an indispensable ally for Company Secretaries (CS). This article explores AI's transformative role across financial, internal, GST, forensic, ESG, and secretarial audits, showcasing techniques like anomaly detection, process mining and natural language processing. Tools like HALO, Clear, and Karza, tailored to India's compliance landscape, offer a robust arsenal. Yet, governance challenges—black box risks, data privacy under the DPDP Act, and legal admissibility—demand ethical oversight. Far from replacing the CS, AI empowers them to evolve from compliance officers to strategic assurance architects, navigating India's dynamic governance landscape with precision, trust and foresight.



CS Bhuvesh Malhotra, ACS

Assistant Manager- CS & Legal
DSS Imagetech Private Limited, Delhi
Ghaziabad, UP
malhotrabhuvesh@gmail.com

INTRODUCTION

BEYOND THE MAGNIFYING GLASS

For decades, the auditor has wielded a magnifying glass, meticulously inspecting sampled corners of a vast corporate landscape through diligence and professional judgment. But what if you held a satellite's all-seeing eye, capable of scanning every transaction, every entry, and every digital footprint in real-time? This is no mere speculation—it is the fundamental redefinition of assurance being driven by Artificial Intelligence (AI).

The modern Indian enterprise operates within a “data tsunami.” Millions of invoices, tens of thousands of vendor payments, and ceaseless filings on the Goods and Services Tax Network (GSTN) flood complex ERP systems. In this environment, sampling—a once-practical compromise—has become a high-stakes gamble. It risks overlooking critical discrepancies like duplicate payments, circular trading, or GST input credit mismatches, which can easily snowball into material misstatements or severe regulatory breaches.

This scale not only challenges human capacity but also creates opportunities for deception. Sophisticated fraudsters can exploit these gaps, masking illicit entries within the torrent of routine data, far beyond the practical

limits of manual review. Simultaneously, stakeholders—from the Board and Audit Committee to investors—are no longer satisfied with “reasonable assurance”; they demand deeper, near-real-time insight.

Into this breach, AI emerges not as a rival, but as the Company Secretary's most vital ally. By enabling 100% population checks, continuous auditing, and proactive risk forecasting, it amplifies human judgment, freeing governance professionals for strategic analysis and high-level insights. For the CS, this technology sparks a profound evolution—from a reactive compliance officer to a proactive **strategic assurance architect**. Tailored for India's governance landscape, this article unravels AI's practical applications across financial, forensic, GST, ESG, and Secretarial Audits, offering a roadmap to not just adapt, but to lead this transformation.



THE IMPERATIVE FOR CHANGE – THE WALLS OF TRADITIONAL AUDIT

The traditional audit model, long a cornerstone of corporate governance, is buckling under the pressures of the modern digital economy. Four formidable “walls”—Scale, Complexity, Deception and Expectation—combined with a robust regulatory push, reveal why AI is not just an enhancement but an urgent necessity for assurance professionals, including Company Secretaries (CS).

The Scale Wall towers over manual methods. A mid-sized Indian enterprise might generate 3 million invoice lines, 50,000 vendor payments, and daily GST filings annually. Traditional sampling, which might cover 1% of these

transactions, leaves 99% unexamined—vast blind spots where risks hide. AI-powered tools break this barrier by enabling 100% population testing, analyzing entire datasets in minutes to pinpoint anomalies.

The Complexity Wall reflects today's intricate business landscape. India's GST regime demands reconciling GSTR-1, GSTR-3B, and GSTR-2B filings, tracking HSN code discrepancies, and unravelling group-entity structures or circular trading networks. Manual audits struggle to connect these dots. AI, however, excels at normalizing disparate data sources, delivering precise insights into hidden control failures.

The Deception Wall shields sophisticated fraud. Modern schemes—like payments split just below approval thresholds (e.g., ₹4,99,999) or phantom vendors with near-identical names—are designed to evade detection. Time-constrained human auditors, prone to cognitive biases, miss these subtle patterns. Machine learning algorithms, by contrast, detect dispersed anomalies across millions of records with unmatched accuracy.

The Expectation Wall has been elevated by stakeholders. Boards, investors, and regulators now demand near-real-time, comprehensive assurance, far beyond the traditional year-end snapshot. SEBI's Business Responsibility and Sustainability Reporting (BRSR) mandate for the top 1,000 listed companies (from FY 2022-23) has paved the way for data-driven ESG oversight, with a phased introduction of mandatory reasonable assurance on certain ESG metrics.

Underpinning these challenges is a Regulatory Push. The Companies Act, 2013, mandates a built-in audit trail for accounting software, a requirement that became fully effective from April 1, 2023, ensuring tamper-proof transaction records. Globally, the IAASB is shaping standards for technology-enabled audits. For CS professionals, these developments signal a clear directive: embrace AI to deliver continuous, data-universe auditing that meets modern demands.

AI IN ACTION – A PANORAMIC VIEW ACROSS THE AUDIT SPECTRUM

The shift to AI-powered auditing is no longer a vision—it's a reality transforming the audit landscape. For Company Secretaries (CS), mastering this transition means navigating a spectrum of applications, from financial rigour to ESG validation. This section explores AI's practical impact across six key audit domains, empowering CS professionals to architect modern governance.

1. Fortifying the Core – Financial & Internal Audits

Techniques: Machine learning for anomaly detection; process mining for control gaps.

AI revolutionizes financial and internal audits by enabling 100% population testing. Machine learning algorithms learn an organization's "transactional DNA," flagging outliers like duplicate payments or entries posted at odd hours. Process mining creates visual maps of processes like Procure-to-Pay, exposing deviations from designed workflows.

Example: An Indian automotive manufacturer deployed AI to scan its general ledger, identifying 500 suspicious transactions, including payments to vendors with near-identical GSTINs and 12% of invoices bypassing three-way matching (PO, invoice, GRN). This saved crores annually and shifted audits from retrospective checks to predictive risk alerts, empowering the CS to strengthen controls proactively.



2. Taming the Digital Trail – The GST Audit Revolution

Techniques: AI-driven reconciliation of GSTR-1, GSTR-3B, and GSTR-2B; ITC mismatch detection; circular trading analysis.

India's GST regime demands precision, but manual reconciliation is error-prone. AI engines match filings with ERP data in minutes, flagging mismatches and invalid GSTINs. Advanced tools map vendor-customer networks to detect circular trading.

Example: Consider a typical mid-sized logistics firm. By using an AI tool to reconcile GSTR-2B with supplier invoices, identifying 27 ITC mismatches and a circular trading pattern among vendors. This reduced compliance risks and saved 40 hours monthly. CBIC's AI risk profiling

further inspires firms to adopt such tools, enabling CS professionals to ensure proactive compliance.

3. Unearthing Deception – AI in Forensic & Fraud Audits

Techniques: Pattern recognition, NLP for email analysis, behavioral analytics. AI excels at detecting sophisticated fraud hidden in data. Pattern recognition spots subtle anomalies, like payments just below approval thresholds. NLP analyzes email sentiment for collusion, while behavioral analytics flags insider threats.

Four formidable "walls"—Scale, Complexity, Deception, and Expectation—combined with a robust regulatory push, reveal why AI is not just an enhancement but an urgent necessity for assurance professionals, including Company Secretaries (CS).

Example: A leading NBFC used AI to investigate expense surges, correlating vendor payments with NLP-analyzed emails revealing override requests. The system uncovered ghost vendors via manipulated PAN records, reducing investigative time from months to days. CS professionals can leverage such insights to drive swift, evidence-based inquiries.

4. Auditing the Intangible – The New Frontier of ESG

Techniques: NLP for disclosure analysis; satellite imagery and IoT for environmental metrics. SEBI's BRSR mandate requires verifiable ESG data. AI tools use NLP to scan supplier disclosures and media for compliance issues, while satellite imagery and IoT sensors validate environmental claims like afforestation or emissions.

Example: Company 'A' employed AI to verify sustainability claims, using NLP to flag supplier child labour risks and satellite data to confirm afforestation. IoT sensors validated emission reductions for BRSR filings, enhancing investor trust. CS professionals can use AI to deliver credible ESG assurance.

5. Sharpening Governance – Secretarial & Compliance Audits

Techniques: AI document analysis, statutory deadline tracking, governance pattern recognition. AI transforms secretarial audits into proactive governance. Tools scan board minutes and resolutions, flagging missed RoC deadlines or governance gaps using NLP.

Example: A listed tech firm's AI assistant analyzed three years of board minutes, identifying inadequate cybersecurity discussions despite industry risks. It also flagged missed filing deadlines, enabling the CS to revamp compliance calendars and strengthen board practices with evidence-ready insights.

6. Specialized Audits – GST, Transfer Pricing & Customs

Techniques: AI tax gap analysis, transfer pricing benchmarking, customs profiling. Specialized audits like transfer pricing (TP) benefit from AI's analytical power. Tools benchmark inter-company transactions against industry data, ensuring arm's length compliance, and verify customs declarations.

Example: A multinational's Indian subsidiary used AI to benchmark TP transactions, flagging inconsistent royalty rates in software licenses. Geo-tagged e-way bill analysis detected GST e-invoice discrepancies, reducing audit disputes. CS professionals can leverage AI to fortify compliance and minimize regulatory risks.

Key Takeaway

These applications show AI turning audits into a continuous, strategic function. For CS professionals, the challenge is to integrate these tools into governance

frameworks, evolving from compliance monitors to architects of data-driven assurance in India's dynamic regulatory landscape.

INDIA-CENTRIC CASE STUDIES – AI IN ACTION

Case 1: AI-Powered GST Reconciliation for a Mid-Sized IT Firm

A mid-sized IT firm in Pune struggled with manual GST reconciliation, risking errors and penalties. Adopting an AI-driven tool, the firm automated matching of GSTR-1, GSTR-3B, and GSTR-2B filings with its ERP data. The system flagged invoice mismatches, invalid GSTINs, and a circular trading pattern among vendors, reducing reconciliation time by 40%. This example demonstrates AI's precision in tackling India-specific regulatory challenges, offering CS professionals a model for enhancing compliance accuracy.

Case 2: SME Compliance Management with AI

To illustrate the democratization of these tools, consider a typical manufacturing SME. Limited by resources, it can subscribe to an AI-powered compliance platform. The tool tracked statutory deadlines, sent reminders, and used natural language processing to analyze board resolutions and suggest filings. This affordable solution ensured enterprise-level compliance without additional staff, reducing the risk of missed deadlines. It underscores how AI democratizes advanced audit tools, empowering smaller businesses and their CS advisors to strengthen governance proactively.

Key Takeaway for CS Professionals

These case studies reveal that AI in auditing is a present-day reality across India's corporate landscape, from PSU giants to SMEs. For Company Secretaries, the practical step forward is clear: begin with pilot projects—whether automating GST reconciliation, compliance tracking, or risk analysis. By integrating AI's analytical power with human expertise, CS professionals can evolve from compliance overseers to strategic assurance leaders, driving organizational value and resilience.

THE AUDITOR'S AI ARSENAL – TOOLS, PLATFORMS, AND STRATEGIC CHOICES



The shift to AI-powered audits is inevitable, and for Company Secretaries (CS), mastering this transition means navigating a dynamic landscape of tools and strategic decisions. From global platforms to Indian innovations, the right choices can revolutionize audit efficiency and governance.

- **The Strategic Crossroads: Build vs. Buy**

This diverse landscape presents a fundamental choice. **Building** a bespoke in-house AI solution offers maximum customization but demands significant investment in talent and infrastructure, a path viable for only the largest corporations. For most, **Buying**—subscribing to a specialized Software-as-a-Service (SaaS) platform—is far more practical, providing access to cutting-edge technology for a predictable fee.

- **Key Insight: Integration is the True Value**

The power of AI lies not in a standalone tool but in its seamless integration into governance frameworks. The CS must ensure that AI outputs—be it risk alerts, compliance flags, or process maps—are not just generated but are fed directly into audit workflows and board-level reporting. The ultimate goal is to turn raw data into strategic decisions, enhancing assurance without overwhelming the function. This arsenal equips the CS to blend global standards with Indian relevance, making smarter governance an achievable reality.

THE HAND THAT GUIDES – GOVERNANCE, ETHICS, AND THE CS's ROLE

The shift to AI-powered auditing is unstoppable, and for CS, mastering this transition demands more than embracing tools—it requires navigating a complex landscape of governance, ethics and strategic leadership. The true power of AI lies not in its algorithms but in the human-led framework that ensures its responsible use. The CS must evolve into an ethical architect, steering organizations toward trusted, impactful assurance.



- **Overcoming the 'Black Box': The Explainability Imperative**

AI's strength in processing vast datasets can become a liability if its outputs are opaque. "Black box" models that obscure their logic undermine audit credibility. The CS must **champion AI**, ensuring tools like risk-scoring or anomaly detection provide transparent rationales. For instance, when AI flags a GST mismatch, the CS should trace its reasoning to specific data points, enabling confident boardroom or regulatory discussions. This transparency is non-negotiable for defensible assurance.

- **Ensuring Data Integrity: The 'Garbage In, Gospel out' Risk**

AI's insights depend on data quality. Flawed inputs such as incomplete ERP records or unverified GST filings can produce misleading outputs, amplifying errors at scale. The CS's expertise in data governance is critical. They must **lead the charge** to implement robust controls over data quality, consistency, and lineage, collaborating with IT teams to create a reliable foundation for AI-driven audits.

- **Establishing Ethical Guardrails: Bias and Privacy**

AI trained on biased historical data risks perpetuating unfair outcomes, such as skewed fraud detection. Additionally, handling sensitive audit data raises privacy concerns under India's **Digital Personal Data Protection (DPDP) Act**, (rules still in draft) requiring anonymization and explicit consent for personal data usage. The CS must **act as an ethical conscience**, enforcing protocols for data anonymization, bias testing, and compliance. This ensures AI's efficiency aligns with legal and reputational integrity.

- **Upholding Legal Admissibility: The Digital Chain of Custody**

AI-generated findings must withstand legal scrutiny. Under the Indian Evidence Act, electronic evidence requires demonstrable authenticity. The CS must **ensure a tamper-proof digital chain of custody**, documenting how AI processes data and produces insights. For example, in forensic audits, AI's detection of collusive patterns must be backed by auditable logs to be admissible in court, reinforcing its role as a trusted tool.

- **Upskilling: The CS as Data-Savvy Strategist**

The greatest barrier to AI's success is not technology but talent. To govern AI effectively, the CS must become a **data-savvy governance strategist**, mastering the basics of data analytics, machine learning, and IT collaboration.

By mastering explainability, data integrity, ethics, legal rigor, and skills, the CS transforms into a strategic navigator, weaving AI into governance frameworks that deliver precise, ethical assurance. For India's CS professionals, the call is clear: hold the hand of technology to architect a new era of trust and excellence.

THE HORIZON – FUTURE TRENDS AND RECOMMENDATIONS

The AI revolution is reshaping auditing, and for Company Secretaries (CS), mastering this shift means navigating a horizon of transformative trends. By leading proactively, CS professionals can architect a future of perpetual, intelligent assurance.

- **Generative AI: Redefining Reporting**

Generative AI tools, like advanced LLMs, are set to streamline audit documentation. Early-stage applications and vendor pilots show Generative AI tools can draft summaries of findings or audit committee reports or summarizing complex risk findings in minutes subject to human review. With human oversight, these tools free CS professionals to focus on strategic interpretation, accelerating reporting while enhancing clarity.

- **Continuous Assurance: The Always-On Audit**

Traditional audits offer point-in-time snapshots, but AI enables **continuous assurance**. Machine learning and rule-based platforms monitor transactions and controls in real-time, flagging anomalies hours—not months—after they occur. This transforms the CS's role from historical reviewer to dynamic risk manager, ensuring live governance.

- **ESG Assurance: The Next Frontier**

SEBI's Business Responsibility and Sustainability Reporting (BRSR) mandates demand verifiable ESG data. AI will analyze satellite imagery to validate afforestation claims, scan global media for supply chain ethics, and verify IoT sensor data for emissions accuracy. CS professionals leveraging these tools will lead in delivering credible, data-driven ESG assurance.

- **Actionable Recommendations**

- **Start Small:** Pilot AI in high-impact areas like GST reconciliation or compliance tracking to prove ROI.
- **Partner with IT:** Forge strategic alliances to align AI tools with governance needs.
- **Upskill Relentlessly:** Pursue certifications in AI, analytics, and cybersecurity to stay ahead.

The future of auditing isn't about replacing CS professionals—it's about empowering them. By embracing these trends, CS leaders will secure their role as indispensable architects of intelligent, trusted assurance in India's evolving governance landscape.

CONCLUSION – FROM GOVERNANCE OFFICER TO ASSURANCE STRATEGIST

The journey from the auditor's magnifying glass to AI's all-seeing satellite eye reveals a seismic shift in assurance. We've navigated the walls of scale, complexity, and deception that limit manual audits and explored AI's transformative applications—from fortifying financial controls and taming GST compliance to unearthing fraud and validating ESG claims. The verdict is clear: AI-powered auditing is not a future promise but a present imperative, redefining governance for India's Company Secretaries (CS).

This transformation elevates the CS's role. Routine tasks—data aggregation, compliance checks are now handled by AI's unmatched speed and accuracy. This liberation empowers the CS to become an **interpreter of complexity**, translating raw data into strategic insights, and a **storyteller of assurance**, connecting AI-driven findings to risk mitigation and governance excellence. No longer are mere record-keepers, CS professionals' strategic navigators, shaping organizations' futures in an age of total data.

The path forward requires no revolutionary leap—just deliberate steps. **Start with pilot projects**, like automating GST reconciliation or compliance tracking, to demonstrate ROI. **Forge alliances with IT teams** to integrate AI into governance frameworks.

CS professionals stand at a pivotal crossroads, entrusted with guiding organizations through this intelligent era. The question looms: *In an age of total data, can we afford partial visibility?* The hand of technology is extended—take it, not as passengers, but as architects of a new assurance paradigm.

REFERENCES:

- International Auditing and Assurance Standards Board (IAASB). (2022). Exposure Draft, ISA 220 (Revised), Quality Management for an Audit of Financial Statements.*
- Ministry of Corporate Affairs, Government of India. (2023). Companies (Accounts) Amendment Rules, 2023: Audit Trail.*
- SEBI. (2021). Business Responsibility and Sustainability Reporting by Listed Entities. Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562.*
- SEBI. (2023). Circular on BRSR Core. Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122.*
- State Bank of India. (2024). Annual Report 2023-24.*
- World Economic Forum. (2021). AI for Business: A Playbook for Responsible AI Adoption.*

□

Disclaimer: The views expressed are the author's alone and for educational purposes only, not professional advice. Some examples are hypothetical, and specific claims may be unverified. Given evolving Indian regulations and AI, consult professionals for guidance. The author(s) disclaim liability for errors or reliance.

Internal and External Audit: The Dual Pillars Fortifying Corporate Governance in a Dynamic Era

In this intricate and rapidly evolving business environment, internal and external audits transcend their traditional roles as mere regulatory obligations. They have evolved into indispensable strategic mechanisms for fortifying corporate governance. These two distinct yet complementary functions act as dual pillars, providing critical layers of assurance, strategic insights and a disciplined approach to risk management and control. Their combined force creates a comprehensive governance framework that promotes transparency, accountability and ethical conduct, ultimately safeguarding organizational value and ensuring sustainable growth. This article elucidates the scope & role of Internal & External Audit in organizations.



CS Rajiv Malik, ACS

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

INTRODUCTION

THE IMPERATIVE OF ROBUST CORPORATE GOVERNANCE

Setting the Stage: Why Corporate Governance matters more than ever?

Corporate governance serves as the fundamental framework guiding how a company is directed and how it manages its relationships with shareholders and a broader spectrum of stakeholders. It is the essential architecture upon which trust, transparency, and accountability are meticulously built, fostering long-term capital formation and contributing significantly to economic stability. This critical role is underscored by global standards such as the G20/OECD Principles of Corporate Governance, which were last revised in 2023 and have received endorsement from G20 Leaders. These principles offer comprehensive recommendations spanning shareholder rights, corporate disclosure, board responsibilities, and the crucial aspect of sustainability. India's corporate governance framework, for instance, draws heavily from these international principles, alongside its domestic Companies Act, 2013, and SEBI regulations, which collectively aim to enhance fairness, responsibility, and openness in corporate conduct.

Effective governance directly influences a company's access to capital markets, which in turn fuels innovation, productivity and entrepreneurship. It ensures that those who provide capital can participate and share in the company's value creation on fair and equitable terms, thereby impacting the cost at which corporations can secure financing for growth. The increasing emphasis on these aspects reflects a significant evolution in the understanding of corporate governance. Initially, the focus might have been primarily on adherence to regulations and avoiding penalties. However, the consistent articulation of "transparency," "accountability," "trust," and "sustainability" as core tenets by various regulatory bodies and industry experts indicates a deeper shift. This progression suggests that governance is now perceived not merely as a compliance exercise but as a proactive strategic imperative for building a resilient, trustworthy, and sustainable enterprise. This broader perspective naturally extends to the audit functions, demanding their evolution beyond traditional compliance roles.

How Internal and External Audits serve as indispensable pillars for Governance Fortification?

In this intricate and rapidly evolving business environment, internal and external audits transcend their traditional roles as mere regulatory obligations. They have evolved into indispensable strategic mechanisms for fortifying corporate governance. These two distinct yet complementary functions act as dual pillars, providing critical layers of assurance, strategic insights and a disciplined approach to risk management and control. Their combined force creates a comprehensive governance framework that promotes transparency, accountability, and ethical conduct, ultimately safeguarding organizational value and ensuring sustainable growth.

Corporations today navigate a complex array of challenges, including rapid technological advancements, escalating geopolitical risks, and the emergence of new regulatory demands, particularly in areas like Environmental, Social and Governance (ESG) disclosures. These factors collectively intensify regulatory scrutiny and heighten stakeholder expectations for greater transparency and accountability.

The pervasive emphasis on “trust” by leading audit firms and regulatory bodies alike underscores a fundamental shift in the audit profession’s mandate.

Yet, in practicality significant trust deficit is observed not only with stakeholders but also with other institutions encompassing government, business and markets. This observation implies that the role of audit has to be expanded beyond simply ensuring financial compliance; it has to be a critical strategic function for building and maintaining the foundational trust essential for corporate growth and capital market stability.

This perspective highlights that audit is a strategic imperative for building and maintaining stakeholder trust, rather than merely a technical or regulatory obligation.

INTERNAL AUDIT: THE SENTINEL WITHIN

The scope of internal audit is notably broad, extending beyond mere financial scrutiny to encompass financial operations, compliance, operational efficiency, and information technology across the entire enterprise. Internal auditors are tasked with objectively evaluating risks, analyzing systems for efficiencies, conducting spot-checks for as-yet-unknown issues, and ensuring departments remain aligned with business objectives. They identify concerns such as compliance issues, perform comprehensive risk assessments, investigate internal or external fraud, and detect data inaccuracies in financial reporting. Their role also involves reviewing processes and procedures, examining financial records, and developing recommendations to enhance risk management.

INTERNAL AUDIT’S INTEGRAL ROLE IN CORPORATE GOVERNANCE: RISK MANAGEMENT, INTERNAL CONTROLS, OPERATIONAL EFFICIENCY AND CULTIVATING AN ETHICAL CULTURE

Internal audit plays a vital and multifaceted role in corporate governance by assessing and reporting on the effectiveness of governance, risk management and control processes. These processes are specifically designed to help the organization to achieve its strategic, operational, financial and compliance objectives.

In the realm of **risk management**, internal audit systematically assesses the organization’s framework for identifying and mitigating potential threats. This includes evaluating the adequacy of controls against various risks such as operational disruptions, environmental compliance issues, cybersecurity vulnerabilities, geopolitical shifts and macroeconomic fluctuations. This proactive approach ensures that risks are identified and addressed before they escalate. For example, an internal audit might uncover discrepancies in inventory valuation within a manufacturing company, thereby preventing potential financial misreporting and regulatory penalties.

Regarding **internal controls**, internal audit evaluates both the design and operational effectiveness of controls

across a wide array of processes, from financial reporting to day-to-day operational activities. This scrutiny is crucial for ensuring the accuracy and reliability of financial information and for safeguarding against fraud and errors. Internal auditors are recognized as experts in control design evaluation and testing.

Internal audit significantly contributes to **operational efficiency**. Through their systematic evaluation of processes, auditors can identify areas where procedures can be streamlined or strengthened. For instance, an internal audit in a retail chain could reveal inefficiencies in procurement procedures that cause delays, prompting management to revise these processes for improved operational efficiency. The Institute of Internal Auditors (IIA) emphasizes that internal audit provides “insight” and acts as a “catalyst” for management and the board to gain a deeper understanding of governance processes and structures. This function moves beyond merely identifying problems; it actively stimulates positive change and innovation within the organization, fostering organizational confidence and enabling more informed decision-making. This evolution signifies that internal audit is not merely a reactive compliance function but a proactive, strategic partner that helps in shaping the organization’s future by anticipating and addressing risks and opportunities, thereby enhancing overall corporate resilience and innovation.

Prompt reporting of such findings enables the organization to take corrective action and address systemic issues.

Beyond detection, internal audit actively promotes ethical awareness throughout the organization. This is achieved by conducting training programs, effectively communicating company policies and procedures, and championing ethical decision-making through workshops and various communication channels. They also assess the adequacy and effectiveness of the organization’s ethics and compliance programs, identifying areas for improvement.

THE CRITICAL PARTNERSHIP WITH THE AUDIT COMMITTEE: ENSURING INDEPENDENCE AND EFFECTIVE OVERSIGHT

The relationship between the internal audit function and the audit committee is absolutely paramount for establishing and maintaining robust corporate governance. A strong and supportive relationship between these two groups is essential for creating and enhancing the independence and objectivity that an effective internal audit function requires. This independence is crucial because it allows internal auditors to provide unbiased, factual feedback to the board and senior management, thereby building trust in the auditing process.

The audit committee is expected to be attentive to the needs of the internal audit function, provide guidance throughout the year, and conduct regular briefing sessions. This reciprocal relationship fosters an environment where internal audit can operate with the necessary autonomy. The effectiveness of internal audit is directly proportional to the audit committee’s engagement and its commitment to safeguarding internal audit’s independence. This strong,

supportive relationship is not merely a formality; it actively fosters the objectivity and trust that are indispensable for internal audit's impact on corporate governance.

EXTERNAL AUDIT: THE INDEPENDENT ASSURANCE

1. External Audit's Crucial Role in Corporate Governance: Enhancing Financial Transparency and Stakeholder Confidence

An external audit is an independent financial review conducted by qualified accountants who operate independently of the entity being evaluated. These auditors meticulously examine and analyze a business's financial records and statements. The primary objective of an external audit is to provide assurance to external stakeholders, such as shareholders, creditors, and regulatory bodies, regarding the accuracy, reliability, and fairness of the financial statements and the company's compliance with applicable laws and regulations.

External audits are critical mechanisms for building and sustaining trust within the corporate landscape. They ensure clear financial reporting by providing an accurate and fair representation of a company's financial health, which is absolutely vital for stakeholders to make informed decisions regarding investments and credit. This transparency and independent verification significantly boost a company's market reputation, making it a more appealing prospect for investors, partners and customers.

This impact extends beyond mere compliance; external audit serves as a systemic enabler of capital market functionality and trust. The explicit purpose of external audits is to provide "assurance to external stakeholders... regarding the accuracy and reliability of financial statements" and to "increase stakeholders' confidence in financial records". This directly impacts market perception and valuation. Furthermore, financial institutions rely on audited financials when determining creditworthiness, indicating that companies undergoing routine audits are often perceived as lower risk, which can lead to more favorable credit terms and financing options. This demonstrates that external audit is not merely a company-level check but a fundamental mechanism that underpins the trust and efficiency of global capital markets. Any compromise to external audit quality or independence therefore poses systemic risks, potentially impacting investor confidence, creditworthiness, and broader economic stability.

The scope of internal audit encompasses financial operations, compliance, operational efficiency and information technology across the entire enterprise. Internal audit significantly contributes to operational efficiency. Through their systematic evaluation of processes, auditors can identify areas where procedures can be streamlined or strengthened.

During the audit process, external auditors meticulously assess the effectiveness of a company's internal controls. This evaluation helps to identify any weaknesses or deficiencies in critical processes such as cash handling, inventory management, and the recording of financial transactions. By pinpointing these vulnerabilities, external audits significantly contribute to reducing the risks of errors or fraudulent activities. This systematic review not only validates the integrity of financial data but also strengthens the overall control environment, thereby safeguarding the company's assets and reputation against external financial risks.

2. The Unwavering Imperative of Auditor Independence

Auditor independence stands as the cornerstone of external audit credibility. An external auditor is fundamentally defined as an accountant who conducts independent evaluations, meaning they must be entirely free from any influence or bias from the entity being evaluated. This independent nature is not merely a professional guideline; it is crucial for ensuring an impartial and objective presentation of financial information, which directly impacts a company's reputation and credibility in the eyes of investors, lenders, and other stakeholders.

Any compromise to this independence, such as conflicts of interest (e.g., deep connections between senior directors and the audit firm, or auditors having a vested interest in the audit results), can severely undermine the audit report's effectiveness and objectivity. Leading audit firms, including the Big Four, consistently emphasize their unwavering commitment to independence and ethical behavior in their annual transparency reports. These reports detail their legal structures, governance frameworks, and robust systems of quality control designed to safeguard auditor objectivity. This commitment is vital for maintaining public trust in financial reporting and the integrity of the capital markets.

MODERN DYNAMICS: AI, ESG, AND THE EVOLVING AUDIT LANDSCAPE

1. The Digital Transformation of Audit: Leveraging Artificial Intelligence and Advanced Analytics

The rapid pace of **digital transformation**, driven by advancements in Artificial Intelligence (AI) and advanced analytics, is profoundly reshaping the audit profession, fundamentally altering how organizations ensure accountability, regulatory compliance, and risk management. AI tools are enhancing auditors'



capabilities to process vast amounts of data with unprecedented speed and accuracy, enabling the identification of patterns and anomalies that may indicate fraud, error, or non-compliance.

3. Benefits of AI in Audit:

- **Enhanced Data Processing:** AI algorithms can rapidly sift through enormous volumes of financial records, procurement data, and transaction logs. This capability streamlines the audit process, allowing for quicker and more accurate determinations of compliance and accuracy.
- **Bias Elimination:** AI helps to mitigate human bias in auditing, ensuring that decisions are based on objective data rather than subjective opinions. It can perform automated risk assessments impartially, allowing auditors to focus on investigating irregular patterns flagged by the algorithms.
- **Predictive Capabilities:** AI's predictive analytics are invaluable for proactive risk management. They can forecast potential risks and vulnerabilities in operations by analyzing historical data, enabling auditors to concentrate resources on high-risk areas and preemptively detect fraudulent activities. For instance, AI can predict which departments are likely to experience budget overruns or compliance issues based on past performance, allowing auditors to enhance their procedures accordingly.
- **Efficiency and Value Creation:** By automating routine and data-intensive tasks like data entry and initial analysis, AI frees up human auditors to focus on higher-level planning, critical thinking, and value-added advisory work.
- **Algorithmic Integrity and Bias:** Errors can inadvertently be introduced into AI systems through biased training data or design choices, leading to skewed outcomes that compromise audit accuracy and reliability. If historical data used to train AI models contains inherent biases, the AI may replicate and reinforce these patterns, leading to misleading conclusions. Ensuring equity and fairness in AI algorithms requires stringent control and continuous development.
- **Overreliance on AI:** While AI is a powerful tool, it must be guided by human judgment and cannot yet perform many functions requiring real-world insight and experience. Overreliance on AI can lead to missed discrepancies; for example, an AI tool might analyze expense reports based on historical patterns but fail to detect a novel type of fraudulent claim that does not match past data.
- **Lack of AI Governance:** The absence of clear AI governance frameworks and legal constraints can impede AI implementation and limit its potential benefits. AI-based systems, especially deep learning models, are inherently more complex and less transparent than traditional IT systems, posing unique challenges for IT auditors.
- **AI Skepticism:** Resistance or skepticism from employees or stakeholders towards new technology can hinder AI adoption, potentially leading to underutilized investments if tools are not embraced.

4. Challenges of AI in Audit:

- **Data Security and Privacy:** A significant concern is ensuring the security of sensitive data, especially in

government auditing, where classified information and personal citizen data are involved. Integrating AI tools, particularly from third parties, escalates the risks of data breaches and vulnerabilities in algorithms or data pipelines.

The integration of AI into audit presents a complex dynamic. While AI offers immense potential for

enhancing audit quality, efficiency, and risk management, the same technology introduces new, complex risks related to data security, algorithmic bias, and the critical need for robust AI governance. This implies that while AI is a powerful enabler, its irresponsible application or a lack of adequate oversight can undermine the very governance it aims to fortify. Therefore, organizations must develop comprehensive AI governance frameworks that meticulously address ethical considerations, data privacy, and algorithmic transparency to harness AI's benefits while effectively mitigating its inherent risks. This ensures that AI truly strengthens, rather than erodes, trust in corporate operations.

ESG: A NEW FRONTIER FOR CORPORATE RESPONSIBILITY AND VALUE CREATION

Environmental, Social and Governance (ESG) factors have rapidly ascended to the forefront of corporate agendas, becoming crucial metrics for assessing a company's commitment to sustainability and ethical behavior. This shift is driven by increasing awareness among consumers and investors, who now demand greater corporate responsibility for social and environmental impacts. Strong ESG performance is increasingly viewed as an indicator of long-term success and an effective means of mitigating various risks. Legal risks related to "greenwashing" are anticipated to rise, driven by new disclosure requirements introduced by the Central Consumer Protection Authority (CCPA) through guidelines aimed at preventing greenwashing and curbing false claims of environmental benefits.

The evolution of ESG from a "nice-to-have" to a "must-have" reflects its transformation into a fundamental governance imperative. ESG has transitioned from a voluntary, reputational concern to a critical element of corporate strategy and regulatory compliance. This progression implies that companies can no longer treat ESG as a peripheral activity; it must be integrated into core business strategy, risk management, and governance frameworks, supported by robust audit and assurance mechanisms, to ensure long-term value creation and avoid significant legal and reputational repercussions.

In this evolving landscape, the role of external auditors, particularly the Big Four firms has become increasingly significant. As companies strive to strengthen their ESG credentials, the assurance of sustainability reports has emerged as a key driver of improved performance. Experienced and high-quality auditors play an essential moderating role, reinforcing the connection between board diversity and better sustainability results.

THE AUDIT COMMITTEE'S EVOLVING AGENDA: NAVIGATING EMERGING RISKS (CYBERSECURITY, AI, ESG)

Audit committees today face an increasingly complex and dynamic risk landscape, expanding their responsibilities far beyond traditional financial reporting and internal

controls. Cybersecurity, enterprise risk management (ERM), and the effective management of finance and internal audit talent consistently rank as top priorities on their agendas.

- **Cybersecurity Oversight:** Audit committees are increasingly responsible for overseeing cybersecurity risk, which includes assessing the resilience of the company's cybersecurity program and understanding recovery plans in the event of an attack. This necessitates regular engagement with the Chief Information Security Officer (CISO) or equivalent leader.
- **Enterprise Risk Management (ERM):** Effective ERM is crucial for achieving organizational objectives and safeguarding the company's reputation. Audit committees must remain acutely aware of emerging risks and ensure that management's risk assessment processes are dynamic and responsive to changing conditions.
- **AI Oversight:** The oversight of generative AI is rapidly emerging as a significant priority. This involves ensuring compliance with evolving laws and regulations governing AI, overseeing the development and maintenance of related internal controls, and establishing robust risk management frameworks for AI systems. Audit committees may find themselves responsible for navigating a complex "patchwork of differing laws and regulations" related to generative AI.
- **ESG Disclosures:** Audit committees are tasked with clarifying oversight responsibilities for new climate, sustainability, and other ESG disclosures. A critical aspect of this role is ensuring the quality and reliability of the underlying data supporting these disclosures.

The audit committee has become the nexus of modern risk oversight. Its agenda has expanded significantly beyond traditional financial reporting and internal controls to encompass complex, interconnected risks like cybersecurity, AI, and ESG. This indicates that the audit committee is now the central hub for overseeing the most critical and dynamic threats to corporate value and reputation. Its ability to effectively navigate these risks is paramount for overall corporate governance. Boards must therefore ensure that audit committees possess the necessary expertise (e.g., cybersecurity expertise), adequate resources, and direct access to relevant C-suite executives to effectively fulfill their expanded oversight responsibilities. Continuous professional development for committee members in these emerging and rapidly evolving areas is no longer optional but a non-negotiable imperative.

FORTIFYING CORPORATE GOVERNANCE: STRATEGIC RECOMMENDATIONS FOR THE FUTURE

To navigate the complexities of the modern business landscape and ensure long-term sustainability, organizations must proactively fortify their corporate

governance frameworks. This requires a multi-pronged approach that integrates robust audit functions, cultivates a strong ethical culture, embraces technology responsibly, and adapts to evolving regulatory environments.

- **Strengthening Board Oversight and Enhancing Audit Committee Effectiveness**

A cornerstone of strong corporate governance lies in the effectiveness of the board and its audit committee. Boards must prioritize recruiting diverse and competent directors, ensuring a balanced mix of executive and non-executive members, including Independent Directors. In India, for instance, this includes the mandate for at least one woman director. Diversity on the board has been shown to enhance performance and bring unique perspectives to decision-making. It is imperative to establish clear roles and responsibilities for the board and its committees, ensuring they are not unduly influenced or “managed” by the executive team. Audit committees should strive to improve the quality of presentations and discussions during meetings, focusing on concise executive summaries backed by detailed appendices to maximize efficiency and depth of engagement. Furthermore, cultivating strong relationships with finance and internal audit leaders, serving as mentors, and ensuring appropriate resource allocation to these critical functions are vital for effective oversight.

- **NFRA's Expanding Role in Strengthening Audit Effectiveness**

The evolving role of the National Financial Reporting Authority (NFRA) has added significant depth to India's corporate governance landscape, particularly in strengthen the responsibilities of internal and external auditors. NFRA has consistently emphasized the importance of professional skepticism, urging auditors to avoid over-reliance on management representations and to critically assess the effectiveness of internal controls. It has also called for greater engagement between statutory auditors and audit committees, especially those led by Independent Directors, to facilitate informed discussions on key financial judgments such as the recoverability of deferred tax assets, provisioning policies, and forward-looking profitability assumptions. This shift encourages a more proactive and risk aware audit environment, aiming not merely at regulatory compliance but at enhancing early fraud detection and institutional accountability. NFRA's recent guidance reflects a broader move towards positioning the audit function as a cornerstone of ethical oversight and enterprise.

CONCLUSION: THE ENDURING VALUE OF AUDIT IN CORPORATE GOVERNANCE

In an era defined by rapid change, increasing complexity, and heightened stakeholder expectations, internal and external audit functions stand as truly indispensable pillars, providing the twin

assurances necessary to fortify corporate governance. Internal audit acts as the vigilant sentinel within, offering proactive insights into operational efficiency, risk management, and internal controls, while fostering an ethical culture that permeates the organization. External audit, conversely, serves as the independent arbiter, lending crucial credibility to financial reporting and instilling confidence among external stakeholders in the integrity of capital markets.

The symbiotic relationship between these two audit functions, strengthened by seamless collaboration and the strategic integration of advanced technologies like AI, transcends mere compliance. This unified approach transforms audit into a strategic asset, safeguarding organizational value, enhancing market reputation, and ensuring long-term sustainability. The lessons from past corporate failures serve as stark reminders of the catastrophic consequences that arise when these audit pillars falter, underscoring the critical need for diligence, independence, and robust oversight. Conversely, the success stories of organizations that proactively embrace strong audit practices highlight the tangible competitive advantage derived from such commitment.

For Company Secretaries and governance professionals, the mandate is unequivocally clear: championing audit excellence is paramount for future-proofing their organizations. This requires actively advocating for robust and empowered internal audit functions, fostering seamless and transparent collaboration with external auditors, and proactively engaging with the evolving landscape of AI and ESG. By embracing technology responsibly, cultivating a pervasive culture of integrity and accountability, and committing to continuous professional development, organizations can not only meet stringent regulatory expectations but also build a resilient, trustworthy, and truly future-ready enterprise. The enduring strength and integrity of corporate governance in the years to come will undoubtedly hinge on the unwavering commitment to these dual pillars of assurance.

REFERENCES:

- i. *Global Annual Review 2024*, <https://share.google/wWd3KDGdZAAxWyEEs>
- ii. *Internal Controls and Audit Committee Oversight*, https://www.researchgate.net/publication/347132146_Internal_Controls_and_Audit_Committee_Oversight
- iii. *Integrity- Ethics unwrapped*, <https://ethicsunwrapped.utexas.edu/glossary/integrity>
- iv. *The institute of Internal Auditors*, <https://www.theiia.org/>
- v. *Prevention and regulations of Greenwashing Guidelines, 2024*, <https://consumeraffairs.nic.in/sites/default/files/file-uploads/latestnews/Draft%20Guidline%20with%20approval.pdf>
- vi. *NSE IPO: Pandey says Sebi will not let commercial interest trump general public interest*, https://m.economictimes.com/markets/ipos/fpos/nse-ipo-pandey-says-sebi-will-not-let-commercial-interest-trump-general-public-interest/amp_articleshow/120382287.cms
- vii. *NFRA circular on Statutory Auditors' responsibilities in relation to Fraud in a Company*, <https://nfra.gov.in/document/statutory-auditors-responsibilities-in-relation-to-fraud-in-a-company-2/>

ESG Audit: Placing Sustainability at the Centre

This article delves into the pivotal role of ESG audits in aligning corporate operations with sustainable goals, focusing particularly on 2W & 2Es - Water, Waste, Emissions, and Energy. It examines the institutional frameworks such as SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('LODR Regulations'), Corporate Governance framework, the BRSR, and its alignment with global standards such as GRI, SASB, and TCFD. The article also throws light on the essential elements such as the Key Performance Parameters, Audit Tools and Data Points and the overall benefits of ESG Audits both to the Corporate and to the broader ecosystem.



CS Aishwarya M Banthia, ACS

Manager – Secretarial Audits and Compliances,
KSR&CO Company Secretaries LLP, Coimbatore
aishwarya@ksrandco.in



CS Darsana Menon, ACS

Manager – Compliances Management and
Audits, KSR&CO Company Secretaries LLP,
Coimbatore
darsana@ksrandco.in



R. Sruthi

Legal Associate, KSR&CO Company
Secretaries LLP, Coimbatore
sruthi@ksrandco.in

INTRODUCTION

In a world grappling with Environmental, Social, and Governance (ESG) challenges, ESG audits have become indispensable for ensuring that businesses don't merely exist for profits, but for sustainable value creation. Placing sustainability at the heart of business strategies is no longer aspirational; it is imperative and there is no better professional to shoulder this responsibility with their multidisciplinary expertise and strategic insight than a Company Secretary. This article delves into the pivotal role of ESG audits in aligning corporate operations with sustainable goals, focusing particularly on **2W & 2Es - Water, Waste, Emissions, and Energy**. It examines the institutional frameworks such as SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('LODR Regulations'), Corporate Governance framework, the BRSR, and its alignment with global standards such as GRI, SASB, and TCFD. The article also throws light on the essential elements such as the **Key Performance Parameters, Audit Tools** and **Data Points** and the overall benefits of ESG Audits both to the Corporate and to the broader ecosystem.

ESG AND SUSTAINABILITY DISCLOSURES: FROM STATUTORY DUTY TO STRATEGIC IMPERATIVE

Effective from 1st April 2014, the Companies Act, 2013 ('the Act') marked a significant step forward in

embedding environmental responsibility into corporate governance. Section 166(2) introduced statutory duties for directors, one of which included the responsibility to protect the environment. Additionally, as per Schedule VII of the Act companies are encouraged to undertake CSR activities, under identified themes such as sustainability, ecological balance, and protection of flora and fauna.

As the capital markets regulator, SEBI was among the early adopters of sustainability reporting frameworks globally. Through Circular No. CIR/CFD/CMD/10/2015 dated 4th November 2015, SEBI mandated the Business Responsibility Report (BRR) for listed entities to disclose their performance across ESG (Environmental, Social, and Governance) parameters.

In a major regulatory shift, SEBI amended Regulation 34(2)(f) of the LODR Regulations via Gazette Notification No. SEBI/LAD-NRO/GN/2021/22 dated 5th May 2021, introducing a more comprehensive reporting format: the Business Responsibility and Sustainability Report (BRSR). The BRSR, accompanied by a detailed guidance note, outlines mandatory ESG-related disclosures, reinforcing the shift from voluntary to standardized and measurable sustainability reporting.

This evolution signals a paradigm shift in India's corporate landscape, where ESG is no longer peripheral but central to strategic decision-making.

GLOBAL CONTEXT: THE RISE OF ESG INTEGRATION

Globally, the adoption of the **Paris Agreement on Climate Change** and **UN Sustainable Development Goals (SDGs)**, have accelerated the transition towards sustainable economies. The COVID-19 pandemic further underscored the relevance of ESG considerations, driving investor interest in resilient, responsible, and future-ready companies.

The **UK Stewardship Code, 2020** (Principle 7) emphasizes the integration of stewardship, investment, and ESG. In 2005, then UN Secretary-General Kofi Annan convened leading institutional investors to create the **Principles for Responsible Investment (PRI)**, a landmark framework that now guides ESG-conscious investing worldwide. The UN Six Principles are as follows:

- i. Incorporate ESG issues into investment analysis and decision-making processes.
- ii. Be active owners and incorporate ESG issues into ownership policies and practices.
- iii. Seek appropriate disclosure on ESG issues by the entities in which they invest.
- iv. Promote acceptance and implementation of the Principles within the Investment Industry.
- v. Collaborate to enhance effectiveness in implementing the Principles.

Similar frameworks have emerged globally. The **Code for Responsible Investing in South Africa (CRISA)** came into effect on 1st February 2012. In 2011, **CalPERS** (California Public Employees' Retirement System) integrated ESG into its Total Fund investment strategy, aligning environmental, human, and physical capital for long-term value creation.

Today, ESG is central to stakeholder decision-making and boardroom strategy, and sustainability has emerged as the common thread tying it all together. This shift from optional sustainability to mandated ESG disclosures has been catalyzed by several regulatory changes, corporate failures, and global movements. It is not just about compliance anymore; it is about resilience, trust, and long-term growth.

THE KEY-PERFORMANCE INDICATORS INCLUDE

- 1) **Environment** - Energy usage and efficiency, greenhouse gas emissions, water consumption and conservation, ecosystem and circularity - Innovation in green products and services.
- 2) **Social** - Employee welfare and inclusivity, poverty alleviation, community development and responsible supply chain management.
- 3) **Governance** - Codes of conduct and ethical principles, accountability, transparency and disclosure and Implementation - quality and consistency.

KEY ESG FOCUS: WATER, WASTE, EMISSIONS AND ENERGY (2W & 2ES)

At the heart of ESG performance lies, an effective monitoring, management, and disclosure of four critical environmentally sensitive things - **Water, Waste, Emissions, and Energy** (*collectively referred to as the '2W & 2Es'*). These focus areas form the foundation of sustainability reporting and are central to risk management, resource efficiency, and long-term value creation.

The SEBI Circular dated 12th July 2023 introduced the BRSR Core (Business Responsibility and Sustainability Reporting Core) Framework, a focused sub-set of BRSR. The BRSR Core consists of Key Performance Indicators (KPIs) / metrics aligned with the 9 (nine) ESG Attributes, also known as KPIs.

However, in order to assess and determine the level of disclosures made by listed entities, with respect to environmentally sensitive things. It is thought fit to consider the following four ESG attributes alone:

- 1) **Green House Gas (Emissions) Footprint:** Measured in accordance with GHG protocol as per Corporate Accounting and Reporting Standard. ESG audits capture: (a) Scope 1 (direct), Scope 2 (indirect), and Scope 3 (value chain) emissions; (b) Fuel usage patterns and GHG intensities; and (c) Mitigation strategies and carbon offsets.
- 2) **Water Footprint:** On water footprint, BRSR Core requires the entity to disclose Total Water Consumption in Mn Lt or KL. Water consumed is the water that is no longer available for use by the ecosystem or local community.
- 3) **Energy Footprint:** Shall be the total energy consumed including non-renewable fuel consumed + renewable fuel consumed + purchased electricity, heating, cooling, steam + self-generated electricity, heating, cooling, and steaming. Energy consumed from renewable sources / total energy consumed.
- 4) **Waste Management:** Total waste generated may be calculated in Kg / MT and shall include the following:
 - a) Plastic waste
 - b) E-waste
 - c) Bio-medical Waste
 - d) Construction and demolition waste
 - e) Battery waste
 - f) Radioactive waste
 - g) Other Hazardous and non-hazardous waste

These disclosures not only fulfill regulatory expectations but also help organizations proactively address environmental risks, enhance resource efficiency, and align with global sustainability goals. By focusing on the **2W & 2Es**, ESG audits offer a practical, data-driven approach to measuring sustainability performance and ensuring accountability.

TYPES OF ESG AUDIT

ESG audits can be broadly categorized into two types based on their objectives, scope, and governance structure:

1. **Regulatory Compliance ESG Audits** are conducted to ensure compliance with legal and regulatory requirements. In India, the most significant regulatory development is that BRSR is mandated by SEBI for the top 1,000 listed companies. This audit ensures that companies adhere to - SEBI's ESG disclosure norms, The National Guidelines on Responsible Business Conduct (NGRBC), Sector-specific environmental norms (e.g., CPCB, MoEFCC Regulations) and Labour Laws and Governance Codes applicable under Indian corporate law. Regulatory audits are typically formal, periodic, and may be subject to external assurance.
2. **Operational-Related ESG Audits** are internally or voluntarily initiated audits aimed at improving the day-to-day sustainability performance of an organization. They focus on energy and resource efficiency, supply chain ESG risks, workforce well-being and workplace safety, business ethics and culture and ESG KPIs integrated into operational strategy.

TOOLS OF ESG AUDIT

Effective ESG audits depend on a combination of global frameworks, digital platforms, regulatory mandates, and verified data sources. Together, these tools help companies ensure transparency, compliance, and continuous improvement in their sustainability performance.

1. Global Frameworks Adopted in ESG Audits

Several international ESG frameworks are widely used by Indian companies to align their disclosures with global best practices:

- (a) **Global Reporting Initiative (GRI):** Provides a comprehensive framework for sustainability reporting. Many Indian companies align their ESG disclosures with GRI standards to ensure stakeholder expectations and global benchmarks.
- (b) **Sustainability Accounting Standards Board (SASB):** Focuses on industry-specific ESG metrics, especially for Indian firms listed on global exchanges. SASB enables targeted ESG audits tailored to sectoral nuances.
- (c) **Task Force on Climate-related Financial Disclosures (TCFD):** TCFD Focuses on climate-related risks and opportunities. TCFD-aligned audits are gaining traction due to increasing climate risk scrutiny.

2. India-Specific ESG Mandates and Frameworks

India's ESG landscape is also shaped by Regulatory mandates and governance codes:

- (a) **Business Responsibility and Sustainability Report (BRSR):** Introduced by SEBI (Securities and Exchange Board of India), BRSR has become mandatory for the top 1,000 listed companies from FY2022-23. It provides a standardized format for ESG disclosures aligned with global best practices.
 - (b) **National Guidelines on Responsible Business Conduct (NGRBC):** Developed by the Ministry of Corporate Affairs ('MCA'), the NGRBC forms the foundation of BRSR. It helps Companies assess their ESG performance across nine principles.
3. **Digital Platforms and ESG Dashboards**

Modern ESG audit tools integrate real-time data visualization and analytics, helping leadership make informed, data-driven decisions.

- (a) Global ESG Platforms like Enablon, Diligent ESG, EcoVadis, and Refinitiv ESG: Offer real-time monitoring of ESG KPIs, carbon footprint tracking, and supply chain sustainability metrics. Dashboards consolidate key ESG metrics and flag areas of risk or non-compliance.

Placing sustainability at the heart of business strategies is no longer aspirational; it is imperative and there is no better professional to shoulder this responsibility with their multidisciplinary expertise and strategic insight than Company Secretary.

- (b) Indian platforms like cKinetics and Think360.ai: Offer India-specific ESG analytics, including compliance with BRSR and sectoral benchmarking. These platforms often integrate with existing ERP systems, providing seamless access to ESG data at the board level.

- (c) Integrated Reporting (IR) Tools: Tools aligned with the International Integrated Reporting Council (IIRC) framework help companies combine financial and non-financial performance into one cohesive audit report.

ESG: ASSESSMENT ASSURANCE AND AUDITS

Different firms operate in ESG space in several ways providing assessment or assurance or audit services. Depth of an audit is characterized by the skills and tools of the firm and specific needs of the auditee. Basically, a firm of Company Secretaries or Chartered Accountants will be able to provide assessment and audit services in relation to select key parameters of ESG. Some of these firms have developed their own tools to aggregate the inputs received from several datapoints of clients duly inputted in their tool directly by their clients with supporting documents such as policies, pictures, vouchers, bills, certificates, year of purchase, extent of use, warranties, configurations and specifications, actual use and consumption data, based on which on-site and off-site verifications and assessments could be done.

Such tools apply a globally accepted converter for computing the CO₂ equivalent and provide immediate data. As a result, certain leading analysis could also be provided to clients for their Boards to adopt of a suitable strategy in improving their ESG score. These audits

will typically include measuring methods, accounting, and disclosure standards too, as a result of which, ESG governance graph grows spreading a sense achievement for the key managerial persons in the management of the operations and activities of the client, while instilling a sense of confidence amongst the employees, customers, stakeholders, and investors too.

- ESG service creates a structured framework starting from creating awareness, enabling clients to identify data points, appoint data responsibility owners, train them to input data, add support documents, furnish details, documents, clarifications, and explanations, to aggregate the data for any given period, assess and optimize an organization's operational resilience and sustainability.
- It helps organizations transition from reactive compliance to proactive strategic planning. Some of the key benefits include renewed focus on replacement planning for aging equipment and transition to green energy sources.
- ESG audits help identify aging equipment (e.g., laptops, generators) that are no longer energy efficient or environmentally compliant. For instance, replacing a given number aged computer systems and laptops could be planned to phase out outdated energy inefficient systems and e-waste them or do charity to be of use to underprivileged.
- Audits provide an excellent opportunity for studying the specifications and assessing whether specified outcomes have been achieved and whether they are aligned with regulations from time to time. For instance, a vehicle with a specification to give a mileage of 23kms Per Liter of diesel gives only 16 kms on an average, then there is something radically wrong.
- It aligns machinery usage and retirement with current emission standards like Bharat Stage VI and other national/international mandates (e.g., DG Shipping rule mandating decommissioning of ships >25 years old). ESG tools can simulate long-term financial planning by incorporating cost of replacement, depreciation, disposal, and energy savings. Enables the board to visualize investment requirements and ROIs over time.

In short, ESG Audits operate even on an opportunity for achieving optimum operational performance of key physical resources while at the same time providing insights to prepare a business plan that integrates key regulatory and non-regulatory ESG strategies and take steps for infusing funds.

KEY ESG DATA SOURCES

ESG data is typically gathered from a combination of internal systems and external inputs, depending on the



audit scope:

- a) Environmental Data:
 - i. Utility bills, smart meters, and carbon audit reports.
 - ii. Water usage logs and emission monitoring systems.
 - iii. Waste generation records and recycling reports.
- b) Social Data:
 - i. HRMS/payroll systems (e.g., for diversity, training hours, attrition).
 - ii. Safety incident logs and community engagement reports.
- c) Governance Data:
 - i. Board meeting minutes, corporate policies (e.g., ethics, anti-corruption, whistleblower).
 - ii. Compliance reports, investor grievance logs, and audit trails.

These data streams are often integrated into enterprise systems (e.g., SAP, Oracle) or ESG-specific platforms for streamlined collection, analysis, and reporting.

DATA AUTHENTICITY AND TRACEABILITY

To ensure audit integrity and build stakeholder trust, ESG platforms incorporate several features to validate and safeguard data:

- a) Document Uploads & Cross-Referencing: Reported ESG metrics can be linked to source evidence such as invoices, certifications, policies, or regulatory filings.
- b) Time-Stamped Data Entries: Every data point is recorded with a timestamp to maintain transparency and enable full audit trails.
- c) Third-Party Validation: Independent ESG auditors or consultants verify reported data against physical or digital evidence to ensure credibility.

- d) AI & OCR Technology: Artificial Intelligence cross-checks textual disclosures for inconsistencies. OCR (Optical Character Recognition) scans and verifies uploaded documents automatically.

AI-POWERED ESG AUDIT TOOLS

AI is revolutionizing ESG audits by improving accuracy and speed: (1) Natural Language Processing (NLP) to scans company reports, media coverage, and stakeholder feedback for ESG sentiment and risks; (2) Predictive Analytics: Forecasts future ESG performance based on historical trends; and (3) Optical Character Recognition (OCR): Automates reading and verification of scanned documents such as invoices or certificates.

OTHER BENEFITS OF ESG SERVICES

Further ESG audits help in Green Energy Transition Strategy through its decarbonization goals such as replacing diesel generators with solar, wind, or hybrid alternatives is not just about compliance—it reduces Scope 1 emissions and supports corporate net-zero goals, risk mitigation by reduction of exposure to future carbon taxes, fuel price volatility, and supply chain disruptions and increasing the stakeholder confidence by demonstrating a commitment to sustainability, improving investor relations and ESG ratings.

Board-Level strategies are also enabled through the ESG Audit as they provide clear metrics and dashboards that enable “Discard, Displace, Replace” decisions at the board level. Additionally, tools embedded in ESG platforms allow boards to assess different investment scenarios (e.g., phased replacement vs. bulk capex injection) and their impact on sustainability targets. It also aligns asset planning and energy policy with broader ESG commitments, making it easier to secure financing (e.g., green bonds, sustainability-linked loans).

ESG Audit also leads to Operational Efficiency and long-term ROI, by increasing operational efficiency through newer equipment's as its typically more energy-efficient, reducing operational expense over time and increasing the visibility of the company as verifiable ESG progress improves brand perception with customers, regulators, and investors. Further, it also incorporates long-term sustainability into annual financial planning, with traceable benchmarks for accountability.

CONCLUSION

ESG audits are not just tools of compliance—they are instruments of transformation. By embedding sustainability into corporate DNA, ESG audits help organizations move beyond checklists to measurable impact. From statutory mandates to operational strategies,

the ESG audit framework enables businesses to identify risks, unlock efficiencies, and chart a clear path toward long-term resilience.

Focusing on critical areas like Water, Waste, Emissions, and Energy (2W & 2Es), ESG audits offer actionable insights that align corporate performance with stakeholder expectations and global sustainability goals. They empower leadership with data-backed dashboards, enable strategic board-level decisions, and enhance transparency, all while strengthening investor confidence and brand reputation.

As sustainability becomes central to business value, Company Secretaries, with their interdisciplinary perspective and governance expertise, are uniquely positioned to steer this transition. The future belongs to businesses that are not just profitable but also responsible—and ESG audits will be the compass that guides them there.

REFERENCES:

- i. *CSR, ESG & Charitable Institutions* by Dr. K.S. Ravichandran
- ii. *SEBI Circulars:*
 - i. *CIR/CFD/CMD/10/2015 dated 4th November 2015.*
 - ii. *SEBI/LAD-NRO/GN/2021/22 dated 5th May 2021 (introducing BRSR).*
 - iii. *SEBI Circular dated 12th July 2023 (on BRSR Core).*
- iii. *UN Principles for Responsible Investment (UN PRI) – Six Principles for ESG Investing*
<https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>
- iv. *Paris Agreement on Climate Change – UNFCCC*
<https://unfccc.int/process-and-meetings/the-paris-agreement>
- v. *UN Sustainable Development Goals (SDGs)*
<https://sdgs.un.org/goals>
- vi. *UK Stewardship Code 2020 – Financial Reporting Council*
- vii. *ICSI New Syllabus Study Material: Module 1 Paper 1: Governance, Risk Management, Compliances and Ethics*
<https://www.frc.org.uk/investors/uk-stewardship-code>
- viii. *Articles:*<https://www.azbpartners.com/bank/esg-reporting-in-india-where-do-we-stand/>



Forensic Audit and Ethical Governance: A Game-Changing Synergy

In today's evolving corporate landscape, traditional audits often fail to detect sophisticated fraud and unethical practices. Forensic auditing emerges as a proactive, investigative tool that enhances ethical governance by uncovering financial irregularities, supporting regulatory compliance and promoting transparency. As Indian corporations aspire towards Viksit Bharat@2047, integrating forensic audits within governance frameworks fosters trust, strengthens leadership integrity, and aligns with global ESG standards. Despite challenges such as legal complexities and skill shortages, the future of forensic auditing driven by advanced technologies and evolving regulations will be pivotal in building globally competitive, ethically governed organisations.



Dr. Dileep Kumar S. D.

Assistant Professor and Coordinator
PG Department of Commerce
PES Institute of Advanced Management Studies
Shivamogga, Karnataka
dileepsd87@gmail.com

INTRODUCTION

In today's complex and rapidly evolving corporate landscape, the pursuit of profit and market leadership has, at times, led to ethical compromises and governance failures. High-profile corporate scandals both in India and globally have eroded public trust, destabilised financial systems, and underscored glaring gaps in conventional auditing practices. Traditional financial audits, while essential, are often retrospective and limited in scope, failing to detect sophisticated fraud schemes, financial misrepresentations, and unethical conduct that can severely impact stakeholders and society at large. In this context, forensic audit emerges as a game changer offering a proactive, investigative approach that goes beyond mere compliance. It combines deep accounting expertise with legal, investigative, and analytical skills to uncover fraud, trace illicit activities, and establish accountability. The forensic audit's focus on identifying red flags, tracing transactions, and understanding behavioural patterns makes it a vital tool for enhancing ethical governance. Further, the rising complexity of corporate structures, the increasing use of technology, and cross-border operations have all contributed to the sophistication of financial crimes. Simultaneously, the regulatory environment is becoming more stringent, with a stronger emphasis on

transparency, accountability, and corporate responsibility. Regulatory bodies such as SEBI, RBI, SFIO, and the Ministry of Corporate Affairs are recognising the critical role of forensic audits in protecting investor interests and promoting a culture of ethical conduct.

In the Indian corporate sector, where family-run businesses, public-private partnerships, and emerging start-ups coexist, embedding forensic audit practices can significantly elevate the standards of governance. It acts as both a preventive and detective mechanism safeguarding assets, ensuring regulatory compliance, and deterring potential wrongdoers. Moreover, forensic audit fosters an ethical corporate culture by promoting transparency, strengthening internal controls and encouraging ethical leadership. However, as India aspires toward the vision of Viksit Bharat@2047, building globally competitive, transparent, and ethically governed corporations becomes imperative. The integration of forensic audit into corporate governance frameworks will play a pivotal role in achieving this goal. It will help corporations move from reactive compliance to proactive governance, thereby restoring stakeholder confidence and enhancing India's reputation as a trusted business destination.

ETHICAL GOVERNANCE - WHY?

In today's interconnected, transparent, and highly competitive world, ethical governance is no longer a choice, it is an imperative for long-term corporate sustainability and success. Ethical governance refers to governing an organisation based on core principles of (a) Integrity, (b) Accountability, (c) Transparency, (d) Fairness and Responsibility. It transcends mere regulatory compliance and fosters a corporate culture that upholds the interests of all stakeholders, shareholders, employees, customers, communities, and the environment. However, it is more important, because unethical practices such as financial manipulation, corruption, fraud, insider trading, and environmental negligence not only damage an organisation's reputation but also erode investor trust, trigger legal actions, and weaken the overall economy. History has shown us that governance failures at large corporations (e.g., Enron, Satyam, IL&FS, and Wirecard) have caused massive losses to investors, led to regulatory upheavals, and shaken public confidence in corporate institutions.

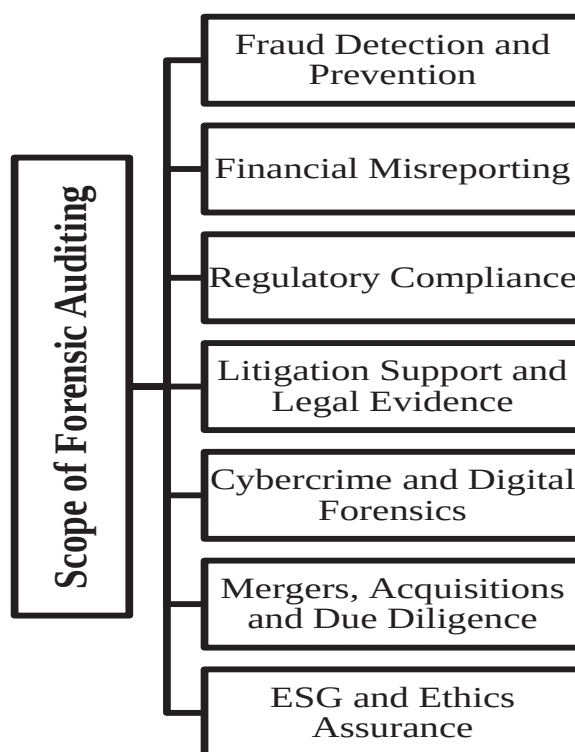
Moreover, in the digital era where information travels fast, corporate reputation is one of the most valuable assets. Ethical governance strengthens this intangible asset by promoting responsible business conduct. It also aligns organisations with ESG (Environmental, Social, and Governance) goals, which are increasingly important to global investors. In India's drive toward becoming a global economic powerhouse under Viksit Bharat@2047, it is crucial for the corporate sector to adopt ethical governance as a strategic priority. It ensures sustainable growth, fosters innovation with integrity, attracts quality investments, and builds a resilient economy. In essence, ethical governance is the foundation of trust within organisations, with regulators and with society at large. Without it, no amount of innovation or growth can be truly sustainable.

DAWN AND SCOPE OF FORENSIC AUDIT

The concept of forensic auditing began gaining importance in the mid-20th century, particularly in countries like the United States and the United Kingdom. Initially applied in legal proceedings involving bankruptcy and financial misappropriation, forensic audits gradually expanded to include fraud detection, corruption, embezzlement, money laundering, and cybercrime. The 1990s and early 2000s saw a surge in corporate scandals (such as Enron, WorldCom, Parmalat) that exposed glaring weaknesses in governance systems. In response, regulatory reforms like the Sarbanes-Oxley Act (SOX) 2002 in the U.S. mandated greater corporate transparency and accountability, giving forensic auditing a formal role in corporate governance frameworks. Similarly, in India, forensic auditing started gaining momentum after the Satyam scandal in 2009. Since then, regulatory bodies like SEBI, RBI, SFIO, and MCA have increasingly relied on forensic audits to uncover financial irregularities, protect investor interests, and ensure market integrity.

A forensic audit is a specialised form of audit that goes beyond traditional financial verification. It involves a detailed examination of financial records, transactions, and business operations to detect and investigate potential fraud, financial misrepresentation, corruption, or other unethical practices. The term '*forensic*' implies that the audit findings are prepared in a manner suitable for use in legal proceedings, such as court cases, regulatory actions, or arbitration. Unlike conventional audits, which focus on accuracy and compliance with accounting standards, forensic audits are investigative in nature. They aim to uncover irregularities, establish the intent behind questionable transactions, trace the flow of funds, and gather evidence that can support legal or disciplinary action against wrongdoers.

The scope of forensic auditing is broad and continually evolving, encompassing various aspects of corporate operations and financial activities. However, these aspects are clear from the following (Figure-1) and a brief analysis of the same.



- **Fraud Detection and Prevention:** This remains the core of forensic auditing targeting financial crimes such as embezzlement, accounting manipulation and bribery. By detecting these issues early, forensic audits safeguard corporate assets and deter unethical behaviour.
- **Financial Misreporting:** This aspect focuses on uncovering deliberate misstatements in financial records. It plays a critical role in protecting investors and ensuring that financial statements reflect true and fair views of a company's performance.
- **Regulatory Compliance:** The scope here supports alignment with both domestic and international regulations. Forensic audits not only assess compliance but also aid regulatory bodies (like SEBI, RBI, SFIO) in enforcement actions adding credibility and transparency to corporate practices.
- **Litigation Support and Legal Evidence:** Forensic auditors provide expert, court-admissible evidence and testimony. Their involvement strengthens legal processes related to fraud, shareholder disputes, and contractual violations often influencing the outcome of high-stakes litigation.
- **Cybercrime and Digital Forensics:** This is a fast-growing and highly relevant field. As businesses become more digital, forensic auditors are essential in investigating cyber fraud, ransomware, and money laundering through digital channels. Their expertise in tracing electronic evidence is vital for legal and regulatory success.
- **Mergers, Acquisitions and Due Diligence:** Forensic reviews during M & A help uncover hidden risks, liabilities, or misrepresentations. This reduces post-transaction surprises and ensures informed decision-making a key value-add for boards and investors.

- **ESG and Ethics Assurance:** As modern and socially relevant component, this reflects the shift toward sustainable, ethical governance. Forensic audits now assess the truthfulness of ESG claims, helping companies avoid greenwashing and enhancing their reputation among conscious investors and regulators.

FORENSIC AUDIT AS A STRATEGIC TOOL FOR ETHICAL LEADERSHIP

In today's corporate environment, ethical leadership is a key driver of sustainable growth, stakeholder trust, and corporate reputation. Ethical leaders are expected not only to comply with legal requirements but to set the tone for integrity and responsible conduct across the organisation. In this viewpoint, forensic audit is emerging as a vital strategic tool that supports and enhances ethical leadership. Unlike traditional audits, forensic audits proactively examine financial records, operational processes, and governance mechanisms to uncover unethical practices and potential risks. By doing so, they provide ethical leaders with critical insights that enable informed decision-making and early intervention. However, some of the important strategic benefits are presented below.

- **Promoting Transparency and Accountability:** Forensic audits empower leaders to demonstrate transparency to shareholders, regulators, and the public. The process helps to detect inconsistencies, conflicts of interest, and concealed frauds that may otherwise undermine trust. When used strategically, forensic auditing strengthens internal accountability systems, making unethical behaviour harder to hide.
- **Building a Culture of Integrity:** Ethical leadership thrives on a culture of integrity. Forensic audits act as both a deterrent and a corrective mechanism, signalling to employees and stakeholders that misconduct will not be tolerated. Regular forensic reviews instil ethical discipline and encourage a mindset of compliance and openness throughout the organisation.
- **Strengthening Stakeholder Confidence:** Investors, creditors, and regulators are increasingly prioritising companies that uphold ethical governance. By leveraging forensic audits, ethical leaders can present verified evidence of corporate integrity. This strengthens the organisation's credibility, facilitates better access to capital, and fosters long-term relationships with key stakeholders.
- **Enabling Proactive Risk Management:** Ethical leadership involves anticipating and mitigating risks. Forensic audits help leaders to identify emerging risks from financial manipulation to cybercrime and ESG-related misreporting. This allows leadership teams to act before issues escalate into scandals, legal liabilities, or reputational crises.
- **Supporting ESG Goals and Ethical Governance:** Modern forensic audits are now aligned with Environmental, Social, and Governance (ESG) goals. Ethical leaders can use forensic insights to validate ESG

A forensic audit is a specialised form of audit that involves a detailed examination of financial records, transactions, and business operations to detect and investigate potential fraud, financial misrepresentation, corruption, or other unethical practices.

disclosures, ensure social responsibility and prevent "Greenwashing". This not only enhances compliance but also reinforces the organisation's values-driven leadership.

ROLE OF CS IN FORENSIC AUDIT

The role of Company Secretaries (CS) in forensic audit is gaining increasing importance as organizations focus more on ethical governance, compliance and fraud prevention. Company Secretaries, as governance professionals and Key Managerial Personnel under the Companies Act, 2013, play a crucial, supporting and strategic role in the process of Forensic Audit. However, some of the important key roles of Company Secretaries in forensic audit are described below.

- **Governance and Compliance Gatekeeper:** Ensure that the company adheres to legal, regulatory and ethical standards. Assist forensic auditors in identifying non-compliance with statutory requirements. Monitor board processes, disclosures, and resolutions to detect anomalies.
- **Documentation and Record-Keeping:** Maintain and provide accurate statutory records such as minutes, registers and resolutions that are vital for forensic examination. Facilitate access to historical records that may be used as audit trails in investigations.
- **Risk Identification and Reporting:** Participate in risk assessment frameworks and help in identifying potential red flags. Report suspicious transactions, whistleblower complaints, or compliance gaps that may trigger a forensic audit.
- **Liaison between Stakeholders:** Act as a bridge between forensic auditors, legal advisors, the audit committee, and regulators (like SEBI, MCA, SFIO). Support the management and the board in responding to audit findings and regulatory queries.
- **Corporate Governance Oversight:** Promote ethical culture and corporate transparency which helps to prevent fraud. Also, they help to implement internal controls and audit recommendations.
- **Supporting Investigations:** Assist in preparing responses to notices issued by regulatory or investigative agencies. Collaborate in evidence gathering, witness coordination, and data compilation required for forensic analysis.
- **Policy Development:** Help to develop or revise internal policies (e.g., whistleblower policy, fraud risk management policy) post forensic audit outcomes.
- **Training and Awareness:** Conduct awareness programs for employees on compliance and ethics. Similarly, promote a zero-tolerance approach towards fraud and misconduct.

CHALLENGES AND LIMITATIONS IN IMPLEMENTING FORENSIC AUDITS

While forensic audits have become an essential part of ethical governance and fraud prevention, their implementation faces several challenges and limitations. Understanding

these obstacles is critical for organisations, regulators, and professionals aiming to strengthen forensic audit practices and improve overall governance standards.

- In many jurisdictions, laws governing forensic audits are either fragmented or evolving. The absence of clear guidelines regarding the scope, admissibility of evidence, and procedural standards can limit the effectiveness of forensic investigations.
- Forensic audits may be perceived as a threat by certain management personnel or employees, especially in environments with weak ethical culture. This can result in a lack of cooperation, restricted access to information, or even deliberate obstruction.
- There is a shortage of trained forensic auditors with interdisciplinary expertise in accounting, law, digital forensics, and investigation especially in emerging markets like India.
- Increasing digitisation and big data create challenges in sifting through massive volumes of data to identify fraud, requiring advanced tools and techniques that not all organisations possess.
- Handling sensitive financial, personal, or proprietary data during forensic audits must comply with privacy laws, adding another layer of complexity.

FUTURE TRENDS IN FORENSIC AUDIT AND ETHICAL GOVERNANCE

As corporate environments grow increasingly complex and stakeholders demand higher levels of transparency, the future of forensic audit in governance looks both dynamic and promising. Forensic audit is evolving from a reactive fraud investigation tool to a proactive, strategic component of modern corporate governance frameworks. Its role in supporting ethical leadership, safeguarding investor trust, and ensuring organisational resilience will only become more critical in the years to come.

- **Greater Integration with Corporate Governance:** In the future, forensic audit will be embedded into enterprise-wide governance structures rather than being a standalone function triggered only after suspected wrongdoing. Regular forensic reviews and continuous monitoring will form part of integrated governance and risk management systems, helping boards and audit committees to anticipate risks and enhance ethical oversight.
- **Rise of Technology-Driven Forensic Audits:** Artificial intelligence (AI), machine learning, blockchain analytics, and data visualisation will revolutionise forensic audit. These technologies will enable auditors to sift through massive data sets, detect anomalies in real time, and predict emerging risks. Digital forensics will become an indispensable part of governance, especially in a world dominated by digital transactions and cyber threats.
- **Evolving Legal and Regulatory Mandates:** Governments and regulatory bodies are moving toward making forensic audits mandatory in certain sectors (such as Banking, Insurance, and Public Companies) and in cases involving significant financial irregularities. Strengthened regulatory frameworks will expand the scope of forensic audits, making them an essential compliance expectation for boards and senior leadership.

- **Stronger Link to ESG and Sustainability Goals:** As Environmental, Social and Governance (ESG) considerations take centre stage, forensic audits will increasingly be used to validate ESG disclosures and ensure the integrity of sustainability reporting. This will help to combat greenwashing and support corporations in aligning with global sustainable development goals.
- **Increased Demand for Skilled Forensic Auditors:** The future will see heightened demand for professionals with cross-disciplinary skills in forensic accounting, law, cybersecurity, and investigative techniques. Ongoing training, professional certifications, and capacity building will be critical to meeting this demand.

CONCLUSION

In an era where corporate scandals and complex financial crimes threaten stakeholder trust and economic stability, forensic audit emerges as a strategic pillar of ethical governance. Unlike traditional audits, forensic audits proactively detect fraud, enhance transparency, and build a culture of accountability. In the Indian corporate sector shaped by family-owned businesses, public-private partnerships, and start-ups integrating forensic auditing into governance frameworks is essential to achieving the vision of Viksit Bharat@2047. As corporate structures become more digitised and globalised, and as ESG standards and regulatory expectations rise, forensic audits will play a transformative role. They will empower ethical leadership, reinforce internal controls and restore investor confidence. AI, blockchain, and regulatory reforms will accelerate the impact of forensic audit. In due course, the future of forensic audit lies in its ability to shift governance from reactive compliance to proactive, ethical leadership fostering sustainable growth and making Indian corporations globally competitive and trusted.

REFERENCES:

- i. Dobrowolski, Z. (2020). *Forensic auditing and weak signals: a cognitive approach and practical tips*.
- ii. Herath, S. K., & Joshi, P. L. (2023). *Audit data analytics: A game changer for audit firms*. *International Journal of Auditing and Accounting Studies*, 5(1), 29-48.
- iii. <https://holistiquetraining.com/en/news/what-is-a-forensic-audit-how-does-it-work>
- iv. <https://taxconcept.net/mca-roc/role-of-a-company-secretary-as-a-forensic-auditor/>
- v. <https://www.caclubindia.com/articles/forensic-audit-and-company-secretaries-cs-53101.asp>
- vi. https://www.icsi.edu/media/webmodules/FINAL_Forensic_Audit_BOOK.pdf
- vii. <https://www.rbi.org.in/>
- viii. <https://www.sebi.gov.in/>
- ix. S. D., D. K., (2023). *Ethical Governance and the Role of Company Secretaries: A Comprehensive Review*. *Chartered Secretary*, 53(9), 45-49.
- x. S. D., D. K., (2025). *Forensic Audit: A Tool for Fraud Detection and Prevention in the Banking Sector*. *The Chartered Accountant*, 73(11), 70-74.

An Analysis of Concurrent Audit in India

This article delves into the concept of Concurrent Audit and its evolution. It outlines the guidelines issued by the Reserve Bank of India and the Securities and Exchange Board of India. The RBI Master Circular on Inspection and Audit Systems in Primary (Urban) Co-operative Banks (RBI/2009-10/83 dated July 1, 2009) has laid down a comprehensive framework for Concurrent Audits. These SEBI-regulated entities are required to maintain rigorous internal audit and compliance review mechanisms as outlined in various SEBI Regulations. The article highlights the role of Company Secretaries as Governance Partners.



CS Manoj Sharma, FCS

Chief Manager - Admin, Legal and Company Secretary
Business Standard Private Limited
New Delhi
manojsharma023@gmail.com

INTRODUCTION

Concurrent Audit is a systematic and timely examination of financial transactions on a regular basis to ensure accuracy, authenticity, and compliance with established procedures and guidelines. Particularly in the Banking and Financial sectors, Concurrent Audit has emerged as a crucial internal control tool. As organizations scale and regulatory scrutiny intensifies, the relevance of Concurrent Audits continues to grow. This article explores the concept, evolution, regulatory framework, operational scope, and technological transformation of Concurrent Audits in India.

i. Concept of Concurrent Audit

Concurrent Audit is conducted simultaneously with the occurrence of transactions, ensuring verification in real-time or near-real-time. Unlike Statutory Audits, which are retrospective and periodic, Concurrent Audits are continuous and forward-looking. The primary objective is to strengthen internal controls by identifying process lapses and ensuring adherence to regulatory and operational guidelines, thus minimizing risk and enhancing institutional integrity.

ii. Evolution of Concurrent Audit in India

The Concurrent Audit mechanism was introduced by the Reserve Bank of India (RBI) in 1993, following the recommendations of the Ghosh Committee on Frauds

and Malpractices in Banks. Its primary aim was to bolster internal controls within banking institutions by focussing on high-value transactions, monitoring liquidity and loan disbursement, ensuring compliance, and detecting early signs of potential Non-Performing Assets (NPAs). This marked a shift from conventional auditing to a more dynamic, preventive framework.

iii. Importance of Concurrent Audit

Building on its origins, Concurrent Audit has proven instrumental in maintaining the health of financial institutions. It facilitates early detection of errors and frauds by enabling real-time checks, ensures compliance with both regulatory mandates and internal policies, improves operational efficiency through continuous monitoring, and strengthens risk management by identifying and mitigating vulnerabilities early in the transaction lifecycle.

iv. Regulatory Framework

To reinforce its effectiveness, Concurrent Audit is governed by comprehensive guidelines laid down by key regulatory bodies:

a) RBI (Reserve Bank of India)

In a move aimed at strengthening internal controls and promoting effective risk management, the Reserve Bank of India (RBI), through its Master Circular on Inspection and Audit Systems in Primary (Urban) Co-operative Banks (RBI/2009-10/83 dated July 1, 2009), has laid down a comprehensive framework for Concurrent Audits.

i. As per the circular, the Concurrent Audit system is mandatory for all Urban Co-operative Banks (UCBs) with deposits exceeding ₹50 crore. The mechanism is also applicable to large or exceptional branches, as identified by the banks. The Concurrent Audit functions as a key part of the bank's early warning system, helping to identify and prevent irregularities while also supporting day-to-day administrative efficiency at the branch level.

ii. The audit covers critical functional areas including cash management, treasury

operations, investments, inter-branch reconciliations, loans and advances, and adherence to RBI guidelines. The central bank has stressed that audits must go beyond basic test checks and should involve substantive, transaction-level scrutiny—preferably in real-time or near real-time—for meaningful oversight.

- iii. Urban Co-operative Banks are responsible for identifying the areas and branches to be audited. The appointment of audit firms must be done periodically to ensure independence and avoid conflicts of interest. Notably, concurrent auditors must not undertake statutory audits for the same bank. Audit firms are required to submit weekly reports and quarterly certifications—such as for investment verification—within 30 days of the quarter's end. Any major irregularities or suspected fraud must be reported to the RBI without delay.
 - iv. To uphold the quality and independence of the audit process, the RBI has directed that the Board of Directors of each bank should review the performance of the concurrent audit system at least once a year. This review should also include follow-up actions on past audit observations. Moreover, banks are mandated to conduct internal Electronic Data Processing (EDP) audits to assess and improve IT-related controls.
 - v. The RBI's structured approach aims to enhance the governance mechanisms in urban co-operative banks, enabling them to detect operational lapses proactively and nurture a culture of compliance, transparency, and accountability.
- b) SEBI (Securities and Exchange Board of India)**
- i. While the Securities and Exchange Board of India (SEBI) does not explicitly mandate Concurrent Audits for banking institutions, entities under its regulatory purview—such as mutual funds, stockbrokers, and depositories—are subject to robust internal control and compliance frameworks.
 - ii. These SEBI-regulated entities are required to maintain rigorous internal audit and compliance review mechanisms as outlined in various SEBI Regulations. Although these processes may not be formally designated as “Concurrent Audits,” they function in a similar capacity by ensuring real-time internal checks, transaction monitoring, and risk surveillance.
 - iii. These audit-like controls are instrumental in maintaining transparency, safeguarding

investor interests, and ensuring that operations remain compliant with SEBI's evolving regulatory standards.

c) The Institute of Chartered Accountants of India (ICAI)

To improve the quality and consistency of Concurrent Audits in the banking sector, the ICAI has issued several key guidance documents. This guide encourages auditors to move beyond traditional compliance checks and adopt a risk-oriented mindset.

v. Critical Areas Under Concurrent Audit

a) Cash Handling & Reconciliation

Whether in a bank branch, corporate treasury, or retail operation, cash remains a sensitive asset. Auditors conduct surprise cash counts and verify bank reconciliations to identify discrepancies, stale instruments, or unrepresented items. Strict checks on vault access, dual custody, and overnight cash limits help mitigate fraud and operational lapses.

b) Credit and Disbursement Oversight

In lending institutions and NBFCs, loan documentation, appraisal processes, and disbursements undergo rigorous scrutiny. Concurrent auditors ensure adherence to sanction terms, legal enforceability of securities, KYC compliance, and proper end-use of funds. The aim is to protect institutional assets and promote credit discipline.

c) Monitoring Advances & Asset Classification

Timely identification of stressed assets is essential for all credit-granting institutions. Auditors review overdue accounts, asset classifications (especially NPAs), provisioning norms, and drawing power calculations. Any delay in documentation renewal, covenant breach, or early warning signal is flagged for immediate corrective action.

d) KYC and Anti-Money Laundering (AML) Controls

Across banks, mutual funds, and intermediaries, verifying customer identity and source of funds is essential. Concurrent Audits monitor KYC adherence, sanction list screenings, high-value transactions, and suspicious activity reports. Enhanced due diligence is expected for high-risk clients, with a risk-based approach to monitoring.

e) Interest Rates and Charges

Whether its interest on loans, late payment fees, or service charges, auditors verify that charges are correctly calculated, applied as per policy, and authorized when reversed. In sectors like insurance and mutual funds, similar checks apply to premium calculations, fund loads, and redemption fees.

f) Foreign Exchange Transactions (for ADs and MNCs)

Branches authorized to deal in foreign exchange must comply with FEMA, RBI, and AML regulations. Auditors check export-import documents, LRS remittances, third-party payments, and ensure accurate submission of data to systems like IDPMS and EDPMS.

g) Internal Controls & Technology Systems

From banks to fintechs and large corporates, IT systems form the backbone of operations. Concurrent Audits evaluate access control, segregation of duties, system logs, maker-checker functionality, cybersecurity protocols, and business continuity readiness.

h) Compliance with Regulatory and Internal Policies

Auditors verify whether new circulars or policies issued by regulators like RBI, SEBI, IRDAI, or internal management have been implemented. They monitor compliance with CRR, SLR, ALM reporting, risk limits, credit policy, and investment guidelines—ensuring institutions operate within the bounds of governance frameworks.

vi. Technology Transforms the Concurrent Audit Landscape

As businesses grow more complex and digitally interconnected, the role of technology in Concurrent Audits has undergone a profound transformation. What was once a manual, sample-based process conducted post-facto is now evolving into a real-time, technology-enabled surveillance mechanism—capable of offering deep insights, timely red flags, and improved governance.

Tools such as Power BI, Tableau, SAS, IDEA, ACL Analytics, and Python-based scripts have revolutionized the audit process by enabling auditors to sift through vast volumes of structured and unstructured data efficiently.

a) Advanced Data Analytics: Turning Data into Insight

Data is the new oil, and concurrent auditors are increasingly leveraging it to fuel more precise, risk-focused audits. Tools such as Power BI, Tableau, SAS, IDEA, ACL Analytics, and Python-based scripts have revolutionized the audit process by enabling auditors to sift through vast volumes of structured and unstructured data efficiently.

These tools support:

- i. Trend and Ratio Analysis: To identify abnormal financial ratios or sudden movements in balances.
- ii. Anomaly and Outlier Detection: To flag suspicious transactions such as frequent backdated entries, duplicate vouchers, or unusually large fund movements.

- iii. Predictive Analytics: To anticipate potential credit defaults, early warning indicators for NPAs, or compliance breaches—allowing for pre-emptive action.

By analyzing real-time data feeds and integrating AI models, auditors can generate early warning signals and focus their attention on high-risk areas rather than spending time on low-value checks.

b) Audit Automation Platforms: Streamlining the Entire Lifecycle

Modern Concurrent Audit environments require agility, collaboration, and comprehensive documentation—all of which are supported by audit automation platforms such as TeamMate+, AuditBoard, Pentana Audit, SAP GRC, and CaseWare.

These platforms digitize and automate the entire audit lifecycle, including:

- Audit Planning: Risk assessments, resource allocation, and audit calendars are created with ease.
- Fieldwork Execution: Real-time task tracking, evidence collection, and sampling methods are applied systematically.

- Reporting and Review: Findings are instantly compiled into standardized templates, ensuring consistency and clarity.

- Follow-up and Issue Tracking: Dashboards and alerts ensure that observations are not only documented but also acted upon.

These platforms enhance accountability and transparency, eliminate redundancy, and improve coordination between internal audit teams, concurrent auditors, and business departments.

c) System Integration Across Business Functions

One of the most powerful technological advances in Concurrent Audit is the integration with live transactional systems across business functions. Integration with Core Banking Systems (CBS) like Finacle, Flexcube, or BaNCS, as well as ERP platforms such as SAP and Oracle, allows auditors to perform Concurrent Audits in near real-time.

This integration enables:

- i. Seamless Data Access: Auditors can directly extract and analyze data from operational systems without relying on delayed or filtered reports.
- ii. Real-time Alerts: Systems can be configured to raise automated alerts when thresholds are breached—for example, when cash balances exceed limits or when unusual login patterns are detected.

- iii. **Enhanced Cross-Departmental Audits:** Integration with HRMS, treasury, procurement, and inventory systems allows auditors to track end-to-end workflows, such as payroll processing, vendor payments, or stock movements, enhancing audit scope and accuracy.

This level of integration dramatically reduces manual dependencies, prevents data manipulation, and enables a continuous audit approach, ensuring that errors and risks are identified and addressed as they occur.

d) **Dashboards and Visual Reporting: Making Audits Boardroom-Ready**

In today's fast-paced governance environment, the presentation of audit insights matters just as much as the audit itself. Visual dashboards created using Power BI, Tableau, QlikView, or Google Data Studio transform dense audit data into clear, accessible visuals for decision-makers.

Key features include:

- i. **KPI Tracking:** Real-time metrics on exceptions, overdue reports, audit coverage, and resolution timelines.
- ii. **Heatmaps and Drill-Down Views:** Visual indicators help prioritize critical risk areas, while drill-down functionality enables detailed investigation into specific findings.
- iii. **Comparative Analytics:** Side-by-side analysis across branches, departments, or periods to identify performance gaps or recurring issues.
- iv. **Board-Ready Reports:** Dashboards are often tailored for presentation to audit committees and boards, offering top-down visibility on internal control effectiveness and risk posture.

This visualization not only enhances transparency and communication but also allows top management to make data-driven, timely decisions, closing the gap between risk identification and remediation.

Technology has not just modernized Concurrent Audits—it has transformed them into a strategic enabler of governance, compliance, and operational efficiency. For auditors, the future lies in becoming digitally fluent, embracing automation, analytics, and AI as core tools of their trade.

COMPANY SECRETARIES AS GOVERNANCE PARTNERS IN CONCURRENT AUDITS

1. Governance Oversight and Policy Alignment

Company Secretaries are uniquely positioned to ensure that an organization's internal policies and procedures are effectively aligned with regulatory mandates and board-approved governance frameworks. In the context of Concurrent



Audit, they play a critical role in monitoring the implementation of key internal control policies, such as those related to KYC/AML compliance, insider trading, and codes of conduct. By leveraging their expertise in corporate governance, Company Secretaries can also assist in evaluating whether day-to-day operations adhere to board directives and statutory obligations, thereby reinforcing accountability, transparency, and compliance across the organization.

2. Compliance Monitoring

Company Secretaries, with their in-depth knowledge of corporate laws and regulatory frameworks such as the Companies Act 2013, SEBI regulations, and FEMA, are well-equipped to monitor and assess compliance across various functions. In the context of Concurrent Audits, they play a vital role in identifying gaps in regulatory reporting, disclosure requirements, and adherence to secretarial standards. Their expertise enables them to review corporate records, resolutions, ROC filings, and board meeting protocols to ensure that statutory timelines and procedural obligations are meticulously followed, thereby enhancing the organization's overall compliance posture.

3. Secretarial Audit Synergies

In organizations where both secretarial and Concurrent Audits are applicable—such as listed companies and large private limited entities—Company Secretaries serve as a crucial link between operational compliance and statutory oversight. Their role includes supporting the Concurrent Audit team by facilitating access to key governance documents such as statutory registers, board minutes, and corporate approvals. Additionally, they assist auditors in evaluating compliance with listing regulations, disclosure requirements for related party transactions, and adherence to board processes. This collaborative

approach helps ensure a more integrated and comprehensive audit framework, strengthening overall governance and regulatory compliance.

4. Risk Identification and Reporting

Concurrent Audit is designed to facilitate the early identification and mitigation of risks, and Company Secretaries play a pivotal role in this process. With their deep understanding of corporate laws, governance codes, and evolving regulatory trends, they are well-positioned to identify potential legal and compliance risks that could lead to penalties or litigation exposure. By actively collaborating with audit teams, Company Secretaries help in evaluating the significance of such risks and ensuring that high-risk findings are promptly escalated to the audit committee or the board. This proactive involvement enhances the organization's risk management framework and supports informed decision-making at the highest levels.

5. Document Control and Record Verification

Company Secretaries play a vital role in maintaining accurate and compliant statutory records, making their involvement invaluable during Concurrent Audits. Their responsibilities include verifying corporate approvals for critical decisions such as investments, borrowings, guarantees, and other board-sanctioned actions to ensure they are properly authorized and documented. Additionally, they ensure that all documents presented during the audit process are legally valid, current, and in alignment with regulatory and internal requirements. This meticulous attention to record-keeping not only supports audit accuracy but also reinforces the organization's commitment to governance and transparency.

6. Supporting Technology-Driven Audits

As Concurrent Audits increasingly adopt automation and digital tools, Company Secretaries have a valuable role to play in supporting this technological transition. Their responsibilities include ensuring that electronic record-keeping practices comply with applicable legal and regulatory standards, thereby safeguarding the integrity and accessibility of corporate records. Moreover, Company Secretaries can actively participate in the development and review of audit dashboards, governance tracking systems, and digital compliance tools. Their governance expertise helps ensure that these systems are not only technically sound but also aligned with the organization's compliance and reporting requirements, thereby enhancing the overall effectiveness of technology-driven audits.

In today's compliance-conscious environment, the Company Secretaries are a natural partner to the Concurrent Audit process. Their ability

to combine legal knowledge, regulatory understanding, and governance acumen makes them a valuable resource for:

- i. Strengthening internal controls
- ii. Enhancing audit quality
- iii. Promoting transparency and accountability
- iv. Fostering a culture of proactive compliance

CONCLUSION: A CRITICAL LEVER FOR RISK-RESILIENT INSTITUTIONS

Concurrent Audits have moved beyond their traditional role of transaction checking to become a cornerstone of real-time risk oversight. As organizations become more data-driven and regulation-intensive, the ability to conduct intelligent, technology-enabled, and strategically aligned Concurrent Audits will determine their governance maturity.

For institutions to truly benefit, they must invest in audit technology, promote digital skillsets among auditors, ensure management responsiveness, and treat audit findings not as fault-finding exercises, but as tools for continuous improvement and risk resilience.

REFERENCES:

- i. **Companies Act, 2013** – Provisions on compliance and secretarial audit (e.g., Section 204). https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/acts.html?act=NTk2MQ==#Secretarial_Audit_for_Bigger_Companies
- ii. **FEMA & RBI Directions** – Authorized Dealer compliance under FEMA. https://www.rbi.org.in/commonman/Upload/English/Notification/PDFs/4MIGA010710_F.pdf
- iii. **Ghosh Committee Report (1992)** – Recommendations on fraud prevention and internal controls. <https://www.rbi.org.in/commonman/Upload/English/Notification/PDFs/18MCIA01072014SF.pdf>
- iv. **ICAI Guidance Note** – Audit of Banks (2025 Edition). <https://www.icaai.org/post/guidance-note-on-audit-of-banks-2025-edition-details>
- v. **ICAI Technical Guide** – Risk-Based Internal Audit (RBIA). <https://kb.icaai.org/pdfs/PDFFile663b07e9d230f9.29869545.pdf>
- vi. **ICAI Manual** – Concurrent Audit of Banks (2023 Edition). <https://resource.cdn.icaai.org/76498biama617440mcab.pdf>
- vii. **RBI Master Circular** – Inspection and Audit Systems in Urban Co-operative Banks, July 2009. https://www.rbi.org.in/commonman/Upload/English/Notification/PDFs/82MCBOD010709_F.pdf
- viii. **RBI Guidelines** – Concurrent Audit and Risk-Based Internal Audit Frameworks. <https://financialservices.gov.in/beta/sites/default/files/BOA-280612.pdf>
- ix. **SEBI Regulations** – Internal Audit norms for mutual funds, stockbrokers, and depositories. https://www.sebi.gov.in/sebi_data/commndocs/mutualfundupdated06may2014.pdf



Concurrent Audit in Public Financial Management: Objectives, Scope, and Governance Framework

Concurrent Audit is a proactive mechanism for continuous financial oversight, emphasizing real-time examination of transactions to ensure transparency, accuracy, and adherence to established financial protocols. This article outlines the framework for Concurrent Audits in public health systems, with a specific focus on objectives, scope, frequency, coverage, and the institutional architecture that supports audit implementation at both state and district levels. Also, this article attempts to provide guidance or necessary care that Company Secretaries are required to undertake while conducting Concurrent Audit.



CA Prabhat Ranjan

Senior Director, Nexdigm
Mumbai
prabhat.ranjan@nexdigm.com

INTRODUCTION

Concurrent Audit is a systematic, real-time evaluation of financial transactions designed to verify their accuracy, authenticity, and compliance with applicable guidelines and procedures. Unlike traditional audit practices that rely on retrospective sampling, Concurrent Audits prioritize substantive checks conducted parallel to transaction execution.

This mechanism plays a vital role in strengthening financial discipline and operational efficiency. It functions as part of an early warning system within institutions, particularly public sector organizations, helping to prevent irregularities and potential fraud.

OBJECTIVES

The key objectives of the Concurrent Audit are as follows:

- To monitor compliance with established financial policies, procedures, and internal control frameworks.
- To ensure timely preparation and validation of periodic financial statements.
- To ensure evidence-based disbursements that promote transparency and accountability.
- To improve the accuracy and timeliness of bookkeeping and financial record maintenance.

- To provide a control mechanism for regular follow-up and settlement of advances.
- To assess the robustness of internal controls and recommend improvements where necessary.

SCOPE OF AUDIT

Concurrent Audits are mandated at both the State and District levels to ensure comprehensive oversight. The responsibilities of auditors encompass an evaluation of internal control adequacy, transaction propriety, asset management, and compliance with financial norms and operational protocols.

STEPS TAKEN BY COMPANY SECRETARIES WHILE CONDUCTING CONCURRENT AUDIT

The Company Secretary (CS) plays a crucial role in the Concurrent Audit process. They are responsible for ensuring that the company maintains proper records, complies with all applicable laws and regulations, and has effective internal controls. While working at a banking or financial institution, CS should extend their full cooperation to the Concurrent Auditors and provide them with the necessary information and documents.

CONCURRENT AUDIT OF DEPOSITORY PARTICIPANTS

A Practicing CS can be a Concurrent Auditor, particularly in the context of depository operations, as per regulations and circulars issued by the National Securities Depository Limited (NSDL) from time to time. Practicing CSs are also authorized to conduct internal audits and provide various certification and audit services.

SEBI authorised the Practising CS, amongst other professionals, to carry out audit of Investment Advisers on yearly basis. Regulation 19(3) of the SEBI (Investments Advisers) Regulations, 2013 requires yearly audit on compliance of Investments Advisers under SEBI (Investment Advisers) Regulations, 2013 by a member of the Institute of Company Secretaries of India.

A Practicing CS, can focus on below key areas to check in a Concurrent Audit:

a) **Compliance with Company Law**

- Verify the maintenance of statutory registers like the register of members, debenture holders, and charges.
- Ensure compliance with the Companies Act, 2013 and relevant rules.
- Check for proper conduct of board and committee meetings, including the recording of minutes.
- Review filings with the RoC, including annual returns, financial statements, and other required documents.

b) **Financial Transactions**

- Ask for the RBI Checklist (SOP) from the Branch Manager and monitor the compliances done against each of the checklist points.
- Examine loans and advances to ensure they are properly documented, sanctioned, and disbursed.
- Verify the acceptance of deposits, including compliance with deposit rules and regulations.
- Scrutinize investment activities, including the purchase and sale of securities, to ensure they are authorized and properly recorded.
- Review cash management procedures and ensure proper accounting for cash receipts and payments.

c) **Accuracy and Timeliness of Financial Reporting**

- Ensure that books of accounts are maintained accurately and up-to-date.
- Verify the preparation and accuracy of financial statements, including the trial balance, income and expenditure account, and balance sheet.
- Ensure that financial reports are prepared and submitted on time.

d) **Internal Controls**

- Assess the effectiveness of internal control systems in the company.
- Identify any weaknesses in internal controls and recommend improvements.
- Ensure that company assets are properly safeguarded and accounted for.

e) **Other Relevant Areas:**

- Review the company's compliance with other applicable laws and regulations, such as those

related to securities, foreign exchange, and intellectual property.

- Check for any instances of income leakage, such as undercharging of fees or incorrect interest calculations.
- Ensure that the company has appropriate risk management policies and procedures in place.

FREQUENCY OF AUDIT

Concurrent Audits are to be conducted on a **monthly basis**, ensuring real-time financial oversight and timely identification of discrepancies.

GOVERNANCE FRAMEWORK: CONCURRENT AUDIT COMMITTEES IN BANKS AND FINANCIAL INSTITUTIONS

In the governance architecture of banks and financial institutions, the **Concurrent Audit Committee (CAC)** serves as a cornerstone of internal control, operational transparency, and risk mitigation. The committee plays a critical role in ensuring the effectiveness of Concurrent Audits—an ongoing, real-time audit mechanism designed to prevent irregularities and enforce regulatory compliance across operational and financial processes.

a) **Purpose and Relevance of the Concurrent Audit Committee**

Concurrent Audit, by nature, is a preventive rather than a detective tool. In banks and financial institutions, where high transaction volumes and digital interfaces increase operational risk, the Concurrent Audit Committee ensures that:

- Key business areas are continuously monitored,
- Material discrepancies are escalated without delay,
- Corrective actions are implemented in a time-bound manner, and
- Regulatory and internal compliance is maintained rigorously.

The committee thus acts as an interface between audit execution and strategic decision-making, helping institutions proactively manage reputational and financial risks.

b) **Composition of the Concurrent Audit Committee**

The Concurrent Audit Committee is typically constituted at the **Head Office level** of a bank or large financial institution. The composition is designed to bring together expertise from audit, risk, finance, compliance, and operations.

Table 1: Composition

Designation	Role in Committee
General Manager / Chief General Manager (Audit/Inspection)	Chairperson
Chief Financial Officer (CFO)	Member
Chief Risk Officer (CRO)	Member
Head – Internal Audit	Member Secretary
Chief Compliance Officer (CCO)	Member or Invitee (as appropriate)
Head of IT or Digital Operations	Member (in tech-heavy institutions)

Depending on the scale of operations, sub-committees or zonal audit committees may also exist to support the central CAC.

c) **Key Responsibilities of the Concurrent Audit Committee**

- Oversight of Audit Planning and Coverage
- Appointment and Evaluation of Auditors
- Monitoring Audit Execution and Follow-Up
- Reporting and Escalation
- Promoting Best Practices and Capacity Building

d) **Frequency and Governance**

- The Concurrent Audit Committee typically meets **quarterly** (or more frequently if required) to review branch audit findings, systemic issues, and performance metrics.
- Minutes of the committee are recorded, reviewed, and presented to the Audit Committee of the Board, ensuring clear documentation and oversight trail.

A Practicing CS can be a Concurrent Auditor, particularly in the context of depository operations, as per regulations and circulars issued by the National Securities Depository Limited (NSDL) from time to time.

REMUNERATION OF CONCURRENT AUDITORS IN BANKS AND FINANCIAL INSTITUTIONS

The remuneration structure for Concurrent Auditors plays a vital role in maintaining the quality, integrity, and independence of the audit function in banks and financial institutions. A fair and performance-linked compensation framework ensures that auditors are incentivized to carry out their duties diligently, while also aligning their efforts with the institution's risk management and compliance objectives.

a) **Indicative Fee Ranges**

While actual fees vary by institution and scope, indicative Concurrent Audit fees in Indian public sector banks range as follows:

Table 2: Indicative Fee Ranges

Branch Category	Monthly Fee (INR)
Large corporate / treasury branch	₹30,000 – ₹50,000
Mid-size branch (urban/semi-urban)	₹15,000 – ₹25,000
Small/rural branch	₹10,000 – ₹15,000

Note: These are indicative figures and subject to change based on inflation, workload, and bank policies.

THE INCREASING SIGNIFICANCE OF CONCURRENT AUDIT IN MODERN BANKING

In today's fast-paced and increasingly complex banking environment, Concurrent Audit has become an indispensable component of financial governance. The dynamic nature of banking operations, evolving regulatory frameworks, and heightened risk exposures necessitate a continuous and proactive approach to financial oversight. Concurrent Audit, which involves the systematic examination of financial transactions as they occur, plays a critical role in ensuring the accuracy, integrity, and compliance of banking activities.

A. **Why it Is Critical Today?**

i) **Escalating Cyber and Operational Risks**

With the growing reliance on digital banking channels, mobile platforms, and third-party fintech integrations, the surface area for operational risk has expanded. Concurrent Audit helps:

- Identify system control lapses in real time,
- Detect unauthorized transactions early, and
- Ensure that cybersecurity and IT governance protocols are adhered to.

ii) **Rising Incidence of Fraud**

As per RBI's financial stability reports, banking frauds—particularly those related to loans, digital payments, and forged documents—have increased both in complexity and scale. Concurrent Audits enable:

- Early detection of anomalies, diversion of funds, or dummy accounts,
- Scrutiny of loan sanctioning and disbursement processes,
- Monitoring of compliance with Know Your Customer (KYC) and Anti-Money Laundering (AML) norms.

iii) **Increasing Regulatory Scrutiny**

The Reserve Bank of India (RBI) has sharpened its focus on compliance, accountability, and governance. Under its risk-based supervision (RBS) framework, institutions are expected to demonstrate robust internal controls — with Concurrent Audit playing a frontline role in:

- Verifying adherence to regulatory instructions,
- Ensuring real-time monitoring of sensitive transactions,
- Providing ongoing assurance to top management and the Audit Committee of the Board (ACB).

iv) **Complex Product Portfolios and High Transaction Volumes**

Modern banking now involves treasury operations, derivatives, cross-border transactions, structured loans, and high-frequency trading — all of which require real-time oversight. Concurrent Auditors ensure:

- Proper documentation and risk assessment,
- Compliance with internal limits and RBI prudential norms,
- Monitoring of end-use of funds in real time.

B. **Concurrent Audit: How does it help**

i **Early Detection and Prevention of Irregularities**

Banks process a vast number of transactions daily, making them vulnerable to errors and fraudulent activities. Concurrent Audit facilitates real-time monitoring, allowing for the early identification and prompt resolution of irregularities before they can escalate into significant financial losses or reputational damage.

ii **Ensuring Regulatory Compliance**

With regulatory authorities imposing stringent requirements on risk management, transparency, and internal controls, Concurrent Audit helps banks maintain adherence to applicable laws and guidelines. This ongoing compliance mitigates the risk of legal penalties and reinforces the institution's credibility.

iii **Enhancing Risk Management Frameworks**

The spectrum of risks faced by banks—including credit risk, operational risk, market risk, and cybersecurity threats—requires continuous assessment. Concurrent Audit provides timely insights into these risks, enabling management to implement corrective measures proactively and strengthen internal control mechanisms.

iv **Improving Financial Reporting Accuracy**

Accurate and timely financial reporting is vital for sound decision-making by bank management and stakeholders. By verifying transactions contemporaneously, Concurrent Audit ensures that financial records reflect the true financial position of the institution, thereby enhancing transparency and accountability.

v **Supporting Technological Integration**

As banks increasingly adopt digital platforms and automated processes, the complexity of operations intensifies. Concurrent Audit adapts to these technological advancements, ensuring that financial and operational controls keep pace with innovation, thereby safeguarding assets and customer interests.

vi **Building Stakeholders' Confidence**

Regular and rigorous audit processes reassure customers, investors, and regulators that the bank operates with high standards of integrity and prudence. This trust is fundamental to the sustainable growth and stability of financial institutions.

SAMPLE CONCURRENT AUDIT REPORT

(For a Bank Branch – Illustrative Format)

Table 3: Sample Concurrent Audit Report

Part I: General Information

Particulars	Details
Name of the Bank	XYZ National Bank
Branch Name & Code	Connaught Place Branch (Branch Code: 0444)
Date of Audit Visit	1 st June 2025 – 30 th June 2025
Period Covered	Transactions from 1 st June – 30 th June 2025
Name of Concurrent Auditor	M/s XYZ & Co., Chartered Accountants
Name of Lead Auditor	CA _____
Reporting to	General Manager – Internal Audit Division

Part II: Executive Summary of Observations

Area	Key Observations	Risk Rating (High/Medium/Low)
Cash Management	Cash retention exceeded prescribed limit on 3 occasions during the month.	Medium
Loans & Advances	One account (A/c No: 1234567890) disbursed without updated KYC.	High
KYC/AML	2 savings accounts opened without PAN/ Form 60.	Medium
Housekeeping	BRS not signed by Branch Manager in 2 of 4 weekly statements.	Low
Suspense Accounts	Credit entries older than 90 days not reversed (₹1.25 lakh total).	High
Income Leakage	Incorrect application of processing fee on term loans (₹5,000 short collected).	Medium
TDS Compliance	TDS not deducted on interest paid on fixed deposits exceeding ₹40,000.	Medium
Reporting	Delay in submission of ATM reconciliation reports to HO.	Low

Part III: Detailed Audit Findings**1. Cash Management**

- **Observation:** On 7th, 14th, and 28th June, cash retention exceeded RBI's prescribed limit of ₹10 lakh; highest was ₹13.75 lakh.
- **Recommendation:** Strengthen cash forecasting and remittance planning. Monitor end-of-day cash positions more rigorously.

2. Loans & Advances

- **Observation:** One MSME term loan sanctioned on 18th June did not have updated KYC for the proprietor.
- **Recommendation:** Reinforce checklist-based loan processing. No disbursement should occur without full documentation.

3. KYC & AML Compliance

- **Observation:** Two new accounts lacked PAN/Form 60; high-value cash deposit in one.
- **Recommendation:** Implement real-time system validation for PAN. Strengthen internal alerting mechanism for KYC breaches.

4. Income Leakage

- **Observation:** Loan processing fee was not fully charged in three cases, totaling ₹5,000.
- **Recommendation:** Automate fee calculation and validation through core banking system.

Part IV: Compliance Status from Previous Report

Observation (Previous Month)	Status	Remarks
Delay in TDS returns filing.	Resolved	TDS returns filed within due date.
Outstanding entries in Suspense Account >90 days.	Partially Resolved	₹50,000 cleared, ₹1.25 lakh pending.
Non-reconciliation of ATM cash balances.	Resolved	All reconciliations updated till June.

Part V: Annexures

- Annexure I – Filled-in Concurrent Audit Checklist
- Annexure II – Details of Key Exceptions.
- Annexure III – Summary of Advances Audited.
- Annexure IV – Compliance Certificate from Branch Head.
- Annexure V – Photocopies of Supporting Documents (KYC/Loan Files etc).

Part VI: Auditor's Declaration

We certify that the audit was conducted in accordance with the scope and guidelines issued by the bank. All observations are factual and based on the review of records, system logs, and staff interviews.

Place: _____

Date: _____

For M/s ABC & Co. Chartered Accountants

(Signature)

CA _____

Partner

Membership No: XXXXX

Part VII: Branch Manager's Comments

Observation	Comments / Corrective Action Taken
Cash Retention Breach	Issue due to delayed remittance; corrective steps taken
Incomplete KYC in Loan File	KYC updated on 1 st July; flagged for system review
PAN Missing in Savings Account	Customer provided PAN on 30 th June; updated in system

(Signature)

Mr/Ms. _____

Branch Manager

XYZ National Bank – Connaught Place Branch

Date: _____

Notes:

- This is a **sample report** and the actual format may vary based on the bank's internal Concurrent Audit manual.
- Certain institutions may require reports to be uploaded digitally through an audit portal of a specific bank.

CONCLUSION

In the **post-pandemic, digitally enabled, and regulation-heavy banking environment**, Concurrent Audit has transcended its traditional role. It is now a **critical pillar of risk intelligence and governance**, equipping institutions to remain compliant, fraud-resilient, and operationally sound. For students and young professionals entering the field of banking, finance, or audit, understanding the **importance and application of Concurrent Audit** is vital — not just as a regulatory obligation, but as a **strategic function** that underpins the integrity and sustainability of the financial system.

REFERENCES:

- Sample Bank of India Concurrent Audit Report*
- RBI Guidelines*
- ICSI Guidelines*

Need for Strengthening the IT Governance Framework in Banking Sector for Achieving Digital Operational Resilience

Proactively, by a Master Direction issued in November 2023, the Banking Sector Regulator, the Reserve Bank of India introduced mandatory requirements for ensuring that the IT governance framework is functional and effective, and it can manage risks from cyber threats and risks emanating from third-party service providers and vendors. The RBI framework requires entities operating in the banking sector in India to identify risks, report incidents, take preventive and remedial measures and ensure business continuity. The Master Direction has already come into force with effect from 01st April 2024. At this point of time, the European union introduced the Regulations for financial sector entities for achieving digital operational resilience. These EU Regulations provide a lot of insights, especially in the areas of imposing contractual obligations on third-party service providers. This article underscores the need for benefitting from certain aspects the EU Regulations. Having been an independent director of a private sector bank, with considerable experience on the nuances of overall governance, the author highlights the need for greater attention at the level of Board of Directors on this important subject.



CS (Dr.) Ravichandran K S, FCS

Managing Partner
KSR & Co Company Secretaries LLP
Bangalore, Chennai and Coimbatore
ksr@ksrandco.in

INTRODUCTION

It is not necessary to highlight the significant presence made and predominance achieved by digital banking, its proactive and inclusive approach, its ability to promoting ease of doing business and its green quotient too. However, it comes with its own challenges and threats and therefore it is necessary to underscore the need for full-fledged board level attention on every aspect of digital banking so as to meet challenges and overcome the threats in order to be able to achieve digital operational resilience.

As per RBI's Master Direction on Information Technology, Risk, Controls and Assurance Practices, dated 07th November 2023, (the Master Direction), which came into force from the 01st April 2024, the key focus areas of IT Governance shall include strategic alignment, risk management, resource management, performance management and Business Continuity/ Disaster Recovery Management. Business continuity can be measured by the level of preparedness of a given organisation to be able to resume its normal services within the shortest possible time

with continuity, and without any issues on integrity. In other words, operational resilience expects an entity in the banking sector to restore operations at the earliest if they are hit by cyberattacks to prevent or minimize financial and reputation losses to the Bank and losses to its customers, as well as preventing data theft and customer frustration. Delays in resumption of normal business activities has the potential to cause cascading losses to customers as banking system plays an important role in enabling customers to honour their commitments to their creditors, lenders, vendors, and employees.

OBJECTIVE OF THIS ANALYSIS

The liability side of the balance sheet of any banking company / entity is characterised by public interest because most of the funds in deployment are funded by deposits from public. Concomitant with growing digital banking, there has been unprecedented increase in dependence on software and hardware tools, systems, processes, and IT professionals and third-party service providers and also actual and potential cyber threats. Any major incidence such a cyber-attack on the banking system would not only jeopardize integrity and security of the network and information systems but also would create enormous difficulties to the availability, authenticity, reliability, integrity, and confidentiality of data and the ability of the Bank to resume its normal activities. Such an occurrence could cause significant financial and reputational losses. Therefore, it is necessary to look at the RBI Master Direction on IT Governance Framework objectively and consider its requirements in juxtaposition with the regulations introduced by the lawmakers in the European Union with a focus towards achieving digital operational resilience.

INTRODUCTION TO THE MASTER DIRECTION OF RBI

The Master Direction issued by RBI sets the broad but mandatory IT Governance Framework to be installed,

inter alia, by banking companies / entities (referred to as Regulated Entities or REs, in short). As per the aforesaid Master Direction, “Information Asset” includes any piece of data, device or other component of the environment that supports information-related activities. Information Assets include information system, data, hardware, and software and “Information Systems” means a set of applications, services, information technology assets or other information-handling components, which includes the operating environment and networks. The expression “IT Risk” refers to the business risk associated with the use, ownership, operation, involvement, influence, and adoption of IT within an enterprise. As per the Master Direction, “Cyber-attack” are malicious attempt(s) to exploit vulnerabilities through the cyber medium to damage, disrupt or gain unauthorized access to assets.

The Master Direction mandates REs to put in place a robust IT Governance Framework that inter alia (i) specifies the governance structure and processes necessary to meet the RE’s business/ strategic objectives; (ii) specifies the roles (including authority) and responsibilities of the Board of Directors (Board) / Board level Committee and Senior Management; and (iii) includes adequate oversight mechanisms to ensure accountability and mitigation of IT and cyber/ information security risks and (iv) provides for business continuity and disaster management.

RESPONSIBILITY OWNERS IN IT GOVERNANCE STRUCTURE

The Master Direction itself provides some clarity on the above subject. Starting from the Board of Directors, it explains broadly the role of a committee to be constituted under the name and style of IT Strategy Committee. The Master Direction places certain responsibilities on senior management and requires the constitution of another committee to be styled as the IT Steering Committee. The Master Direction mandates the need for having technically competent officer of sufficient seniority, known as Chief Technology Officer or Chief Information Officer or by whatever name called with clear cut responsibilities to be designated as the Head of IT Function itself.

The roles and functions of each one of the responsibility owners are as follows:

- **Board of Directors:** The Role of Board of Directors is confined to formulating the strategies and approving policies related to IT, Information Assets, Business Continuity, Information Security, Cyber Security (including Incident Response and Recovery Management/ Cyber Crisis Management). RBI stipulates that the Board of Directors must mandatorily review the strategies and policies at least annually.
- **IT Strategy Committee:** The IT Governance Framework places a lot of weight on IT Strategy Committee. This is a Board level committee. It should have a minimum of 3 directors as its members. It should be chaired by an independent director having substantial IT Expertise in managing / guiding information technology initiatives. The most important task of this committee is to guide

in preparation of IT Strategy and to ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives. If this committee applies its collective mind on this task with requisite attention and care, output will be good. This committee should satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives, and casts unambiguous responsibilities for each level in the organisation.

Apart from the above two major responsibilities, this Board level committee must ensure the following too:

1. Ensure that the RE has put in place processes for assessing and managing IT and cybersecurity risks;
2. Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the RE’s IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
3. Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the RE.

An Information Security Committee (ISC), under the oversight of the IT Steering Committee, is required to be formed for managing cyber/ information security. It would be very clear that the mandate from this Master Direction of RBI is that at least on an annual basis this Board level committee is required to assess the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the RE. A note clarifies that a reference to Business Continuity/ Disaster Recovery Management in this Master Direction is limited to operational resilience focussing on People, Processes and Systems associated with the IT, IS, information / cyber security controls and operations. It is under the responsibilities of the IT Strategy Committee, the Master Direction speaks about operational resilience. Thus, the term “operational resilience” is not a new term. However, it would be useful to bring out the significance of the term “operational resilience.”

- **Senior Management:** The Senior Management of the RE shall, inter alia, ensure the following:
 1. Implementation of the IT Strategy
 2. Ensuring IT/ IS and their support infrastructure are functioning effectively and efficiently;
 3. Ensuring necessary IT risk management processes are in place;
 4. Create a culture of IT risk awareness and cyber hygiene practices in the RE;
 5. Ensuring that the Cyber security posture of the RE is robust; and
 6. Ensuring IT contributes to productivity, effectiveness, and efficiency in business operations.

Of the above, the most important task of senior management is that of implementing the IT Strategy. IT Strategy itself will encompass all other items listed down. Since, this is a collective responsibility of the senior management, the Board of Directors must identify who are all the officers who will form part of the “senior management” and make it clear that there is a senior most officer who leads team and overall IT governance policy spells out these needs. It would be possible to constitute a committee which may be styled as IT Senior Management Committee and operationalize these requirements. The meetings of this executive committee could be recorded in brief so that ATR also gets generated and reviewed from time to time.

- **IT Steering Committee:** While IT Strategy Committee must review at least on annual basis the adequacy and effectiveness of the Business Continuity Planning and Disaster Management, it is the responsibility of the IT Steering Committee to oversee the processes put in place for business continuity and disaster recovery.
- **Head of IT Function:** Drilling down further, it will be clear that there must be a sufficiently senior person technically competent and experienced official who shall be the Head of the IT function and it is his responsibility to “put in place an effective disaster recovery set up and business continuity strategy / plan.

IMPORTANT AND MANDATORY STIPULATIONS OF THE IT GOVERNANCE FRAMEWORK

As per the Master Direction issued by RBI “Information Asset” includes any piece of data, device or other component of the environment that supports information-related activities.

- **IT Service Management Framework for Disaster Management and Business Continuity:** From the angle of disaster management and business continuity, the IT Governance Framework requires REs to put in place a robust IT Service Management Framework. REs are mandated to avoid using outdated and unsupported hardware or software and shall monitor the software’s end of support (EOS) date and annual maintenance contract dates of IT Hardware on an ongoing basis. REs shall develop a technology refresh plan for the replacement of hardware and software in a timely manner before they reach EOS.
- **Business Continuity Plan (BCP) and Disaster Recovery (DR) Policy :**
 1. The BCP and DR policy shall adopt best practices to guide its actions in reducing the likelihood or impact of the disruptive incidents and maintaining business continuity. The policy shall be updated based on major developments/ risk assessment.
 2. RE’s BCP/ DR capabilities shall be designed to effectively support its resilience objectives and enable it to rapidly recover and securely resume its critical operations (including security controls) post cyber-attacks/ other incidents.

Disaster Recovery Management

1. Periodicity of DR drills for critical information systems shall be at least on a half-yearly basis and for other information systems, as per RE’s risk assessment.
2. Any major issues observed during the DR drill shall be resolved and tested again to ensure successful conduct of drill before the next cycle.
3. The DR testing shall involve switching over to the DR / alternate site and thus using it as the primary site for sufficiently long period where usual business operations of at least a full working day (including Beginning of Day to End of Day operations) are covered.
4. REs shall regularly test the BCP / DR under different scenarios for possible types of contingencies, to ensure that it is up-to-date and effective.
5. REs shall backup data and periodically restore such backed-up data to check its usability. The integrity of such backup data shall be preserved along with securing it from unauthorised access.
6. REs shall ensure that DR architecture and procedures are robust, meeting the defined RTO and RPO for any recovery operations in case of contingency.
7. REs should prioritise achieving minimal RTO (as approved by the RE’s ITSC) and a near zero RPO for critical information systems.
8. In a scenario of non-zero RPO, REs shall have a documented methodology for reconciliation of data while resuming operations from the alternate location.
9. REs shall ensure that the configurations of information systems and deployed security patches at the DC and DR19 are identical.
10. REs shall ensure BCP and DR capabilities in critical interconnected systems and networks including those of vendors and partners. REs shall ensure demonstrated readiness through collaborative and co-ordinated resilience testing that meets the REs’ RTO.

THIRD-PARTY ARRANGEMENTS

Where third-party arrangements in the Information Technology/ Cyber Security ecosystem are not within the applicability of the Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023, REs shall, put in place appropriate vendor risk assessment process and controls proportionate to the assessed risk and materiality to, inter alia:

1. mitigate concentration risk;
2. eliminate or address any conflict of interests;
3. mitigate risks associated with single point of failure;
4. comply with applicable legal, regulatory requirements and standards to protect customer data;
5. provide high availability (for uninterrupted customer service); and
6. manage supply chain risks effectively.

One of the interesting requirements is that REs shall obtain a certificate or a written confirmation from the application developer or vendor stating that the application is free of known vulnerabilities, malware, and any covert channels in the code. Such a certificate or a written confirmation shall also be obtained whenever material changes to the code, including upgrades, occur.

However, the most important part lies in understanding the need to assess carefully the gaps and slips between words orally spoken and presentations made by the third-party service providers and vendors and the words the contract speaks in writing. Many a times, REs may have ensured that the contractual covenants and obligations are captured sufficiently. However, the REs may not have put in a place responsible system to oversee the performance of the third-party service provider or vendor and their delays, deficiencies, defaults, and deviations which could constitute not only a material breach on the part of the third-party service provider or vendor but also could significantly cause risks to the REs and hamper the ability of REs to achieve operational resilience. The Senior Management or the committee of those officers who are identified by the RE as the Senior Management for this purpose must be entrusted with the task reviewing these aspects. In short, it should form part of IT Strategy.

VULNERABILITY ASSESSMENT (VA) / PENETRATION TESTING (PT)

1. For critical information systems and/ or those in the De-Militarized Zone (DMZ) having customer interface, VA shall be conducted at least once in every six months and PT at least once in 12 months. Also, REs shall conduct VA/ PT of such information systems throughout their lifecycle (pre-implementation, post implementation, after major changes, etc.).
2. For non-critical information systems, a risk-based approach shall be adopted to decide the requirement and periodicity of conduct of VA/ PT.
3. VA/ PT shall be conducted by appropriately trained and independent information security experts/ auditors.
4. In the post implementation (of IT project/ system upgrade, etc.) scenario, the VA/ PT shall be performed on the production environment. Under unavoidable circumstances, if the PT is conducted in test environment, REs shall ensure that the version and configuration of the test environment resembles the

production environment. Any deviation should be documented and approved by the ISC.

5. REs shall ensure to fix the identified vulnerabilities and associated risks in a time-bound manner by undertaking requisite corrective measures and ensure that the compliance is sustained to avoid recurrence of known vulnerabilities such as those available in Common Vulnerabilities and Exposures (CVE database).
6. REs shall put in place a documented approach for conduct of VA/ PT covering the scope, coverage, vulnerability scoring mechanism (e.g., Common Vulnerability Scoring System) and all other aspects. This may also apply to the RE's information systems hosted in a cloud environment.

CYBER INCIDENT RESPONSE AND RECOVERY MANAGEMENT

1. The cyber incident response and recovery management policy shall address the classification and assessment of incidents; include a clear communication strategy and plan to manage such incidents, contain exposures, and achieve timely recovery.
2. REs shall analyse cyber incidents (including through forensic analysis, if necessary) for their severity, impact and root cause. REs shall take measures, corrective and preventive, to mitigate the adverse impact of incidents on business operations.
3. REs shall have written incident response and recovery procedures including identification of key roles of staff/ outsourced staff handling such incidents.
4. REs shall have clear communication plans for escalation and reporting the incidents to the Board and Senior Management as well as to customers, as required. REs shall pro-actively notify CERT-In and RBI17 regarding incidents, as per regulatory requirements. REs are also encouraged to report the incidents to Indian Banks – Centre for Analysis of Risks and Threats (IB-CART) set up by IDRBT.
5. REs shall establish processes to improve incident response and recovery activities and capabilities through lessons learnt from past incidents as well as from the conduct of tests and drills. REs, inter alia, shall ensure effectiveness of crisis communication plan/ process by conduct of periodic drills/ testing with stakeholders (including service providers).

IMPORTANT ASPECTS OF EU-DORA

A perusal of REGULATION (EU) 2022/2554 of the EUROPEAN PARLIAMENT and of the COUNCIL of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (DORA) will be of immense benefit to enhance the depth of the governance architecture to be built by an RE in relation to digital operational resilience. While RBI has introduced the

need for a mandatory IT Governance Framework for entities of a class such as Banks, NBFCs, CICs as well as to named institutions, DORA goes by specified activities.

DORA covers the entire spectrum of Information and Communication Technology (ICT). DORA signifies the ability of a financial entity to build, assure, and review its operational integrity and reliability by ensuring, directly or indirectly through services of third-party ICT service providers, the full range of ICT related capabilities that are required to address the security of the network and information systems, for continued provisions of services of the financial entity.

DORA requires financial entities to have proper mechanisms and policies for handling all ICT related incidents and for reporting major ICT related incidents and for testing ICT systems, controls, and processes and for managing third-party risks. Nature, frequency, significance, and impact of ICT incidents must be reported. DORA says that undetected vulnerabilities pose threat and regulations are designed to remove gaps in the ICT Reporting Framework and remove existing overlaps, duplications and reduce costs.

The DORA provides and promotes a set of principles that facilitate the overall structure of ICT risk management. The functions of ICT risk management framework includes (a) identification; (b) protection and prevention; (c) detection; (d) reporting; (e) response and recovery; and (f) learning and evolving and communication. ICT systems must be reliable, agile, and capable not only for guaranteeing the processing of data required for their services but also for ensuring sufficient technological resilience to allow them to deal with additional processing needs due to stressed market conditions or other adverse situations.

The key stipulations under DORA are as follows:

1. establish a role to monitor their arrangements concluded with ICT Third Party service providers on the use of ICT services;
2. designate a member of senior management to be responsible for overseeing the related risk exposure and relevant documentation;
3. assign the responsibility for managing and overseeing ICT risk to a control function and ensure an appropriate level of independence of such control function to avoid conflicts of interests;
4. document and review at least once a year the risk management framework;
5. do internal audit on a regular basis their ICT risk management framework;
6. perform in depth assessments after every major change in their network and info system infrastructure and processes;
7. conduct regularly risk analysis on legacy ICT systems;
8. carry out internal independent review of the implementation of ICT responses and recovery plans;
9. have a crisis management function;
10. expand testing of business continuity and response and recovery plans to capture switchover scenarios between primary ICT infrastructure and redundant facilities;

11. report to competent authorities upon their request, an estimation of aggregated annual costs and losses caused by ICT related incidents;
12. identify redundant ICT capacities;
13. communicate to competent authorities implemented changes after occurrence of ICT related incidents;
14. monitor on a continuous basis relevant technological developments;
15. establish a comprehensive digital operational resilience testing programme as an integral part of ICT risk management framework;
16. adopt and regularly review a strategy on ICT third-party risks.

In so far as contractual arrangements with third-party ICT service providers, DORA stipulates that contractual arrangements must contain provisions laying down the relevant guarantees for -

1. enabling the access, recovery and return of data in the case of insolvency or discontinuation of business or winding up of the third-party service provider.
2. providing assistance upon occurrence of ICT incidents connected to the services provided, at no additional cost or at a pre-determined additional cost;
3. cooperating with competent authorities;
4. proper termination of rights subject to minimum notice period;
5. allowing the financial entity to have full control of all developments occurring at the third-party service provider which may impair the financial entity's ICT security;
6. providing a comprehensive and operational understanding of the ICT risk management of the ICT third-party service provider;
7. enable a lead overseer of the financial entity to examine their facilities from where the services are actually going to be provided, even if such facilities are located in a country other than that of the financial entity;
8. conferring powers on the lead overseer to conduct investigations, to carry out onsite and off-site inspections at the premises and locations of critical ICT third-party service providers such that the lead overseer is able to acquire a real insight into the type, dimension, and impact of the ICT third-party risk posed to the financial entity;

The contract should contain a complete description of functions and services; location where such functions are provided; locations where data (of the financial entity) are going to be processed; and must contain a clear specification of full-service level descriptions with precise quantitative and qualitative performance targets so as to be able to take appropriate corrective actions without undue delay when third-party service provider does not meet agreed service levels. DORA Regulations go to the extent of prescribing in a granular manner that the contracts must contain clauses for relevant notice periods and reporting obligations of the ICT third party service provider in case their ability to provide service is impaired significantly. Further, there must a stipulation in the contract that the third-party service provider agrees to implement and

test contingency plans and have ICT security measures, tools and policies allowing for secure provisions of sources. The financial entity should have the right to take copies of crucial instruments. The third-party service provider must enable right of access, inspection and audit by the financial entity or by an appropriate independent third-party inspection team. The ICT third-party service provider should agree to designate a legal person as their coordination point.

Contracts with third-party service providers must contain provisions specifying how the accessibility; availability; integrity, security and protection of personal data would be ensured by the ICT third-party service provider.

MASTER DIRECTION AND DORA

Broadly speaking, RBI's IT Governance Framework as contained in the Master Direction provides the following: illuminating requirements under five important heads viz.,

1. An extensive description of the governance structure specifying the governance organs and their hierarchy, their roles, and responsibilities.
2. Business Continuity Plan.
3. Disaster Recovery Management.
4. Third-Party Arrangements.
5. Vulnerability Assessment and Penetration Testing.
6. Cyber Incident Response and Recovery Management.

Under DORA, the comprehensive ICT risk management framework should include—

1. assessment of the internal risk profile by a comprehensive review of ICT systems, processes and people, including a study of legacy assets and redundant assets;
2. periodical review of ICT assets, people, and systems;
3. assess risks emanating from ICT third-party service providers' side;
4. robust incident reporting;
5. constant vulnerability and penetration testing; scenario-based testing; compatibility testing; performance testing;
6. assess the effectiveness of ICT risk management framework in their preventive, detective, responsive and recovery capabilities;
7. assess the effectiveness of ICT risk management framework to uncover and address potential ICT vulnerabilities and in limiting damage;
8. assess the effectiveness of ICT risk management framework to enable resumption of activities and recovery actions without jeopardizing integrity and security of the network and information systems as well as the availability, authenticity, reliability, integrity, and confidentiality of data;
9. assess the effectiveness of the ICT risk management framework to rescue operations in the shortest possible time upon occurrence of any serious disrupting ICT related incidents; and
10. assess the effectiveness of the ICT risk management framework to achieving digital operational resilience meaning thereby efficient business continuity and recovery plans.

CONCLUSION

Basically, the RBI Framework provides a robust guidance on the roles and responsibilities of various governance organs commencing from the level of Board of Directors and responsibility owners. Particularly, through the Master Direction, RBI lays emphasis on the significance of three things, viz., (1) Business Continuity Plan (BCP) and Disaster Recovery Management; (2) Vulnerability Assessment (VA) / Penetration Testing (PT) and (3) Cyber incidence reporting requirements, response and recovery management.

DORA is certainly more prescriptive than what RBI's IT Governance Framework provides. DORA lays more emphasis in underscoring the mandatory review requirements, vulnerability testing requirements and incident reporting requirements, and understanding of the risks that are likely to arise from ICT third-party service providers. DORA stresses on the need for proper and specific contractual clauses imposing a mandatory need for such service providers to sign covenants undertaking a range of obligations. It is true that on account of varied governance systems, processes and practices, systems and tools of different ages acquired, operated and used, technological developments, frequent changes in officials in charge of ICT risk management framework, increased risks from internal weaknesses, negligence in assessing risks, likely laxity in vulnerability and penetration testing, risks arising from weak contractual arrangements with third-party service providers, inadequacies in legal drafting of contracts with ICT third-party service providers, it is necessary that RBI undertakes a comprehensive review of its Master Direction on IT Governance Framework of Banks and strengthens the same wherever necessary.

In short, it is high time banking sector identifies critical ICT third-party service providers and introduces necessary contractual obligations coupled with guarantees for performance of material obligations acquiring specific rights aimed towards achieving digital operational resilience. There are definitely two areas where the RBI, the banking sector regulator in India must advise banks to gear up and take necessary measures viz., (a) in stipulating that the contracts with ICT third-party service providers must be strengthened on the lines provided under DORA, if not anything more; and (b) for augmenting the strength of the Board itself with not less than two directors having rich high level operational experience in ICT, of which one must be at least a whole-time director and the other must be an independent director. The IT Strategy Committee of a Bank could get useful insights from DORA and perform its most important task of reviewing the adequacy and effectiveness of Business Continuity Planning and Disaster Recovery Management of the Bank for ensuring operational resilience.

REFERENCES:

- i. *Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by RBI on 7th November 2023.*
- ii. *REGULATION (EU) 2022/2554 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011*

Taxation Laws and Practicing Company Secretaries: Embracing Evolving Roles and Expanding Opportunities

The Indian taxation landscape is a complex and ever-evolving terrain, characterized by a multi-layered structure encompassing direct taxes (like Income Tax) and indirect taxes (like Goods and Services Tax - GST). Navigating this intricate web requires specialized knowledge and a keen understanding of the nuances of legislation, regulations and judicial pronouncements. This is where the unique skill set of a PCS – their meticulous approach to legal interpretation, their understanding of corporate structures and transactions, and their commitment to compliance – positions them advantageously to play a significant role in the realm of taxation.



CS Shivangi Agarwal, ACS

DM Group Investments Pvt. Ltd.,
Kolkata
shivangi.ag1993@gmail.com

INTRODUCTION

In the intricate tapestry of Corporate Governance, the role of a Practicing Company Secretary (PCS) stands out as a beacon of compliance, ethics, and strategic counsel. While their traditional responsibilities often revolve around corporate laws, secretarial standards, and regulatory filings, the dynamic business environment increasingly demands a broader understanding and application of allied legal frameworks. Among these, taxation laws emerge as a critical domain where the expertise of a PCS can be synergistically leveraged to enhance governance and unlock a plethora of opportunities, both established and nascent.

The Indian taxation landscape is a complex and ever-evolving terrain, characterized by a multi-layered structure encompassing direct taxes (like Income Tax) and indirect taxes (like Goods and Services Tax - GST). Navigating this intricate web requires specialized knowledge and a keen understanding of the nuances of legislation, regulations, and judicial pronouncements. This is where the unique skill set of a PCS – their meticulous approach to legal interpretation, their understanding of corporate structures and transactions, and their commitment to compliance – positions them advantageously to play a significant role in the realm of taxation.

Historically, the involvement of PCS in taxation matters was often peripheral, primarily limited to ensuring compliance with procedural aspects related to tax filings and disclosures mandated under corporate laws. For instance, certifying forms related to dividend distribution tax or providing secretarial audit reports that touched upon certain tax compliances were part of their purview. However, the increasing complexity of taxation laws, coupled with the growing emphasis on robust corporate governance, has paved the way for a more integrated and strategic role for PCS in this domain. The evolution of the Indian economy, marked by liberalization, globalization, and rapid technological advancements, has further amplified the interconnectedness of corporate law and taxation. Businesses now operate in a more intricate regulatory environment where tax implications are often intertwined with corporate decisions, making a holistic understanding crucial.

THE EXPANDING ROLE OF PCS IN TAXATION

Several factors have contributed to the emergence of new opportunities for PCS in the realm of taxation, transforming it from a peripheral concern to a core area of potential expertise and practice:

1. **The GST Regime:** The implementation of the Goods and Services Tax (GST) in India marked a paradigm shift in the indirect tax structure. Its comprehensive nature, encompassing a wide range of goods and services, and its intricate compliance requirements have created a significant demand for professionals who possess a holistic understanding of its implications for businesses. PCS, with their inherent understanding of business operations, legal frameworks, and compliance procedures, are well-equipped to assist companies in navigating the complexities of GST, including:
 - **GST Registration and Compliance:** Assisting businesses with the registration process, understanding the different categories of registration (regular, composition, etc.), and ensuring timely and accurate filing of various GST returns (GSTR-1 for outward supplies,

GSTR-3B for summary returns and tax payment, GSTR-9 annual return, GSTR-9C reconciliation statement, etc.). This also involves understanding the nuances of e-invoicing, e-way bills, and other procedural requirements.

- **Input Tax Credit (ITC) Optimization:** Providing guidance on the eligibility and availment of ITC, ensuring compliance with the intricate rules and conditions associated with it (Section 16 of the CGST Act and related rules), identifying potential areas for optimization while adhering to the principles of seamless flow of credit, and advising on the reversal of ineligible ITC.
 - **GST Audits and Assessments:** Assisting companies in preparing for GST audits conducted by tax authorities, representing them during assessments, and ensuring compliance with audit findings, including understanding the implications of demand notices and assisting in the appeal process.
 - **Supply Chain Optimization:** Advising on the GST implications of different supply chain models, helping businesses structure their transactions (e.g., supply of goods vs. services, composite vs. mixed supplies) in a tax-efficient manner while considering the place of supply rules and the implications for inter-state and intra-state transactions.
 - **Training and Awareness:** Conducting training sessions for employees at various levels on GST provisions, compliance requirements, and the impact of GST on their specific roles within the organization.
 - **Dispute Resolution:** Assisting businesses in resolving GST-related disputes, including representing them before adjudicating authorities (Assistant Commissioner, Joint Commissioner, etc.) and appellate tribunals (GST Appellate Tribunal). This requires a thorough understanding of the legal provisions, case laws, and the appeal process.
2. **Increased Scrutiny and Compliance Burden:** Regulatory authorities, both for direct and indirect taxes, are increasingly focusing on compliance and are employing sophisticated data analytics to identify potential tax evasion. This heightened scrutiny has amplified the need for businesses to have robust tax compliance frameworks in place. PCS, with their expertise in ensuring adherence to legal and regulatory requirements, can play a crucial role in:
- **Tax Risk Management:** Identifying potential tax risks across direct and indirect taxes, developing mitigation strategies, and establishing internal controls to ensure ongoing tax compliance and prevent penalties. This involves assessing the company's tax policies, procedures, and documentation.
 - **Tax Health Checks and Due Diligence:** Conducting comprehensive reviews of a company's tax compliance status to identify any potential gaps or non-compliances, particularly during mergers, acquisitions, or other corporate restructuring exercises. This includes examining past tax filings, assessments, and pending litigations.
 - **Documentation and Record-Keeping:** Ensuring that companies maintain proper documentation and records as required under various tax laws (e.g., invoices, payment records, stock registers, transfer pricing documentation), which is crucial for audits and assessments and for substantiating claims for deductions or credits.
3. **The Interplay of Corporate Law and Tax Law:** Many corporate actions have significant tax implications. For instance, mergers, acquisitions, demergers, and restructuring exercises need to be carefully planned and executed, keeping in mind both corporate law requirements and the applicable tax provisions. PCS, with their dual expertise in corporate and allied laws, are uniquely positioned to:
- **Structure Transactions Tax-Efficiently:** Advising on the optimal legal and corporate structure for transactions to minimize the tax burden while ensuring compliance with corporate law (e.g., considering the tax implications of different types of mergers or demergers under the Income Tax Act and the Companies Act).
 - **Navigate Regulatory Approvals:** Assisting companies in obtaining necessary approvals from both corporate (e.g., National Company Law Tribunal - NCLT) and tax authorities (e.g., Income Tax Department, GST authorities) for complex transactions.
 - **Draft Transaction Documents:** Ensuring that transaction documents (e.g., scheme of arrangement, share purchase agreement) adequately address the tax implications, clearly define tax liabilities and responsibilities of the parties involved, and include necessary indemnification clauses.
4. **Evolving Tax Jurisprudence and Interpretations:** Tax laws are subject to constant interpretation by courts (Supreme Court, High Courts) and tribunals (Income Tax Appellate Tribunal - ITAT, GST Appellate Tribunal - GSTAT), leading to evolving jurisprudence. Staying abreast of these developments and understanding their implications for businesses is crucial. PCS, with their legal acumen and research skills, can:
- **Provide Updates and Analysis:** Keeping companies informed about significant changes in tax laws, amendments to rules and regulations, and landmark judgments and pronouncements by courts and tribunals.

- **Assess the Impact of Legal Developments:** Analyzing how new interpretations of tax laws might affect a company's tax liabilities, compliance strategies, and ongoing or potential tax disputes.
- **Advise on Litigation Strategies:** In case of tax disputes, PCS can assist in formulating litigation strategies, coordinating with tax lawyers, and ensuring proper documentation and presentation of facts and legal arguments. Furthermore, Practicing Company Secretaries are recognized as authorized representatives under Section 288(2) read with Rule 50(2A) of the Income Tax Act, 1961, empowering them to appear before various income tax authorities and tribunals, including the Income Tax Appellate Tribunal.
- **Optimizing Tax Planning:** Assisting companies in legitimate tax planning within the framework of the law to minimize their tax liability.
- **Ensuring Compliance with Digital Initiatives:** Facilitating compliance with online tax filing, e-assessment procedures, and other digital initiatives introduced by the Income Tax Department.

TRADITIONAL STRENGTHS: LEVERAGING EXISTING SKILLS FOR TAX PRACTICE

The traditional strengths of a PCS provide a solid foundation for venturing into taxation practice, offering a unique perspective that complements the expertise of traditional tax professionals:

5. **Globalization and Cross-Border Taxation:** With increasing globalization, Indian companies are engaging in more cross-border transactions, leading to complexities in international taxation, including transfer pricing, double taxation avoidance agreements (DTAAs), and withholding tax obligations. PCS with an understanding of international business and regulatory frameworks can:
 - **Assist in Transfer Pricing Compliance:** Ensuring compliance with transfer pricing regulations (Sections 92A to 92F of the Income Tax Act and related rules), maintaining necessary documentation (master file, local file, country-by-country report, as applicable), and assisting in transfer pricing audits and assessments.
 - **Advise on Withholding Tax Obligations:** Ensuring proper deduction and remittance of withholding taxes (Tax Deducted at Source - TDS) on payments to non-residents under Section 195 of the Income Tax Act and understanding the applicability of relevant DTAAs.
 - **Understand Double Taxation Avoidance Agreements (DTAAs):** Providing insights into the application of DTAAs entered into by India with various countries to avoid or mitigate double taxation on income arising from cross-border transactions.
6. **Direct Tax Reforms and Compliance:** The direct tax regime in India is also undergoing continuous reforms, including changes in corporate tax rates, introduction of new provisions, and increased emphasis on digital compliance. PCS can play a vital role in:
 - **Understanding New Direct Tax Provisions:** Keeping abreast of amendments to the Income Tax Act, Finance Acts, and related rules, and advising companies on their implications.
 - **Understanding of Legal Frameworks:** PCS are inherently trained to interpret and apply legal statutes, rules, and regulations, a fundamental skill required for navigating the complex web of tax laws. Their ability to analyze legislative language and understand the intent behind legal provisions is invaluable.
 - **Meticulous Approach to Compliance:** The core of a PCS's role is ensuring compliance with various legal and regulatory requirements. This ingrained discipline and attention to detail are invaluable in the context of complex tax compliance requirements, where accuracy and adherence to timelines are paramount.
 - **Corporate Governance Expertise:** A strong understanding of corporate governance principles enables PCS to integrate tax compliance into the overall governance framework of a company, ensuring that tax considerations are embedded in decision-making processes and that ethical tax practices are followed.
 - **Stakeholder Management:** PCS are adept at interacting with various stakeholders, including regulatory authorities, auditors (both internal and statutory), and management at different levels. This communication and interpersonal skills are essential for effective tax management, especially during audits and assessments.
 - **Documentation and Record-Keeping Skills:** The ability to maintain accurate, organized, and retrievable records, a key skill for PCS in managing corporate affairs, is equally crucial for tax compliance and audits, ensuring that all necessary documents are in place to support tax positions.
 - **Understanding of Business Operations and Transactions:** PCS have a broad understanding of how businesses operate and the various types of transactions they undertake. This holistic view enables them to better understand the tax implications of these activities.

The integration of taxation expertise into a PCS practice can unlock a wide range of opportunities such as advising on tax planning, GST compliance, In-House Tax Counsel/Advisor, Tax Due Diligence and Transaction Advisory, Tax Audit Support and conducting training on tax laws for corporate clients.

BUILDING EXPERTISE: THE PATH FORWARD FOR PCS IN TAXATION

To effectively capitalize on the opportunities in taxation, PCS need to proactively enhance their knowledge and skills in this domain through a multi-pronged approach:

- **Specialized Education and Certifications:** Pursuing specialized courses and certifications in direct and indirect taxes offered by professional bodies (like ICSI itself), academic institutions, and other recognized organizations. This could include diplomas, advanced certificates, or even postgraduate degrees in taxation.
- **Continuous Professional Development (CPD):** Regularly attending seminars, workshops, and webinars organized by professional bodies, industry associations, and tax experts on the latest developments in tax laws, amendments, and judicial pronouncements. Engaging in online learning platforms and subscribing to tax law journals can also be beneficial.
- **Networking with Tax Professionals:** Building strong professional relationships with tax lawyers, Chartered Accountants, and other tax experts through participation in conferences, seminars, and professional forums to exchange knowledge, insights, and best practices. Collaborative learning can significantly enhance expertise.
- **Practical Training and Experience:** Seeking opportunities to work on tax-related assignments, either within their existing practice or by collaborating with tax consultants or law firms, to gain hands-on experience in areas like tax planning, compliance, and dispute resolution. Internships or shadowing experienced tax professionals can also be valuable.
- **Leveraging Technology:** Acquiring proficiency in using various tax software and technology tools for tax compliance (e.g., GST return filing software, income tax e-filing portals), tax research, and data analysis to enhance efficiency and accuracy.
- **Focusing on Specific Areas of Taxation:** Developing deep expertise in niche areas of taxation, such as international taxation, transfer pricing, or specific industry-related tax issues, to offer specialized services.
- **In-House Tax Counsel/Advisor:** Serving as an in-house tax expert within companies, particularly SMEs and startups that may not have dedicated tax departments. In this role, they can handle both corporate and tax compliance, provide tax advice on business decisions, and liaise with external tax consultants.
- **Tax Due Diligence and Transaction Advisory:** Participating in due diligence exercises for mergers and acquisitions, assessing the tax implications of transactions, structuring them in a tax-efficient manner, and drafting tax-related clauses in transaction documents.
- **GST Practitioner:** Registering as a GST practitioner and assisting businesses with various GST-related compliances, including registration, return filing, ITC reconciliation and advisory services.
- **Tax Audit Support:** Assisting companies in preparing for and managing tax audits (both GST and income tax), ensuring proper documentation, and working in collaboration with tax auditors.
- **Training and Capacity Building:** Designing and conducting training programs for corporate clients on various aspects of tax laws, compliance requirements, and the impact of taxation on business operations.
- **Dispute Resolution Support:** Assisting companies in navigating tax disputes, preparing appeals, and liaising with tax authorities and legal counsel.
- **Specialized Tax Advisory:** Providing niche advisory services in areas like transfer pricing documentation and compliance for related party transactions, international tax implications for cross-border businesses, or tax incentives and exemptions applicable to specific industries.
- **Secretarial Audit with Tax Compliance Focus:** Expanding the scope of secretarial audits to include a more detailed review of tax compliance processes and identifying potential tax risks.

SYNERGISTIC GOVERNANCE: THE PCS AS A HOLISTIC COMPLIANCE PARTNER

The integration of taxation expertise significantly strengthens the role of a PCS as a holistic compliance partner, enabling them to provide more comprehensive and strategic advice to organizations:

OPPORTUNITIES FOR PCS IN TAXATION PRACTICE

The integration of taxation expertise into a PCS's practice can unlock a wide range of opportunities, allowing them to offer a more comprehensive suite of services to their clients:

- **Independent Tax Consultant:** Providing specialized tax advisory and compliance services to companies, leveraging their unique blend of corporate law and tax knowledge. This could involve advising on tax planning, GST compliance, income tax matters, and representing clients before tax authorities.
- **Enhanced Risk Management:** Identifying and mitigating tax risks proactively, contributing to the overall risk management framework of the company. This integrated approach ensures that tax considerations are factored into business decisions from the outset.
- **Improved Corporate Governance:** Promoting a culture of tax compliance and ethical tax practices within the organization, aligning tax strategy with broader corporate governance objectives.

- **Cost Optimization:** Identifying legitimate opportunities for tax optimization and ensuring efficient tax planning, contributing to the company's bottom line while remaining compliant.
- **Better Stakeholder Relations:** Ensuring compliance with all applicable laws, including tax laws, enhances the company's reputation for ethical conduct and fosters trust with shareholders, investors, and other stakeholders.
- **Streamlined Compliance Processes:** Integrating tax compliance into existing corporate compliance processes, creating a more efficient and coordinated approach to regulatory adherence.
- **Strategic Business Advice:** Providing more informed and strategic business advice by considering the tax implications of various decisions and transactions.
- **Promoting the Role of PCS in Taxation:** Actively promoting the unique value proposition of PCS with their combined corporate law and growing tax expertise to corporates and other stakeholders.
- **Developing Practice Guidelines and Standards:** Issuing guidelines and standards for PCS offering tax-related services to ensure quality and ethical practice.
- **Creating Networking Opportunities:** Facilitating networking events and forums for PCS to connect with tax professionals and potential clients.

CONCLUSION

The confluence of taxation laws and the domain of Practicing Company Secretaries presents a compelling and increasingly vital landscape of opportunities, encompassing both established and newly emerging avenues for professional growth and contribution. The inherent strengths of a PCS – their legal acumen, unwavering focus on compliance, and comprehensive understanding of corporate structures and transactions – provide a robust and unique foundation for them to assume a more significant and strategic role in the intricate world of taxation. By proactively dedicating themselves to acquiring the necessary specialized expertise, embracing the continuous evolution of tax regulations, and effectively communicating their expanded capabilities, PCS can seamlessly transform themselves into invaluable holistic compliance partners, contributing synergistically to the establishment and maintenance of robust corporate governance frameworks and unlocking significant value for the organizations they serve. The journey demands commitment, a thirst for continuous learning, and a proactive engagement with the dynamic tax environment, but the potential rewards – for the individual PCS in terms of professional advancement and for the corporate sector in terms of enhanced compliance and strategic counsel – are undeniably substantial in this increasingly complex and compliance-driven global economy. The time is now for Practicing Company Secretaries to fully recognize and embrace the multifaceted opportunities that taxation laws present, thereby solidifying their position as indispensable pillars of comprehensive corporate governance and strategic business advisory.

REFERENCES:

- Role of CS in Tax Management and Filing, Online Available, <https://www.pw.live/cs/exams/role-of-cs-in-tax-management>*
- Why CS Should Be Accountants Under Income-Tax Bill 2025 – A Research, Online Available, <https://taxguru.in/income-tax/cs-accountants-income-tax-bill-2025-research.html>*
- Corporate Taxation, Compliance, and Legal Framework, Online Available, <https://www.pw.live/cs/exams/corporate-taxation>*
- Roles and Responsibilities of a Company Secretary, Online Available, <https://www.kanakpillai.com/learn/roles-and-responsibilities-of-company-secretary/>*
- Is the evolving role of Company Secretaries full of Challenges and Opportunities? Online Available, <https://legalwindow.in/evolving-role-of-company-secretaries/>* □

CHALLENGES AND THE WAY FORWARD

While the opportunities are significant, PCS venturing into taxation practice may face certain challenges that need to be addressed strategically:

- **Building Credibility:** Establishing themselves as credible and knowledgeable tax advisors, especially when competing with established tax professionals who have a long track record in the field. This requires consistent delivery of high-quality advice and building a strong reputation.
- **Keeping Up with Constant Changes:** The dynamic nature of tax laws, with frequent amendments and judicial pronouncements, requires continuous learning and adaptation. PCS need to invest significant time and effort in staying updated.
- **Developing Deep Technical Expertise:** Acquiring in-depth technical knowledge of specific areas of taxation, which may require dedicated study and practical experience.
- **Marketing and Business Development:** Effectively marketing their expanded service offerings and developing business in the competitive tax advisory market.

To overcome these challenges and fully realize the potential of PCS in taxation, the Institute of Company Secretaries of India (ICSI) can play a crucial role through various initiatives:

- **Introducing Specialized Courses and Certifications in Taxation:** Developing and offering comprehensive and practical courses and certifications in direct and indirect taxes tailored to the needs of PCS.
- **Facilitating Partnerships with Tax Professional Bodies:** Establishing collaborations with Institutes of Chartered Accountants and Tax Lawyers to enable knowledge sharing, joint training programs, and collaborative learning opportunities.
- **Organizing Focused Training Programs and Workshops:** Conducting regular and in-depth training programs and workshops led by experienced tax professionals to provide practical insights into tax laws and compliance.

Evolving Role of Company Secretaries in Ensuring Regulatory Compliance under SEBI LODR Regulations

The growing complexity of Corporate Governance has significantly elevated the role of Company Secretaries (CS) in ensuring regulatory compliance. With the introduction of SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, CS professionals have become central to maintaining transparency and governance in listed companies. Their responsibilities now extend beyond statutory filings to include strategic advisory, real-time disclosures and stakeholder communication. This paper examines the evolving functions of CS under the LODR framework. It includes statistical data, case studies, and compliance trends across NSE-listed firms. The analysis highlights how CSs contribute to improving compliance culture and corporate accountability.



Dr. Manjunatha H. R.

Assistant Professor and HOD
Department of Commerce
PES Institute of Advanced Management Studies
Shivamogga, Karnataka
manjugowda.ry@gmail.com

INTRODUCTION

Corporate Governance in India has seen a significant evolution over the last few decades, spurred by financial market liberalization, globalization, investor activism and regulatory reforms. In this shifting landscape, the Company Secretary once regarded primarily as a statutory record keeper and compliance functionary has transitioned into a strategic governance professional and Key Managerial Personnel (KMP) under the Companies Act, 2013. As per Section 2(51) of the Act, KMP includes the CEO, CFO, Managing Director, and the Company Secretary, among others. This designation underscores the elevated position and growing importance of the CS in corporate leadership.

Historically, the role of the Company Secretary was rooted in administrative compliance preparing minutes, filing returns and maintaining registers. However, the complexity and scope of governance have expanded, necessitating a broader, more proactive role. The changing regulatory climate, especially in the post-Satyam scandal era, has

demanding greater accountability and transparency from corporate India, prompting reforms in corporate law and market regulation.

A major milestone in this regulatory evolution was the introduction of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, commonly referred to as SEBI LODR Regulations. These regulations consolidate and harmonize provisions related to disclosures, compliance, and corporate governance for listed entities. They aim to create a transparent and investor-friendly environment in the securities market, placing considerable responsibility on the Compliance Officer typically the Company Secretary.

Under Regulation 6 of the SEBI LODR, every listed entity is mandated to appoint a qualified Company Secretary as the Compliance Officer responsible for ensuring conformity with the regulatory provisions, including timely disclosures, board procedures, and coordination with stock exchanges and regulatory authorities.

On a global scale, the role of corporate secretaries has evolved similarly. In jurisdictions like the UK, Australia, and Singapore, the Company Secretary (or equivalent) is viewed as a key governance officer who ensures Board accountability and regulatory compliance. For instance, the UK Corporate Governance Code emphasizes the duty of Company Secretaries to support Board effectiveness and compliance, while the Australian Securities Exchange (ASX) Listing Rules entrust them with significant compliance duties similar to SEBI LODR.

In India, the Institute of Company Secretaries of India (ICSI) has also played a vital role in shaping the profession by introducing updated modules, continuous professional education, and specialized certifications to equip CS professionals with the skills necessary for a dynamic governance environment.

RESPONSIBILITIES OF COMPANY SECRETARIES UNDER SEBI LODR REGULATIONS

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, was a landmark regulatory framework that streamlined various listing obligations into a unified code. It emphasized transparency, accountability, and timely disclosure for listed entities. Within this framework, CSs are entrusted with critical responsibilities that go beyond procedural compliance, placing them at the heart of corporate governance.

Figure No – 1: Key highlights of responsibilities of CSs under SEBI LODR



The role of the Company Secretary has evolved from a mere record keeper to a strategic governance advisor and Compliance Officer, ensuring that the organization adheres to SEBI regulations and safeguards the interests of stakeholders. Below is a detailed examination of these responsibilities:

1. Compliance Officer Designation and Responsibility

Regulation 6 of SEBI LODR mandates that every listed company appoint a qualified Company Secretary as the Compliance Officer. This person is responsible for:

- Monitoring compliance with SEBI laws, rules, and regulations.
- Ensuring timely filings and disclosures.
- Maintaining liaison with the stock exchanges, depositories, and SEBI.

This regulatory appointment recognizes the CS as a crucial link between the company and regulatory authorities.

2. Material Event Disclosure and Transparency

Under Regulation 30, listed entities are required to disclose material events that may impact share prices or investor decisions. The below role is essential in fostering market transparency and investor trust.

- Identify material events or information (e.g., board decisions, acquisitions, resignation of directors).
- Coordinate with departments to gather accurate information.
- Ensure disclosures are made promptly to stock exchanges within specified time limits.

3. Financial Disclosure and Accuracy

As per Regulation 33, companies must submit quarterly and annual financial results. The CS is responsible for:

- Coordinating board meetings where financial results are approved.
- Filing these results with exchanges.
- Ensuring that financial information complies with accounting standards and SEBI norms.

Timely and accurate financial disclosure is vital to preventing insider trading and market manipulation.

4. Corporate Governance Report

Regulation 27, along with Schedule V, requires listed entities to submit a quarterly Corporate Governance Report. This promotes ethical board behaviour and strengthens institutional integrity.

- Ensures that the composition of the Board and Committees is compliant with legal provisions.
- Prepares and signs the governance report.
- Facilitates the implementation of governance mechanisms such as performance evaluations, disclosures of related party transactions, and compliance with codes of conduct.

5. Advisory Role in Board Composition and Committees

Under Regulations 17–21, Company Secretaries support:

- Board constitution, including appointment of Independent Directors and Women Directors.
- Functioning of the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee.
- Drafting of committee charters, agendas, and maintaining minutes.

They also ensure the statutory frequency of meetings and timely circulation of agenda papers.

6. Conduct of Shareholder Meetings and Voting

Regulation 44 deals with the conduct of general meetings and e-voting mechanisms. The CS is tasked with:

- Issuing notices, managing proxies, and conducting AGMs and EGMs as per law.
- Coordinating with e-voting agencies.
- Recording resolutions passed and maintaining documentation for scrutiny.

This role ensures shareholder rights are protected, and decisions are transparently processed.

7. Insider Trading and Ethical Governance

Under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the CS is responsible for:

- Drafting and enforcing Code of Conduct for Insider Trading.
- Monitoring trading window closures and disclosures from designated persons.
- Reporting violations to the Board and SEBI, if necessary.

This position empowers the CS to promote fairness in securities trading and curb unethical practices.

8. Oversight of Related Party Transactions (RPTs)

Regulation 23 emphasizes the importance of fair and transparent Related Party Transactions. The CS must:

- Ensure that all RPTs are placed before the **Audit Committee** and Board.
- Maintain a register of contracts and approvals.
- Ensure appropriate disclosures in annual reports and exchanges.

This safeguards the interests of minority shareholders and ensures transactions are at arm's length.

9. Sustainability and ESG Reporting

For the top 1000 listed companies (based on market capitalization), **Regulation 34(2)(f)** requires Business Responsibility and Sustainability Reporting (BRSR). The CS coordinates this reporting by:

- Gathering non-financial data related to environmental, social, and governance (ESG) performance.
- Drafting BRSR and ensuring it aligns with SEBI's prescribed format.
- Integrating sustainability into company disclosures.

The CS thus plays a critical role in aligning corporate practices with stakeholder expectations and global ESG standards.

10. Website Disclosures and Maintenance

As per **Regulation 46**, listed entities must maintain a functional website with specified disclosures. The CS is responsible for:

- Updating policies, financials, shareholding patterns, and governance codes.
- Ensuring accessibility of documents to stakeholders at all times.

Proper website maintenance reflects organizational transparency and serves as a primary public information source.

11. Regulatory Liaison and Continuous Monitoring

Beyond specific LODR clauses, the CS acts as a bridge between the company and:

- SEBI for clarifications, inspections, and penalties.
- Stock Exchanges for ongoing disclosures, clarifications, and reports.
- Depositories and Registrars to facilitate smooth investor services and data accuracy.

Company Secretaries, while promoting the culture of ethical conduct, are responsible for encouraging transparency in disclosures and financial reporting, thereby building stakeholder trust.

COMPLIANCE SCORECARD OF TOP 10 NSE-LISTED COMPANIES

The Compliance Scorecard is a conceptual framework designed to evaluate the regulatory adherence of top NSE-listed companies based on SEBI LODR Regulations. It offers a comparative analysis of how companies comply with governance, disclosure, and sustainability mandates.

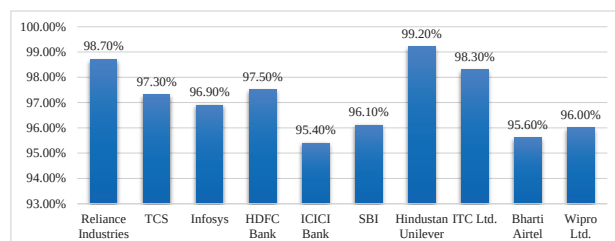
Table 1: Compliance Scorecard of Top 10 NSE-Listed Companies (FY 2023–24)

Company Name	CS Appointed	LODR Compliance Score (%)	No. of Disclosures Made	Penalty Incurred (₹ in Lakhs)
Reliance Industries	Yes	98.7%	143	0
TCS	Yes	97.3%	125	0
Infosys	Yes	96.9%	134	0

HDFC Bank	Yes	97.5%	112	0
ICICI Bank	Yes	95.4%	109	2
SBI	Yes	96.1%	98	3
Hindustan Unilever	Yes	99.2%	101	0
ITC Ltd.	Yes	98.3%	96	0
Bharti Airtel	Yes	95.6%	114	1
Wipro Ltd.	Yes	96.0%	108	1

Source: SEBI Bulletin

Figure No – 2: LODR Compliance Score (%)



The compliance scorecard for the top 10 NSE-listed companies in FY 2023–24 highlights a strong commitment to corporate governance and regulatory adherence. All companies listed have appointed qualified Company Secretaries (CS), fulfilling a key SEBI requirement and demonstrating institutional support for compliance. The LODR compliance scores are uniformly high, with Hindustan Unilever leading at 99.2%, followed closely by Reliance Industries (98.7%) and ITC Ltd. (98.3%). These companies exemplify near-perfect compliance with SEBI's disclosure norms. Others like HDFC Bank (97.5%), TCS (97.3%), and Infosys (96.9%) also performed strongly, reflecting consistent governance practices. In terms of disclosures, Reliance Industries made the highest number (143), followed by Infosys (134) and TCS (125), likely reflecting the scale and complexity of their operations. However, companies like ITC Ltd. and SBI made fewer disclosures but still maintained solid compliance scores, indicating that timely and accurate reporting is more important than volume alone.

In spite of overall positive performance, a few companies incurred penalties for minor lapses. While seven of the ten companies, including Reliance, TCS, Infosys, and HDFC Bank, incurred no penalties indicating strong internal control mechanisms. SBI faced the highest penalty at ₹3 lakhs, followed by ICICI Bank with ₹2 lakhs, and Bharti Airtel and Wipro with ₹1 lakh each. These penalties suggest isolated compliance delays or procedural oversights rather than systemic failures. The presence of Company Secretaries in all these firms has contributed to high levels of adherence, but the data also signals areas for improvement, particularly for those that incurred penalties despite high compliance scores. Overall, the scorecard reflects a mature compliance environment among India's corporate leaders, with room for continuous improvement to ensure full alignment with SEBI's expectations.

ROLE OF CS IN CORPORATE GOVERNANCE ENHANCEMENT

In the modern corporate landscape, Company Secretaries (CS) contributions extend beyond routine statutory filings to influencing Boardroom decisions and driving governance excellence. The enhanced role of Company Secretaries in corporate governance is reflected in several critical areas:

1. Advising the Board on Governance Best Practices

Company Secretaries act as the principal advisors to the Board of Directors on matters of governance. With their in-depth knowledge of corporate laws, regulations, and global governance trends, they guide the Board in adopting frameworks that uphold accountability, integrity and transparency. Their role involves:

- Keeping the board informed about recent regulatory developments, amendments to laws (such as SEBI LODR, Companies Act, 2013 etc.), and their implications.
- Recommending governance frameworks that align with the company's strategic objectives and stakeholder expectations.
- Advising on matters like Board evaluation, risk management policies, stakeholder engagement, and whistleblower mechanisms.
- Facilitating orientation and continuous training for Board members to keep them updated on governance obligations.

2. Ensuring Independence and Composition of Board and Committees

An effective and well-structured board is central to sound governance. Company Secretaries play a crucial role in:

- Ensuring the Board's composition complies with legal norms regarding the number of Independent Directors, women Directors, and functional committees (such as the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee).



- Coordinating the appointment process of Directors, ensuring they possess requisite qualifications and independence.
 - Maintaining balance between Executive and non-Executive Directors, promoting diverse and unbiased decision-making.
 - Assisting in periodic evaluation of board performance and suggesting improvements to ensure board effectiveness.
- 3. Promoting a Culture of Ethical Conduct and Transparency**

Company Secretaries champion ethical behaviour and foster a transparent corporate culture across the organization. Their governance leadership is evident in:

- Drafting and implementing codes of conduct, ethics policies, and conflict of interest declarations that all employees and directors must adhere to.
- Encouraging transparency in disclosures and financial reporting, thereby building stakeholder trust.
- Overseeing internal controls and compliance programs to deter fraud, corruption and other malpractices.
- Facilitating honest and timely communication with regulators, investors and other stakeholders, especially in sensitive situations such as financial restatements or regulatory investigations.

CONCLUSION

The role of Company Secretaries has significantly evolved in response to the growing complexity of corporate governance and stringent regulatory frameworks such as the SEBI LODR Regulations, 2015.

Once limited to compliance and documentation, CSs are now vital governance professionals contributing to the strategic direction of listed entities. Their active involvement in ensuring accurate and timely disclosures, advising on board composition, fostering ethical conduct, and implementing governance best practices reflects their critical importance in today's corporate structure.

Moving forward, as the regulatory environment continues to evolve, the role of Company Secretaries will become even more indispensable. They must embrace digital tools, stay updated with legal developments, and enhance their strategic and advisory skills to support the board effectively. With appropriate institutional support, capacity building, and proactive policy engagement, CSs can further strengthen the culture of compliance and governance across India's corporate ecosystem, positioning themselves as indispensable stewards of transparency, accountability and corporate integrity.

REFERENCES:

- Bansal, N. (2022). "The Strategic Role of Company Secretaries in Corporate Governance." Journal of Corporate Affairs, 10 (3), pp. 45–54.*
- Deloitte India. (2023). Corporate Governance Trends in India – 2023 Edition. Retrieved from: <https://www2.deloitte.com/in/en.html>*
- EY India (2023). Board Matters: Enhancing Board Effectiveness Through Company Secretaries. Retrieved from: https://www.ey.com/en_in*
- ICSI - (2023). Secretarial Standards Issued by ICSI (SS-1 and SS-2). Retrieved from: <https://www.icsi.edu>*
- Infosys Ltd. - (2024). Annual Report 2023–24. Retrieved from: <https://www.infosys.com/investors/reports-filings/annual-report/>*
- Institute of Company Secretaries of India (ICSI) - (2023). Role of Company Secretary in Corporate Governance: A Practical Guide. New Delhi: ICSI.*
- Ministry of Corporate Affairs (MCA) - (2022). Companies Act, 2013 (As Amended). Retrieved from: <https://www.mca.gov.in>*
- National Stock Exchange (NSE). (2024). Corporate Filings and Compliance Reports. Retrieved from: <https://www.nseindia.com>*
- Securities and Exchange Board of India (SEBI) - (2015). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Retrieved from: <https://www.sebi.gov.in>*
- World Bank Group. (2021). Report on the Observance of Standards and Codes (ROSC): Corporate Governance – India. Retrieved from:*



Call For ARTICLES

Call For Articles in CS Journal – August 2025 Issue



SECURITIES LAWS : COMPLIANCE, GOVERNANCE AND OPPORTUNITY ROLLED TOGETHER

Globally, well-functioning securities markets have been considered as key role players in sustaining economic growth. However, as much appreciation as is garnered by these markets, an essential trait that seeks and attracts attention is its dynamism. And given the voluminous number of stakeholders involved, it is imperative that these markets are well regulated.

The Securities and Exchange Board of India with its multifarious laws and regulations has been on its toes to streamline processes and enhancing compliance – so as to render these platforms inviting for investors.

Company Secretaries as Governance Professionals – both in employment and in practice have crucial roles to play in strengthening the governance frameworks as well as guiding corporates towards compliance. In view of the same and more, we are pleased to inform you that the **August 2025** issue of Chartered Secretary Journal will be devoted to the theme **Securities Laws : Compliance, Governance and Opportunity Rolled Together** covering *inter alia* the following aspects:

- ❖ Corporate Governance Disclosures and Reporting under LODR Regulations
- ❖ Position of insider – A tight rope walk [SEBI (PIT) Regulations, 2015]
- ❖ Insider Trading - Analytical Perspective
- ❖ Capital Market Intermediaries - Opportunities and challenges for professionals
- ❖ Related Party Transactions - A Double-Edged Sword
- ❖ Related Party Transactions - A game changes for corporate governance
- ❖ Delisting - Opportunities for practicing professionals
- ❖ Criticality of Material Information under LODR Regulations - Industry perspective
- ❖ Commencing the journey towards \$5tn economy through compliance
- ❖ New governance mechanism for High Value Debt Listed Entity
- ❖ Fund Management, Compliance and CS

And many more...

Members and other readers desirous of contributing articles may send the same latest by **Friday, July 25, 2025** at cs.journal@icsi.edu for August 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.

Regards,
Team ICSI

Articles in Chartered Secretary Guidelines for Authors

1. Articles on subjects of interest to the profession of company secretaries are published in the Journal.
2. Each author should submit only one article for respective issue.
3. The article must be original contribution of the author.
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.
9. The copyright of the articles, if published in the Journal, shall vest with the Institute.
10. The Institute/the Editor of the Journal has the sole discretion to accept/reject an article for publication in the Journal or to publish it with modification and editing, as it considers appropriate.
11. The article shall be accompanied by a summary in 150 words and mailed to cs.journal@icsi.edu
12. The article shall be accompanied by a 'Declaration-cum-Undertaking' from the author(s) as under:

Declaration-cum-Undertaking

1. I, Shri/Ms./Dr./Professor..... declare that I have read and understood the Guidelines for Authors.
2. I affirm that:
 - a. the article titled"....." is my original contribution and no portion of it has been adopted from any other source;
 - b. this article is an exclusive contribution for Chartered Secretary and has not been/nor would be sent elsewhere for publication; and
 - c. the copyright in respect of this article, if published in Chartered Secretary, shall vest with the Institute.
 - d. the views expressed in this article are not necessarily those of the Institute or the Editor of the Journal.
3. I undertake that I:
 - a. comply with the guidelines for authors,
 - b. shall abide by the decision of the Institute, i.e., whether this article will be published and/or will be published with modification/editing.
 - c. shall be liable for any breach of this 'Declaration-cum-Undertaking'.

Signature



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 करोतु। तृप्तं करोतु।

Mission

"To develop high calibre
professionals facilitating
good corporate governance"



ICSI MSME & STARTUP CONNECT 2025

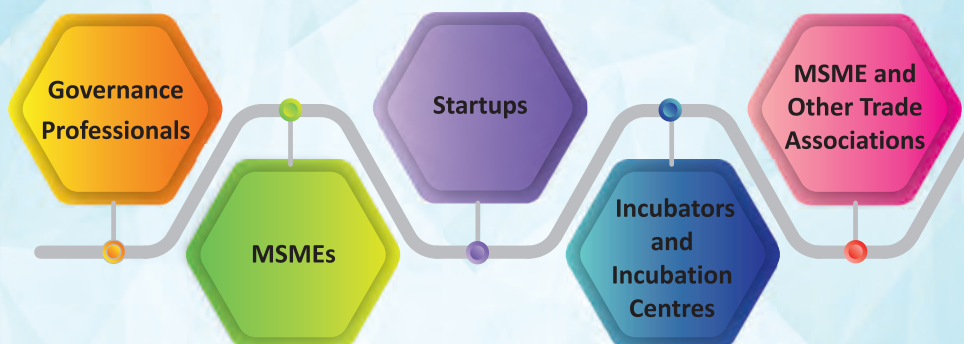
(An ICSI attempt to strengthen MSME & Startup capabilities
amongst entrepreneurs and Governance Professionals)

To be organized PAN India by All Chapters and Regional Offices of ICSI

June - July, 2025

MSMEs & Start-ups : Empowering Growth, Accelerating Success

Who should attend ?



CS Dhananjay Shukla
President, The ICSI

CS Pawan G. Chandak
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

Connect with ICSI | www.icsi.edu | | Online Helpdesk : <http://support.icsi.edu>

2

RESEARCH CORNER



- INDIA'S ECONOMIC RESILIENCE AMID GLOBAL UNCERTAINTIES : NAVIGATING THE TRANSITION FROM CLASSICAL TO STRATEGIC GLOBALIZATION (2024–2026)

India's Economic Resilience Amid Global Uncertainties: Navigating the Transition from Classical to Strategic Globalization (2024–2026)

This study uses data from the RBI and the IMF to analyze India's economic resilience and globalization transition in 2024–2026. Important results show: (1) A record 330.9 million tons of food grain production and a ₹5.5 lakh crore liquidity infusion allowed for sustained 6.5% GDP growth and stable 3.6% CPI inflation (predicted at 4% for FY 2025–26); (2) Sectoral export shifts (electronics +0.1% vs. gems/jewelry +10.9%) and controlled FPI outflows (US\$5.4 billion) demonstrated strategic adaptation to globalization. India balances external sector vulnerabilities and domestic stability in times of global economic uncertainty, as shown by the RBI's structural models and high-frequency indicators (PMI, PLFS). India's ability to leverage strategic globalization for long-term growth is highlighted in the report, alongside uncertainties, geopolitical conflicts, and climatic shocks. Methodologically, it employs secondary sources and desk research, offering insights for policymakers navigating the new global economic order.



Akki Maruthi

Assistant Professor
Department of Commerce
SKNG, Government First Grade College, Gangavathi,
Koppal, Dist., Karnataka.
akkimaruthi@gmail.com

INTRODUCTION

Classical globalization, characterized by unrestricted trade liberalization, is yielding to strategic globalization, where countries emphasize supply-chain resilience, friend-shoring, and sectoral self-reliance. India's economy is projected to grow at the fastest rate, with the IMF, World Bank, and UNCTAD estimating growth rates of 6.3%, 6.7%, and 6.5% for 2025–2026 (RBI, 2025) and 6.7% for 2026–27, respectively. This exemplifies the shift, striking a balance between foreign uncertainties and domestic stability. This paper addresses:

1. **Employing GDP growth** (Q3 2024–25: 6.2%, expected to expand at 6.5% in 2025–26), inflation (3.6% CPI in February 2025, predicted to grow at 4% for FY 2025–26), Potential tax incentives, and employment (urban unemployment at 6.4%, PLFS) as important indicators to assess India's economic resilience.

2. **Assessing the effects of strategic globalization on India's trade policies** (such as the 0.1% rise in electronics exports), investment flow management (the volatility of US\$4.0 billion in net FPI outflows), and monetary responses (RBI's ₹5.5 lakh crore liquidity infusion). On April 28, 2025, the Indian rupee's value against the US dollar fell to a low of 0.012. The value increased by 0.584% on 02-05-2025, the day of the price movement (wise.com, May 3, 2025). Despite global headwinds reflected in the OECD's lowered 3.1% growth forecast, the IMF initially predicted that global GDP would grow by 3.3% in 2025 and 2.8% in 2026. The US levied a 26% reciprocal tariff on Indian exports in April, citing India's average 52% charge on US imports.

OBJECTIVES

- To assess the factors influencing India's development and resilience while analyzing the country's economic performance from 2024 to 2026 in light of international uncertainties.
- To analyze how the shift from classical globalization to globalization 2.0 affects India's monetary policies and global positioning.

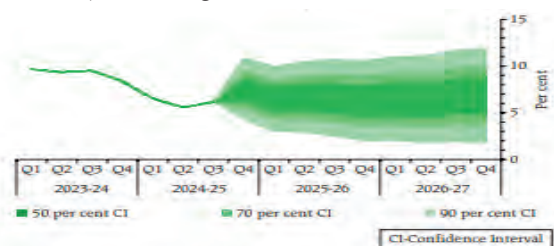
DATA COLLECTION METHODS

The Reserve Bank of India (RBI) and the International Monetary Fund (IMF) are sources of secondary data for this study. Press announcements, foreign trade reports, and current bulletins (2024–2025) provide additional information. Trend analysis and comparative assessments of economic indicators, including CPI inflation, GDP growth rates, export and import data, and monetary policy positions, are integral part of data collection process. To understand India's economic resilience, the data is examined within the context of the current global macroeconomic environment.

DOMESTIC ECONOMIC OUTLOOK

a) India's Resilient GDP Growth

Figure 1: Projection of growth in Real GDP Y-o-Y

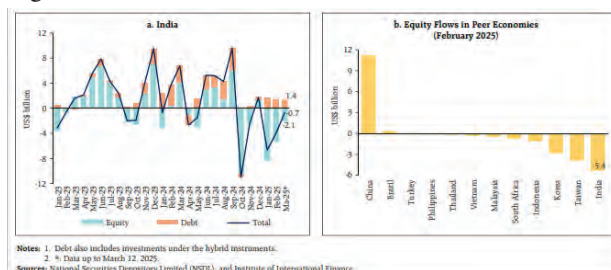


Source: RBI MPR APRIL, 2025

Real GDP growth in Q3 of 2024–2025 was 6.2%, which was higher than the 5.6% growth rate in Q2. Real GDP growth is projected to be 6.5% in 2025–2026, 6.5% in Q1, 6.7% in Q2, 6.6% in Q3, and 6.3% in Q4, assuming that risks are uniformly distributed around this baseline path. This is predicated on model estimates, survey indicators, and baseline assumptions (Figure 1). Assuming a normal monsoon and no notable external or policy shocks, structural model projections for 2026–27 indicate real GDP growth of 6.7%, with Q1 at 6.5%, Q2 at 6.4%, Q3 at 6.8%, and Q4 at 6.8%.

b) Outflow of Foreign Portfolio

Figure 2: Net Portfolio Investment

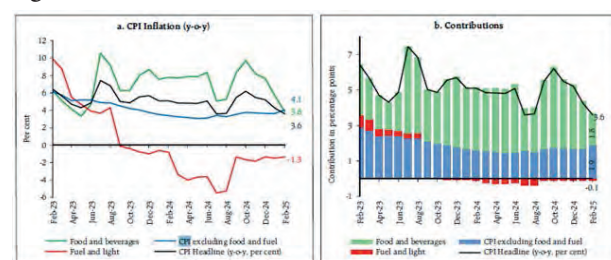


Source: RBI March, 2025

In February 2025, withdrawals from foreign portfolio investment (FPI) flows persisted. In February, there were net equity outflows of US\$5.4 billion and net FPI outflows of US\$4.0 billion (Figure 2a). Additionally, amid growing optimism about the recovery of the Chinese economy through fiscal and monetary stimulus, global FPI flows throughout the month were significantly redirected towards Chinese shares (Figure 2b). With net outflows of US\$ 0.9 billion (March 17), the FPI outflow in India persisted in March 2025.

c) Inflation Outlook

Figure 3: Trends and Drivers of CPI Inflation on Food

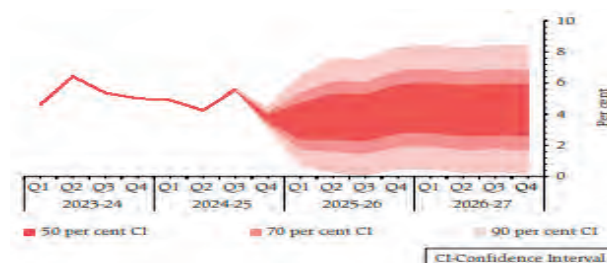


Sources: National Statistical Office (NSO) and RBI staff estimates.

Source: RBI March, 2025

According to the All-India Consumer Price Index (CPI)17, headline inflation decreased from 4.1% in January to a seven-month low of 3.6% in February 2025 (Figure 3). A negative price momentum of almost 50 basis points contributed to the 70 basis point drop in inflation, which was further supported by a favorable base of about 20 basis points. Throughout the month, the food group saw a negative momentum of about (-)1.6 percent, whilst the CPI fuel and core (food and fuel excluded) groups experienced positive momentum of 0.1 and 0.7%, respectively.

Figure 4: Projection of CPI inflation year on year

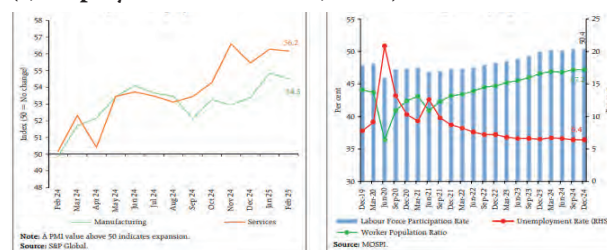


Source: RBI MPR APRIL, 2025

CPI inflation is predicted to average 4.0% in 2025–26, with 3.6% in Q1, 3.9% in Q2, 3.8% in Q3, and 4.4% in Q4 when risks are spread equitably (Figure 4). The 50 percent and 70 percent confidence ranges for headline inflation in the fourth quarter of 2025–26 are 2.8–6.0 percent and 1.9–6.9 percent, respectively. Assuming a normal monsoon and no extra exogenous or policy shocks, the structural model predicts that inflation will average 4.3 percent in 2026–27, with 4.5 percent in Q1, 4.3 percent in Q2, 4.4 percent in Q3, and 4.3 percent in Q4. The headline inflation 50% and 70% confidence ranges for Q4 of 2026–27 are 2.6–6.0 percent and 1.7–6.9 percent, respectively.

d) Employment Outlook

Figure 5: PMI Survey Employment Indices (a, Employment Service & b, PLFS)



Source: RBI March, 2025

The organized manufacturing sector saw the second-fastest rate of job growth since the PMI survey's launch in February 2025. Additionally, employment in the services sector kept growing at a strong rate (Figure 5a). According to the most recent quarterly Periodic Labor Force Survey (PLFS), the urban unemployment rate from October to December 2024 was 6.4%, which was the lowest in the PLFS record and remained constant from the previous quarter. Both the Worker Population Ratio (WPR) and the Labor Force Participation Rate (LFPR) remained steady (Figure 5b).

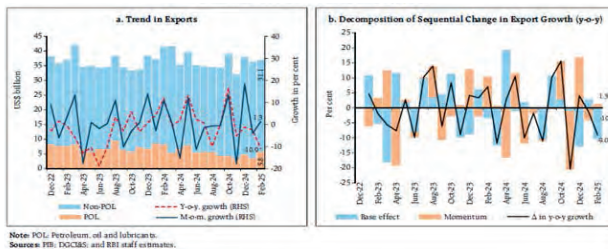
e) Potential benefits of tax incentives: The budget's announced tax exemptions will boost consumer spending and could result in a 0.6%–0.7% increase in GDP. However, those increases could be reduced by 0.1% to 0.3% due to uncertainties surrounding the US tariff rates on Indian exports (Deloitte's outlook, 2025).

SNAPSHOT OF TRADE AND EXTERNAL SECTOR

Import & Export Trends

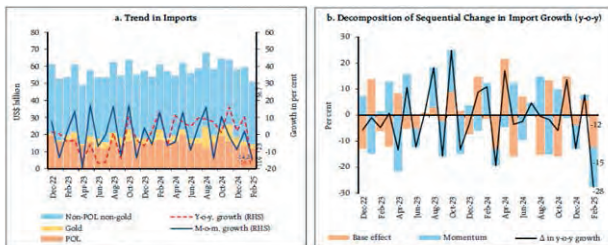
From April 2024 to February 2025, exports increased by a meagre 0.1% to \$395.6 billion; however, in February, merchandise exports fell 10.9% YoY, mostly as a result of base effects and weak worldwide demand. Ores, rice, and electronics are the top export industries. Petroleum products, engineering items, chemicals, gems, and jewellery are among the weakest export industries. In February 2025, India's merchandise exports, valued at US\$36.9 billion, shrank by 10.9% year over year due to an unfavorable base impact that more than countered the positive momentum. Between April 2024 and February 2025, imports rose 5.7% to \$656.7 billion, led by petroleum, electronics, and gold. However, in February 2025, imports plummeted 16.3%, resulting in a shrinking trade asymmetry. Imports of gold and oil fell significantly, which helped to lower total imports. The desire for local investment was reflected in the continued strength of imports of machinery and electronic equipment (Figures 6 & 7).

Figure 6: India's Merchandise Exports



Source: RBI March, 2025

Figure 7: India's Merchandise Imports



Source: RBI March, 2025

INDIA'S FINANCIAL AND MONETARY POLICIES

a) Open Market Operations

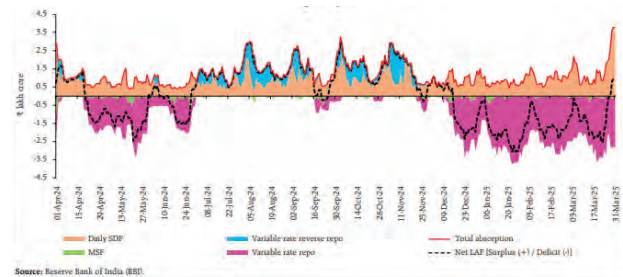
On February 28, 2025, a USD 10 billion three-year USD/INR buy/sell swap auction was held to inject rupee liquidity. The Reserve Bank used FX swaps, longer-duration VRR auctions, and OMO purchases to infuse approximately ₹5.5 lakh crore of durable liquidity into the banking system during the quarter (Table 1).

Table 1: Durable Liquidity Measures

Measure	Description	Auction Date	Amount injected (in ₹ crore)
OMO Purchase	Through NDS-OM	January 2025	38,825
		January 30, 2025	20,020
		February 13, 2025	40,000
		February 20, 2025	40,000
		March 12, 2025	30,000
		March 18, 2025	30,000
		Total	208,865
Long Repo discounts	30-day VRR auction	February 27, 2025	50,010
	90-day VRR auction	February 14, 2025	75,000
	45-day VRR auction	February 27, 2025	57,951
	Total	182,961	182,961
USD/INR buy/sell swap auction	Three: 6 months	January 31, 2025	Approx. ₹4,000 (USD) 5,100 (billion)
	Three: 3 years	February 28, 2025	Approx. ₹4,000 (USD) 5,100 (billion)
	Total	182,961	182,961

Source: RBI March, 2025

b) Liquidity Operations: Figure 8



Source: RBI MPR APRIL, 2025

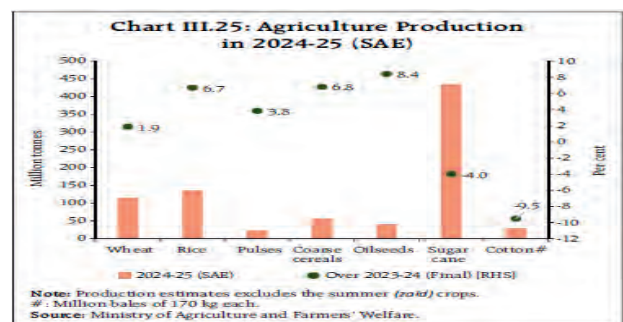
Liquidity Shortage and RBI Intervention: The banking sector experienced a liquidity imbalance, or lack of funds, in January 2025. On January 23, the Reserve Bank of India (RBI) offered up to ₹3.1 lakh crore through the Liquidity Adjustment Facility (LAF) to solve this. With the help of this mechanism, banks can temporarily borrow funds from the RBI to address short-term cash flow irregularities. Better Liquidity Position: Later, the RBI added ₹6.9 lakh crore to the system, and late-March government expenditure increases also helped. As a result of these steps, the system had a ₹1.5 lakh crore liquidity surplus by April 7, 2025, which meant that banks had more money available for investing and lending (Figure 8).

DEVELOPMENT OF A SPECIFIC SECTOR

a) Agriculture Sector

Due to increases in both rabi and kharif production of 6.8% and 2.8%, respectively, the second advance estimates of agricultural crop production (kharif and rabi) put the total production of food grains at 330.9 million tons in 2024–25, which is 4.8% higher than the final estimates of 2023–24 (Figure 9). The production of wheat, the main staple food of the Rabi people, is expected to reach a record 115.4 million tons, which is 1.9% more than the previous year's final projections.

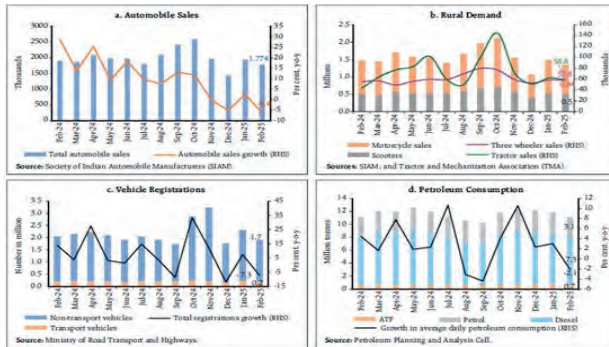
Figure 9: Agriculture Production



Source: RBI March, 2025

b) Automobile Sector indicators: Figure 10 (a, b, c, d)

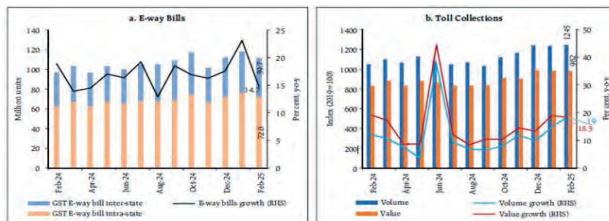
In February, wholesale sales of automobiles fell 6.4% year over year (Figure 10a). Motorcycle sales were the primary cause of the 9.0% (y-o-y) reduction in the two-wheeler segment (Figure 10b). For the third straight month, tractor sales increased by double digits. February saw a decrease in vehicle registrations, mostly due to a drop in the non-transport and transport vehicle categories (Figure 10c). In February, petroleum consumption was a 2.1% (y-o-y) reduction (Figure 10d).



Source: RBI March, 2025

b) Infrastructure (E-way Bills & Toll Collections)

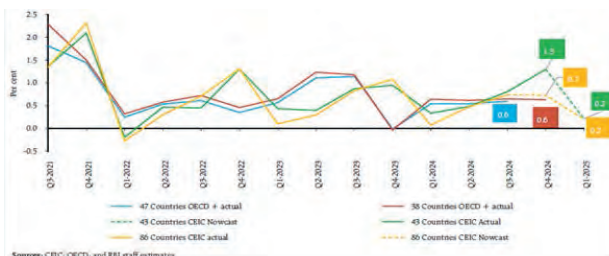
According to high-frequency data, overall demand increased well during Q4 of 2024–25. In February 2025, activity indicators, including E-way bills and toll collections, showed double-digit (y-o-y) growth (Figure 11a & b). Infrastructure spending by the government fuelled economic growth.

Figure 11: E-way Bills & Toll Collections

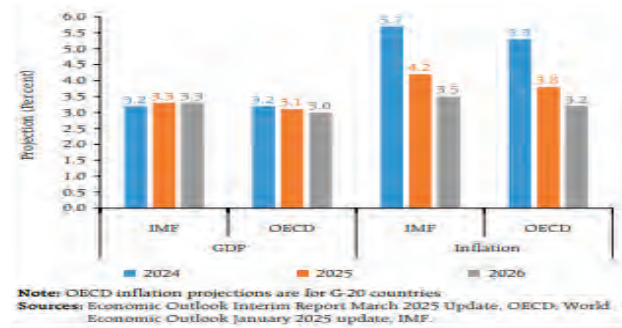
Source: RBI March, 2025

OUTLOOK OF GLOBAL SETTINGS**a) Impact of Trade War and Tariffs on Growth**

The global economy started 2025 with a lot of momentum, but is now slowing down because of more trade restrictions and protectionism. US-China tariff increases could lower US GDP growth by 0.6 percentage points in 2025 and eventually shrink the economy by 0.3-0.4% (Figure 12).

Figure 12: Global GDP Growth (Q-o-Q)

Source: RBI March, 2025

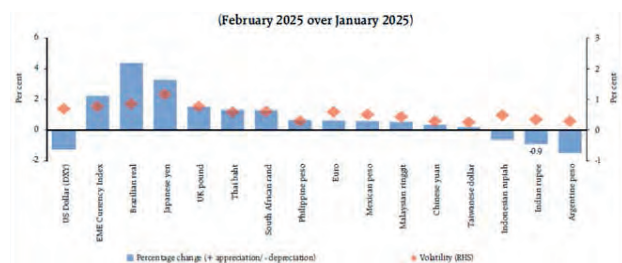
Figure 13: The IMF and OECD projections for growth and inflation

Source: RBI MPR APRIL, 2025

In March 2025, the Organization for Economic Cooperation and Development (OECD) released its Economic Outlook Interim Report, which anticipated global growth to be 3.1% in 2025 and 3.0% in 2026. According to the International Monetary Fund's (IMF) January 2025 World Economic Outlook update, inflation is predicted to drop to 4.2% in 2025 and 3.5% in 2026, indicating that global disinflation is ongoing (figure 13). The growth of international trade (goods and services combined) is anticipated to slow from 3.4% in 2024 to 3.2% in 2025 before increasing to 3.3% in 2026.

b) Market Volatility and Changes in Currency

Due to significant FPI outflows, the Indian rupee (INR) fell 0.9% (month-over-month) in February 2025 (Figure 14). However, the INR's devaluation was less severe than it had been the month before. The INR also continued to be among the major currencies with the least amount of volatility. The exchange rate of the Indian rupee to US dollars has fluctuated between a high of 0,012 on May 2, 2025, and a low of 0,012 on April 28, 2025. The price movement occurred on 02-05-2025, with a 0.584% increase in value (wise.com, May 3, 2025).

Figure 14: Movement of the Indian Rupee and Major Currencies against the US Dollar

Note: US Dollar (USD) measures the movement of the US dollar against a basket of major currencies (Euro, Japanese yen, British pound, Canadian dollar, Swedish krona, Swiss franc).
Sources: FRED, Thomson Reuters and RBI staff estimates.

Source: RBI MPR APRIL, 2025

c) Markets for Commodities and Inflationary Pressures

Since mid-January 2025, oil prices have dropped 15% globally as a result of lower demand projections. A flight to safety by investors caused gold prices to reach a record high of \$3000 per ounce. With cereal production above 2024 levels, the outlook for food production improved.

INDIA: FASTEST-GROWING ECONOMY FROM THE PERSPECTIVE OF INTERNATIONAL AGENCIES

a) The IMF: India's Growth in a Global Context

In 2025 and 2026, India is expected to maintain the largest economy with the highest rate of growth, solidifying its position as the global economic powerhouse. The nation's GDP is predicted to expand by 6.2% in 2025 and 6.3% in 2026, surpassing several of its international competitors. The IMF, on the other hand, forecasts significantly slower global economic growth, at 2.8% in 2025 and 3.0% in 2026, emphasizing India's remarkable outperformance.

Table 2: Top 10 Largest Economies in the world 2025

Rank	Country	GDP (USD)	2025 Projected Real GDP (% Change)	GDP Per Capita (Current Prices) (USD)
1	United States of America	\$30.34 trillion	2.70%	30.51 thousand
2	China	\$19.53 trillion	4.60%	19.23 thousand
3	Germany	\$4.92 trillion	0.80%	4.74 thousand
4	India	\$4.39 trillion	1.10%	4.19 thousand
5	Japan	\$4.27 trillion	6.50%	4.19 thousand
6	United Kingdom	\$3.73 trillion	1.60%	3.84 thousand
7	France	\$3.28 trillion	0.80%	3.21 thousand
8	Italy	\$2.46 trillion	0.70%	2.42 thousand
9	Canada	\$2.33 trillion	2.00%	2.23 thousand
10	Brazil	\$2.31 trillion	2.20%	2.13 thousand

Source: Indian Express, May 1, 2025 & IMF WEO 2025, April

AMID GLOBAL UNCERTAINTIES

By 2030, India is expected to overtake Japan and Germany as the world's third-largest economy. According to the April 2025 issue of the IMF's WEO, its economic growth forecasting has been lowered from 6.5% to 6.2% for 2025 and from 6.3% to 6.2% for 2026.

The strategic balancing effort of maintaining growth (6.7% predicted for 2026–27) while reducing risks (FPI outflows, unpredictable monsoons) reflects India's economic resilience during 2024–2026.

b) India's GDP is expected to expand by 6.5% by 2025, according to UNCTAD

According to the most recent UN Trade and Development (UNCTAD) study, global growth is predicted to transition towards a recessionary path in 2025, while India's major economy is predicted to continue growing at the fastest rate in the world, at 6.5%. According to the "Trade and Development Foresights 2025" report, India is one of the Nations driving growth through increased government spending and monetary policy stimulation. According

to the survey, the US economy is anticipated to develop at a rate of 1%, while China's growth rate is predicted to be 4.4%. Although France, Germany, and Italy are all predicted to experience growth below 1%, the European Union's growth is also expected to be 1%. Likewise, it is anticipated that Japan's economic growth rate will drop to just 0.5%. To address new economic issues, UNCTAD highlights the necessity of consistent financial assistance and concerted global action. To keep up the momentum, developing economies are urged to make investments in digitalization, infrastructure, and the green transition.

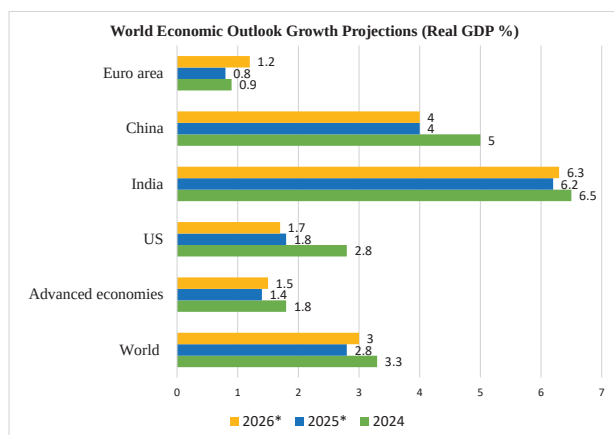
c) The World Bank also revised India's GDP growth forecast for FY 2025-26 to 6.3%, a 0.4% point cut from the previous estimate of 6.7%.

The International Monetary Fund (IMF) warned that any unwinding of the highly interconnected supply networks and financial flows that characterize the 21st-century world might cause severe economic disruption. As the U.S. tariff war raises alarm globally, the warning was issued on the same day that the IMF's World Economic Outlook (WEO) lowered its global trade outlook and India's GDP prediction for the current fiscal year to 6.2%. The fund's October growth forecast of 6.5% for India was

reaffirmed in January. The most recent revision follows similar reductions by S&P Global, Moody's Analytics, and the Asian Development Bank (ADB). As part of a broader strategy to address trade imbalances and protect domestic sectors, the U.S. imposed a 26% reciprocal tariff on Indian exports in April, citing India's average 52% charge on U.S. imports. On April 9, however, the U.S. temporarily eased these tariffs for India and other trading partners by lowering the rate to 10%. Despite this adjustment, the tariffs continue to pose challenges, affecting trade dynamics, capital flows, and currency stability.



Figure 15: World Economic Outlook Growth Projections (Real GDP%)



*Projected

Source: IMF WEO 2025, April

The multinational organization's 2025 forecast for global trade growth has decreased from 3.8% to 1.7%. Citing the dangers of possible US tariffs and general global uncertainty, the Asian Development Bank likewise lowered its FY26 growth estimate for India from 7% to 6.7%. In its January 2025 report, the IMF initially predicted that global GDP would grow by 3.3% in 2025 and 2.8% in 2026. Because of trade frictions, policy uncertainty, and softer demand, advanced economies are predicted to grow by just 1.4% in 2025, with the US economy dropping to 1.8%, almost a full percentage point below previous projections. With China being one of Europe's most severely impacted by recent trade restrictions, growth in emerging markets and developing economies is predicted to slow to 3.7% in 2025 and 3.9% in 2026, while Europe is expected to rise at a subdued 0.8%. According to the IMF, worldwide inflation would decrease more slowly than anticipated, hitting 4.3% in 2025 and 3.6% in 2026, with advanced economies

seeing revisions upward and emerging markets seeing small downward revisions. Although trade disruptions and geopolitical tensions continue to pose risks, increased employment, easier access to finance, and declining inflation are anticipated to increase consumer spending (Figure 15).

INTEGRATION OF CLASSICAL GLOBALIZATION INTO NEW STRATEGIC GLOBALIZATION (U.S. RECIPROCAL TARIFF)

a) From Smith to Semiconductors: The Rewriting of Globalization

The philosophical roots of globalization have long been grounded in the classic theories of international trade developed by David Ricardo and Adam Smith. Adam Smith introduced the concept of absolute advantage in "The Wealth of Nations" (1776), urging countries to buy goods that can be produced more cheaply by others and focus on what they can produce most effectively. Smith famously stated: "It is better to purchase a commodity from a foreign nation using some of our industry's produce if they can supply it to us at a lower cost than we can produce it." David Ricardo expanded on Smith's theories by introducing the idea of comparative advantage. In his 1817 paper, *On the Principles of Political Economy and Taxation*, he demonstrated that trade remains beneficial even when it revolves around items with a relative efficiency edge, despite a nation having an absolute advantage in producing multiple goods. From the early 1990s to the mid-2010s, when production was distributed globally based on cost, scale, and efficiency advantages, this Smith-Ricardo paradigm served as the foundation for the golden age of globalization. However, there is a significant departure from these traditional economic principles in the twenty-first century, especially regarding semiconductors.

b) Transitioning from economic interest to strategic interests

It made little difference that Taiwan supplied at least 60% of the world's semiconductors and more than 70% of high-performance chips made with sub-7nm nodes during the height of globalization, when Smith-Ricardo economic theories were dominant. Taiwan's dominance in semiconductor manufacturing was compared to that of Malaysia and Indonesia in palm oil, India in IT services, and China, Bangladesh, and Vietnam in garments exports. What if China grabbed Taiwan and stationed its military on the island? A major supply chain shock would result from the production and delivery of chips being halted due to a conflict in the Taiwan Strait that would cut off a vital shipping route. The disruptions caused by the COVID-19 outbreak and Russia's invasion of Ukraine encouraged this kind of strategic interest-based thinking.

c) Globalization 2.0: Where Geopolitics Beats Free Trade

Aspect	Classical Globalization (Smith-Ricardo Era) pre-tariff	New Strategic Globalization (Post-2020 Era) Post-Tariff
Core Idea	Efficiency, specialization, and gains from trade based on absolute and comparative advantage.	National security, supply chain resilience, and technological sovereignty.
Driving Force	Free markets and cost optimization.	Government policy, subsidies, tariffs, and strategic investments.
Philosophy	Buy from those who produce cheaper.	Build critical industries at home, even if costlier.
Semiconductors Example	Taiwan produces the majority of chips; the U.S. buys based on efficiency.	U.S. invests \$65+ billion in domestic chip manufacturing through the CHIPS Act.
Key Risks Considered	Economic inefficiency.	Geopolitical risks (e.g., Taiwan crisis, China tensions).
Government Role	Minimal intervention (laissez-faire).	Active intervention (industrial policy, direct funding).

CONCLUSION

The strategic balancing effort of maintaining growth (6.7% predicted for 2026–27) while reducing risks (FPI outflows, unpredictable monsoons) reflects India's economic resilience during 2024–2026. Three major conclusions can be drawn from India's economic performance in 2024–2026: First, potential tax incentives, agricultural

buffers (4.8% production rise), and coordinated monetary policy (RBI's ₹5.5 lakh crore infusion) are necessary for resilience. Second, strategic sector prioritization is essential for a successful shift toward globalization; electronics exports (+0.1%) have outperformed traditional sectors (10.9%). Third, prompt policy actions effectively addressed external vulnerabilities (FPI outflows) (US\$10 billion FX swaps). Limitations include PLFS data lags and monsoon-dependent forecasts. This study asserts India's potential to emerge as a strategic globalization 2.0 leader, provided it tackles structural bottlenecks and geopolitical risks. Subnational adaptation patterns to global economic transformations, sectoral case studies (semiconductor manufacturing), and the quality of employment generation across transitioning industries should be the focus of future research.

REFERENCES:

- i. <https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025#Projections>
- ii. <https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>
- iii. <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/0BULT19032025F9CCA0AB1F7294130A950E2FD5448B5FC.PDF>
- iv. <https://www.livemint.com/economy/imf-world-bank-gdp-rbi-growth-forecast-indian-economy-reciprocal-tariffs-inflation-trade-currency-gourinchas-11745329985549.html>
- v. [https://www.newsonair.gov.in/unctad-projects-indias-economy-to-grow-by-6-5-in-2025/#:~:text=India%20is%20expected%20to%20remain,and%20Development%20\(UNCTAD\)%20report.](https://www.newsonair.gov.in/unctad-projects-indias-economy-to-grow-by-6-5-in-2025/#:~:text=India%20is%20expected%20to%20remain,and%20Development%20(UNCTAD)%20report.)
- vi. <https://indianexpress.com/article/explained/explained-economics/adam-smith-david-ricardo-and-donald-trump-how-us-tariffs-herald-an-end-to-the-era-of-hyper-globalisation-9952282/>
- vii. <https://indianexpress.com/profile/author/harish-damodaran/>
- viii. <https://indianexpress.com/article/trending/top-10-listing/top-10-largest-economies-in-2025-india-fastest-growing-ranks-4th-9969585/>
- ix. <https://indianexpress.com/profile/author/cher-ry-gupta/>
- x. <https://timesofindia.indiatimes.com/business/india-business/indias-economy-to-grow-6-6-in-fy26-amid-global-trade-challenges-deloitte/article-show/120793228.cms>
- xi. <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPRAPRIL2025D2BFE2D64214448F8234BCAC-98C133C9.PDF>
- xii. <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>



Invitation For Research Papers in CS Journal – August 2025 Issue

RESEARCH PAPER

We invite Research papers / Manuscripts to publish in 'Chartered Secretary' with the objective of creating proclivity towards research among its members both in employment and practice. As research is an integral part of the scientific approach towards an issue for arriving at concrete solutions, in view of this it is essential to ensconce the research-oriented approach. Further, research is pervasive, i.e., it is not restricted to a particular field. Whether it is engineering, management, law, medicine, etc. without proper research, it is almost next to impossible to ascertain the solution of a problem.

Contributions may be sent on topics like Secretarial Practice, Auditing Standards, Company Law, Mercantile Law, Industrial Law, Labour Relations, Business Administration, Accounting, CG & CSR, Legal Discipline, and Digital Transformation & Artificial Intelligence or on any other subject and topic of professional interest.

Participants are requested to send their Research Paper with the following terms:

- ❖ The Research Paper should be original and exclusive for Chartered Secretary.
- ❖ It should be ensured that the Research Paper has not been/will not be sent elsewhere for publication.
- ❖ Research Paper should include a concise Title, Abstract name of the author(s) and address.

Members and other readers desirous of contributing Research Paper may send the same latest by **Friday, July 25, 2025** for the **August 2025** issue of Chartered Secretary Journal at cs.journal@icsi.edu

The length of the Research Paper should ordinarily be between 2,500 - 4,000 words in MS Word format.

We look forward to your co-operation in making this initiative of the Institute a success.

Regards,

Team ICSI

Interpersonal Relationships

Dr. Shakuntala Dawesar



Circumstances and opportunities are often beyond the control of an individual. However what is within one's control is the ability to steer a situation to one's advantage so as to derive benefits from it. For this one need not be crafty or selfish. One needs to be sensitive to the needs of others and cultivate the art of both diplomacy and foresight.

Interpersonal Relationships whether between man and woman, parent and child, employer and employee or peer and colleague all demand a level of understanding of the person one is dealing with. Only then can one build up a strong relationship with that person or group. In any work environment, it is of paramount importance to understand the various **aspects** of the relationship one is dealing with :

The behaviour, body language, tone, pitch and volume of voice and the choice of words in speech all play an important role in establishing interpersonal relationships.

Strong interpersonal relationships are based on a foundation of trust, understanding, mutual respect and appreciation.

How can one establish these qualities with others? The most fool proof method is by adopting these qualities oneself in one's daily interactions with others and ensuring that one maintains decorum and decency at all times while dealing with others.

The emphasis of my thoughts in this article will be on establishing good interpersonal relationships at one's work environment, which constitutes the bulk of the time one spends during one's working hours. Professional Relations at work hugely influence our levels of joy and contentment at work and play a pivotal role in the sense of satisfaction that we can attain in our day to day dealings given the same challenges and pressures at work. This indirectly determines the level of joy, peace and contentment in the home environment. These factors are not difficult to understand or adapt into one's life. They are normal everyday things which we all know. We simply need to remember them and make greater effort to implement them.

1. Greeting a person first thing in the morning on seeing a person establishes a cordial work environment.
2. Smiling enhances this effect of cordiality.
3. Being personal....addressing a person by name. It need not necessarily be familiarity of first names. It can be Mr. So and So or Good Morning, Ma'am rather than just Good Morning. A cheery greeting sets the tone for a friendly work environment and a pleasant beginning to the day.
4. Being alert and observant is a quality that can take a person far. Noticing the other person is important. If a person, who is generally punctual, comes in late, the greeting should be "Is everything OK with you?" rather than "Why are you late?" Just this difference in wording and tone can set a relationship on a better foundation. This is because the choice of words reflects the innate sense of consideration for the other person. Considerateness and care for others is an important aspect of establishing strong interpersonal bonds.
5. Giving praise and paying compliments should come naturally. This does not mean that one must heap praise on others all the time. Insincere praise and compliments do more damage than good in a relationship. Praise and compliments should be given spontaneously when one means it genuinely. This means that one must learn to appreciate in others, their qualities. Remember that by appreciation you do not lower your image irrespective of whether or not you possess the qualities that you are appreciating in others. It is also worth learning the art of paying compliments. Compliments are not to be confused with flattery. Compliments need not be only for looks - one can appreciate another's time management skills, multitasking abilities, the well-mannered way in which the children have been raised, one's colour sense, elegance, infectious laughter, sense of humour and just about everything without sounding servile or as if one is preparing the grounds for seeking a favour. In fact, if one does intend to seek a favour, that is the time to avoid praise and compliments.

6. Showing a genuine interest in another person, helps in cementing relationships. The degree of interest and the manner in which it is conveyed are of paramount importance. It is undignified to show interest in personal matters of others unless they initiate the sharing of information. When one wants to share any information of a personal nature with you, you should be attentive, non-judgmental and circumspect in your behaviour. This attitude will inspire the confidence of the other person.
7. A sense of humour can help to keep relationships balanced. Always remember not to take a dig at others. If one must take a dig, take it at yourself.
8. Listening to others and paying attention to others when they speak, is an acknowledgement of respect for the person. Whatever the temptation to interrupt, one must try to control oneself till the other person has spoken and comment only when asked to do so. Listening helps us imbibe information whereas talking makes us share information.
9. Communicating clearly is important in preventing misunderstandings. Practice the art of straight talk avoiding ambiguity. Instructions to others must leave no scope for doubt.
10. Statements like “we have a problem here” are more positive than “You have caused a problem” or worse still “How could you be so careless and do this” Anyone who has committed an error is aware of it and is probably repentant so further blaming acts can only escalate deterioration of the situation and build up anger.
11. Frustration builds up helplessness and this causes anger. So to avoid anger one must learn to be in command of a situation. This is possible if one is objective and reasonable. Placing oneself in the position of the other person helps one to look at the problem with a new perspective so each of us must practice this exercise. Only by doing so, can a person understand how and why mistakes are made and the best way to rectify them.
12. Putting people together is a great way of allowing personal relationships to remain vibrant. If one is attentive to others’ needs, then one instantly recognizes opportunities for acting as a catalyst for establishing new relationships between two other people. This sends signals to both that you are caring enough to think of others’ welfare and make an effort for the benefit of others.
13. The crux of establishing and maintaining good interpersonal relationships for healthy emotional and spiritual sustenance is sincere warmth, mutual respect, unflinching trust and readiness to help without expecting returns. Expectation of returns and rewards tarnishes the sanctity of all relationships and weakens them. In fact, the erosion in the strength of interpersonal relationships begins with expectations whether realistic or unrealistic, from others.
14. I remember a young man who was able to build a bridge when his deteriorating relationship with a female colleague was creating problems at work. He asked her one day “I want to get my wife a saree for her birthday. I like your choice of clothes so will you please help me choose one for her? She likes reds and greens.” The colleague was taken aback as she had been quite nasty to him till now and did not expect this subtle compliment. She immediately said “yes”. He told her she could go with him but if she preferred not to, then he would understand and be happy to give her the money to buy it. She said she would be happy to go with him and help him make the choice and the outing changed their relationship for ever as he invited her for the wife’s birthday celebrations and his wife was full of praise for her choice. Now both families enjoy a good rapport.
15. One of the causes of a fall out in relationships is due to misunderstandings created from misconceptions or lack of communication. It is important to communicate clearly, verbally when any response is expected. One should not expect another person, however close, to understand what one expects. Within families I have known discord to occur simply because a spouse’s silence was taken to mean consent or otherwise. To be clearly heard when answering is important. If no response is forthcoming, one can repeat a query in a louder volume but, in the same tone. A higher pitch denotes either impatience or a diminishing respect for the other person. Many an interpersonal bond can weaken due to the use of intemperate tone or language.
16. If for any reason, a relationship has soured, then analyse who is at fault, one should internalize the importance of that relationship and take firm and prompt action to restore cordiality if one desires a continuation of that relationship. If one is at fault, an apology is forthcoming and the sooner it is offered, the easier the damage control. If the other person is at fault, remember that extending an olive branch, does not diminish your own position or ego. On such occasions, a bouquet of flowers, a book, a box of chocolates or some home-made preserve which the other person likes, speaks more than words in mending fences. Timely forgiveness and apology are vital if one wishes to diminish the scar of healing.





**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"

सत्यं वद। धर्मं चर।

Motto

इष्टाक्रे फेड त्वाक्ते: अवेदे ह्यु फेड वेव्।

Mission

"To develop high calibre professionals facilitating good corporate governance"

PREVENTION OF MONEY-LAUNDERING ACT, 2002

Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Guidelines

Prevention of Money-laundering Act, 2002 casts certain obligations on the reporting entities and Financial Intelligence Unit- INDIA have implemented AML & CFT Guidelines effective from June 19, 2023 for Professionals including Company Secretaries in Practice to establish an efficient reporting mechanism to prevent money laundering, terrorist financing and proliferation financing.

Reporting Entity

(As notified by Ministry of Finance vide its notification dated May 03, 2023)

Company Secretaries in Practice, carrying out the following Financial Transactions in the course of his/her profession would be termed as 'Reporting entity' under PMLA and Rules made thereunder:

- buying and selling of any immovable property
- managing of client money, securities or other assets
- management of bank, savings or securities accounts
- organisation of contributions for the creation, operation or management of companies
- creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities



Applicable Laws/Rules/Regulations

- Prevention of Money-Laundering Act, 2002 (PMLA, 2002)
- Recommendations 24 to 26 & 28 of Financial Action Task Force
- PML (Maintenance of Records) Rules, 2005
- AML & CFT Guidelines For Professionals with Certificates of Practice from ICAI, ICSI and ICMAI
- Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 [applicable to all Company Secretaries]

Registration of Reporting Entities

Company Secretaries in Practice falling under the definition of Reporting Entity as per AML/CFT Guidelines need to register as "Reporting Entity".

Do's for Reporting Entities

- Appointment of Designated Director and Principal Officer
- Reporting of Suspicious Transaction Reports to Financial Intelligence Unit- INDIA
- Maintenance of Records
- Adoption of appropriate policies and procedures to prevent money laundering, terrorist financing and proliferation financing
- Performing Client Due Diligence (CDD) / Enhanced Due diligence (EDD)
- Appropriate training to its employees on the procedures for KYC, CDD, sanction screening and record keeping

ICSI PMLA Portal

ICSI PMLA Portal accessible at <https://www.icsi.edu/home/money-laundering-prevention/> and consists of following: -

- FAQs on AML & CFT Guidelines for Professionals
- Designated List (Amendments): Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005:
- List of individuals, designated as terrorist, under UAPA, 1967
- Notifications of Ministry of Finance
- Weblinks of Documents related to Targeted Financial Sanctions Related to Terror Financing and Proliferation Financing

Steps to Register

- Click on the URL: <https://stimulate.icsi.edu/>
- Click on the tab "Reporting Entity"
- Click on the option "Register as a Reporting Entity"

For queries e-mail at: pmla@icsi.edu

CS Dhananjay Shukla
President, The ICSI

CS Pawan G Chandak
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

Connect with ICSI

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

3

LEGAL WORLD



- GOVERNMENT OF ORISSA v. M/S ASHOK TRANSPORT AGENCY & ORS [SC]
- THOYAJAKSHI BAI SAKRANAIAK v. PATANJALI HOSPITALS PVT LTD & ORS [NCLAT]
- NAZRU S BASHEER v. PANCARD CLUBS LIMITED & ANR [NCLAT]
- AIREN METALS PRIVATE LTD & ANR v. HINDALCO INDUSTRIES LTD & ANR [CCI]
- R.T. INFOTECH v. ADDITIONAL COMMISSIONER GRADE 2 & 2 ORS [ALL]
- VARUN TYAGI v. DAFFODIL SOFTWARE PVT LTD [Del]
- TOTAL APPLICATION SOFTWARE CO PVT LTD v. ASHOKA DISTILLERS AND CHEMICALS PVT LTD [Del]
- R.RAMESH v. VIJAYA BANK[KER]
- DINESH NEGI v. SAHIL SOOD [HP]



Corporate Laws

Landmark Judgement

LMJ 07:07:2025

GOVERNMENT OF ORISSA v. M/s ASHOK TRANSPORT AGENCY & ORS [SC]

Appeal (Civil) 3209 of 2002

G.P. Mathur & P.K. Balasubramanyan, JJ. [Decided on 5 /11/ 2004]

Equivalent citations: AIRONLINE 2004 SC 602; (2004) 123 Comp Cas 226

Companies Act, 1956 read with CPC, 1908- money against defendant company- during the pendency of the suit defendant company amalgamated with Government Corporation- thereafter transferred to Government of Orissa- and lastly transferred to TISCO by the Government- civil court passed an ex parte decree against the defendant company- Plaintiff- Respondent sought to execute the decree against the above three statutory transferees- whether the decree executable- on facts Held, No.

Brief facts:

Ashok Transport Agency, Respondent No.1 herein filed a money suit against M/s O.M.C. Alloys Limited, a Government Company, [hereinafter referred to as the 'defendant']. The suit was dismissed for default and restored on 02.09.1991. On 30.08.1991, the Ministry of Law, Justice and Company Affairs, Government of India, vide a Notification providing for the amalgamation of the defendant with the Orissa Mining Corporation Limited [hereinafter referred to as the 'Corporation'], a Government of Orissa company incorporated under the Companies Act. The defendant became the Charge Chrome Division Corporation. On 24.09.1991, vide an ordinance of the Government of Orissa, the Charge Chrome Division stood transferred and vested in the Government of Orissa. On 27.09.1991, the Government of Orissa sold what had vested in it, to Tata Iron and Steel Company (TISCO).

The money suit was decreed ex-parte. The defendant did not accede to the demand of the plaintiff for satisfying the decree. The plaintiff filed an Execution Petition impleading the defendant as judgment debtor No.1, the Corporation as judgment debtor No.2 and the State Government of Orissa as judgment debtor No.3. In other words, the plaintiff, the decree holder, sought to execute the decree

not only against the defendant-judgment debtor, but also against the statutory transferees.

The Executing Court held that the decree was executable as against the Corporation and the State of Orissa since they were successors-in-interest of the judgment debtor and hence bound by the decree. On revision, the High Court of Orissa upheld the decision of the execution court. Hence the present appeal.

Decision: Allowed.

Reason:

Normally, in a case covered by Order XXII Rule 10 of the Code of Civil Procedure where rights are derived by an assignee or a successor-in-interest pending a litigation, it is for that assignee or transferee to come on record if it so chooses and to defend the suit. It is equally open to the assignee to trust its assignor to defend the suit properly, but with the consequence that any decree against the assignor will be binding on it and would be enforceable against it. Equally, in terms of Section 146 of the Code of Civil Procedure, a proceeding could be taken against any person claiming under the defendant or the judgment debtor. Similarly, a person claiming under the defendant or the judgment debtor could seek to challenge the decree or order that may be passed against the defendant, by way of appeal or otherwise, in the appropriate manner. But it would not be open to it to challenge the decree as void or unenforceable in execution in the absence of any specific provision in that regard in the statute or order bringing about such a transfer or assignment.

Going by these general principles, it is possible to argue that it was for the Corporation, and subsequently for the State of Orissa, to get themselves impleaded in the suit and to prosecute a defence, not inconsistent with the defence already set up by the defendant in its written statement. Neither the Corporation nor the Government of Orissa took that step. In such a situation, normally, one would be inclined to the view that it is not open to the Corporation or to the Government of Orissa to challenge the executability of the decree as against them. It is in this context that the impact of Amalgamation Order has to be considered.

There is no dispute that the companies concerned were Government companies and that under Section 396 of the Act, the Central Government had the power to provide for amalgamation of the companies in national interest. It was in exercise of that power, that Notification S.O. 562(E) dated 30.08.1991 providing for amalgamation of the defendant and the Corporation was issued. The said Order, in addition to providing for amalgamation of the two companies, also made two important provisions in Clauses 7 and 12. By virtue of Clause 12, a dissolution of the defendant was brought about and it was provided that no person shall make, assert or take any claims demand or proceedings against the dissolved company, but claimants like the plaintiff and other creditors were not deprived of their right to proceed with the enforcement of their claims against the dissolved company in terms of the Order.

Clause 7, which we have quoted above, provided that any suit, prosecution, appeal or other legal proceeding by or against the dissolved company pending on the appointed day, shall not abate or be discontinued or be any way prejudicially affected by reason of the transfer to the resulting company, the Corporation, of the undertaking of the dissolved company or of anything contained in the Amalgamation Order. But it was specifically provided that the suit, prosecution, appeal or other legal proceeding may be continued, prosecuted and enforced against the resulting company, namely, the Corporation, in the same manner and to the same extent as it would or may be continued, prosecuted and enforced by or against the dissolved company, if the order of amalgamation had not been made. In other words, a claimant like the present plaintiff, was given the right to proceed with the suit as against the Corporation in terms of Clause 7.

On the wording of clause 7, an obligation was cast on the plaintiff to implead the Corporation as a defendant in the suit and to proceed with the same. It may be noted that at the relevant time, the suit stood dismissed for default and the same had not been restored though the application for restoration of the suit was pending. The suit was got restored after the amalgamation took place and the consequences as set out therein followed. On the terms of the Amalgamation Order, the plaintiff did have the right to proceed with the application for restoration and the suit as against the Corporation by taking appropriate steps in that behalf. We must also notice that it was the plain duty of the defendant and its counsel, to bring to the notice of the Court the fact of promulgation of the Amalgamation Order so as to enable the Court to pass appropriate orders regarding the continuance of the proceeding before it. All the same, that can only be a reason for the plaintiff not having taken the requisite steps at the relevant time. In the face of the Amalgamation Order, we are of the view that it was necessary for the plaintiff to have brought on record the Corporation and the State Government before proceeding with its suit and the search for a decree in its favour. The terms of the Amalgamation Order has not been properly appreciated by the Executing Court and the High Court when they allowed the plaintiff to proceed with the execution as against the Corporation and as against the Government of Orissa.

Thus, we are inclined to the view that the Corporation and the State of Orissa should have been impleaded in the suit prior to the decree on the terms of the Amalgamation Order. Learned counsel for the appellant submitted that the appellant only wanted an opportunity to defend the suit consistent with the stand adopted in the written statement filed by the defendant subject to any additional pleas that may be available to be raised by the appellant. We think that in this case, the proper order to be passed, in the interests of justice is to accede to the plea of the appellant to give it a chance to defend the suit especially in view of the relevant clauses of Amalgamation Order, 1991, by setting aside the orders impugned in this appeal and also by setting aside the ex parte decree and reviving the suit and by directing the trial court to try and dispose of

the same afresh and in accordance with law, after bringing on record the Corporation, the Government of Orissa and TISCO, since the State had subsequently sold the assets to TISCO, and after giving the newly added defendants an opportunity to file their written statements, not inconsistent with the one already filed by the defendant. After giving of such an opportunity to the newly added defendants, it will be for that Court to proceed with the trial and disposal of the suit in accordance with law.

We therefore allow this appeal. We set aside the orders of the Executing Court and the High Court on the objections raised by the appellant. We close the Execution Petition.

LW 49:07:2025

THOYAJAKSHI BAI SAKRANAİK v. PATANJALI HOSPITALS PVT. LTD. & ORS [NCLAT]

Company Appeal (AT) (CH) No. 65/2025

Sharad Kumar Sharma & Jatindranath Swain. [Decided on 06/06/2025]

Companies Act, 2013- Sections 241 & 242- appellant director found to be involved in misfeasance- company proposed EGM to remove him- appellant filed application seeking injunction of the proposed EGM of the company- NCLT rejected the application- whether correct- Held, Yes.

Brief facts:

The Appellant is the Applicant to the Proceedings of Company Petition No. 127/BB/2023. NCLT declined to grant an Interim Order prayed for to the effect of keeping the proposal of the proposed EGM of Respondent No. 1 in abeyance.

The meeting of the Board of Directors of the company was called vide their letter dated 29.04.2025, in which a resolution to hold the EGM on 23.05.2025, for considering the removal of the Appellant from the Directorship of the Company (Respondent No. 1) was passed. As per, the Audit Report, submitted by the M/s. Yedida and Associates, which was furnished by the Respondent's Advocate the total amount collected in cash from the patients during the period from 01.01.2021 to 31.03.2023, was Rs 1,38,52,270/-, whereas the amount, remitted into cash counter of the hospital was only Rs. 56,05,900/-, leaving an amount of Rs. 82,46,370/- as allegedly retained by the Appellant which is allegedly misappropriated by her.

The Audit Report of M/s. Yedida and Associates is based on the patient register and is not intended to single out the Appellant as it also mentions about the other doctors in the Report. Despite having committed to function as a medical professional with the Respondent Company based on the service contract, the Appellant has engaged herself in taking outside patients and providing them medical services on regular basis which were not permitted by the terms of the contract of employment of the Appellant.

Decision: Dismissed.**Reason:**

An interlocutory application, which seeks for grant of an interim order in a pending proceeding under Sections 241 & 242 of the Companies Act, 2013, or for that matter, in any judicial proceedings before a court of law engaging deciding a right of a party, is in the nature of an absolutely discretionary remedy, which would be exclusively depending upon the establishment of a fact and the right and the likelihood of prejudice, which will be caused to the applicant who has applied for the grant of such interim order.

The Ld. Tribunal has further noted that, it has also come on record, that there are various other sets of litigation, which are simultaneously going on between the parties, which would be apparent from the documents which, has been placed on record, which the Appellant chose not to disclose even during oral submissions and thus has not come with clean hands.

It has further observed that the resolution to appoint a Forensic Auditor dated 22.04.2024, was not objected by the Appellant till she moved to press upon the stay application for the grant of the interim relief.

Ld. Tribunal has further observed that the Appellant had functioned in a fashion detrimental to the interest of the Respondent No. 1, to whom she was contractually bound to render the services by changing over and above what they have been billed at the hospital and therefore she cannot claim to be oppressed and that by attending to patients in other medical facilities and thereby promoting such facilities, may attract Section 166 of the Companies Act, 2013.

Looking into the findings as above and particularly the observations that the Appellant has to come with clean hands for grant of equitable relief, the rejection of the prayer for the grant of interim relief cannot be legally faulted with, because the actions of the Appellant have prima facie have resulted in continuous breach of service contract.

Besides that, the grant of an interim relief in a judicial proceeding, is absolutely a discretionary remedy depending upon the establishment of the prima facie case. It is not mandatory to exercise discretion by the court exercising the judicial powers, in a manner expected by the Applicant to the proceedings, for the grant of an interim relief. Owing to the apparent commissions and omissions on part of the Appellant as recorded by Ld. Tribunal being apparently in violation to the statute, the proceedings drawn by way of carrying out the proposed Extraordinary General Meeting of the Respondent Company does not appear to suffer from any legal vices. Apart from it, rejection of the interim relief as prayed for, being of an interlocutory nature, will not amount to be an adjudication of any of the rights, which is still a subject matter of the appeal, as it would still be left open to be

independently decided after the exchange of pleadings and enabling the parties to lead their evidence. Thus, a denial to grant the interim relief by the impugned order of 01.05.2025 owing to the conduct which, was considered by the Ld. Tribunal as unbecoming of a medical officer for Respondent No. 1, to whom the Appellant owed an allegiance, does not suffer from any legal vices and hence does not call for any interference.

Apart from the fact that, it is an interlocutory order, the impugned order is based on sound reasoning, and the equity does not support the case of the Appellant. The appeal is 'misconceived' and the same is accordingly 'rejected'

LW 50:07:2025

NAZRU S BASHEER v. PANCARD CLUBS LIMITED & ANR [NCLAT]

Company Appeal (AT) (Insolvency) No. 798 of 2025

Ashok Bhushan, N. Seshasayee & Barun Mitra. [Decided on 30/05/2025]

Insolvency and Bankruptcy Code, 2016- CIRP- conduct agreement between the CD and licensee- licensee of CD seeking handing over of the possession of shop- conduct agreement expired- NCLT rejected the request- whether correct-Held, Yes.

Brief facts:

In 2017 the CD had entered a Conduct Agreement with the appellant under which the appellant was given the right to run the hotel MB International, restaurant and a gift shop for a period of six years from the date of the agreement. The said agreement inter alia provided for payment of royalty etc. In 2022 CIRP against the CD was initiated and Resolution Professional was appointed. The RP issued a legal notice to the appellant requiring him to pay royalty and certain other amounts and also required the appellant to delivery vacant possession of the property 'Hotel MB International'.

The RP thereafter instituted two applications viz I.A.3958 of 2023 seeking direction to the appellant to deliver vacant possession of the hotel property and I.A.4136 of 2023 dealing with avoidance of preferential transactions as relating to few transactions of the CD which included the Conducting Agreement in favour of the appellant.

The Adjudicating Authority vide the Order now impugned, allowed I.A.3958 of 2023 on the reasoning that the time stipulated in the Conducting Agreement had expired and that nothing survives to treat the said agreement as surviving to keep the consequences flowing out of it. This order was under challenge in this appeal..

Decision: Dismissed.

Reason:

The submissions made on either side were carefully weighed. This Tribunal has little difficulty in spotting the fallacy of the arguments advanced on behalf of the appellant. Admittedly the Conducting Agreement was executed on 03.07.2017. And the CIRP against the CD under whom the appellant claims right to be in possession of the hotel property, has commenced in 2022, and with it has become operational the moratorium under Section 14. Moratorium, per se imply that there shall be in place a status quo viz the affairs of corporate debtor. And, inasmuch as under Section 14 the property of corporate debtor after the commencement of moratorium, cannot be evacuated the very expectation, even if any, of the appellant that the agreement period would be extended in terms of clause 28 thereof, is both misplaced and misconceived. It is not in dispute that the term of the agreement has expired on 07.08.2023, wherein after the appellant ceased to have any lawful right to be in possession. Necessarily he is liable to be evicted and hence this Tribunal does not consider that the line of reasoning of the Adjudicating Authority is flawed.

Turning to the other contention of the appellant that the Adjudicating Authority was in error in dealing with I.A. No. 3958 of 2023 separately is concerned, this Tribunal considers it as a plea made in desperation. The scope of application in I.A. No. 4136 of 2023 operates entirely is a sphere and it has little to do with the scope of the I.A. 3958 of 2023.

In a conclusion this Tribunal considers that the appeal is misconceived and is liable to be dismissed. Accordingly, this appeal is dismissed.



Competition Laws

LW 51:07:2025

**AIREN METALS PRIVATE LTD & ANR v.
HINDALCO INDUSTRIES LTD & ANR [CCI]**

Case No. 31 of 2024

**Ravneet Kaur, Anil Agrawal & Deepak Anurag.
[Decided on 30/05/2025]**

Competition Act, 2002- Sections 3 & 4- abuse of collective dominance- buyers failed to lift the contracted quantity of copper- OPs did not share the gains arising out of de-pricing the booked copper- further the BGs of the informants

were invoked prematurely by the OPs- whether constitute abuse of dominance-Held,No.

Brief facts:

The present Information has been filed by the informants who are the buyers of copper from the Opposite Parties Hindalco Industries Limited and Vedanta Limited. The primary grievance of the Informants appears to be non-sharing of the profit gained by OP-1 on de-pricing the copper which was booked by the Informant but was not lifted by them during the prescribed time. The Informants have alleged that the OPs, who have duopoly status, are abusing their dominant position by imposing unfair and discriminatory conditions in their Marketing Policies, stating that if the copper, booked by the customers, is not lifted by them within the prescribed time, the OPs will have option to liquidate the same, and recover losses/ other charges from the purchasers while not sharing profit from the sale of the same. It was also stated that the BGs, issued in favour of the OPs and kept as security against the copper supplied to the Informants, were invoked prematurely while sufficient time remained in their expiry.

Decision: Dismissed.

Reason:

At the outset, the Commission notes that the concept of 'collective dominance' is not present in the provisions of the Act, and thus, the allegations against the OPs, who are stated to be functioning as a duopoly in the market, falls outside the jurisdiction of the Act. Nevertheless, the Commission has analyzed the alleged conduct against the OPs in the present matter.

With respect to the conduct of OP-1 in de-pricing the booked copper, the Commission observes that several chances were given by OP-1 to Informant No.1 for lifting the material, and only after the failure of Informant No.1 to lift the pending copper, it was de-priced by OP-1.

The Commission is also mindful of the fact that copper is a commodity whose prices fluctuate as per the price fluctuations in the international market. Therefore, the OPs take certain risks when they enter into an agreement to sell copper at a future date based on future prices calculated in the manner specified in the Marketing Policy and agreed to by the parties. The condition for de-pricing and recovery of loss for the booked copper is applicable only in case the terms of the contract are not fulfilled by the purchaser resulting in loss to the seller. Such condition in the commodity market which is prone to price risks cannot be considered to be unfair.

Moreover, the Commission notes that the seller's right to withhold any gains from liquidation arises only when buyer refuses to lift the contracted material and

did not perform his part of contractual obligations. In the Commission's opinion, the buyer who has not followed agreed terms and conditions of the contract cannot take advantage of its own default even though the buyer is liable for damages/losses to that extent which the seller suffered due to non-lifting of contracted material.

With regards to issues related with premature invocation of BGs by the OPs, the Commission observes that such issues are in the nature of civil and contractual dispute between concerned parties which ordinarily ipso facto, does not require intervention of the Commission.

In view of the facts of the case and analysis carried out supra, the Commission is of the view that there is no requirement of delineating the relevant market, as per the provisions of the Act.

In light of the above, the Commission is of the view that prima facie no case of contravention of Section 4 of the Act is made out in the present matter. The Commission directs that the matter be closed forthwith under 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 same is also rejected.



Tax Laws

LW 52:07:2025

R.T. INFOTECH v. ADDITIONAL COMMISSIONER GRADE 2 & 2 ORS [ALL]

WRIT TAX No. - 1330 of 2022

Piyush Agrawal, J. [Decided on 30/05/2025]

Goods and Services Tax Act, 2016- selling dealer failing to deposit the GST collected from the purchasing dealer- ITC claimed by the purchasing dealer on this purchase was rejected – whether tenable-Held, No.

Brief facts:

The petitioner is purchasing dealer who had availed Input tax credit on the purchases made. The sales tax officer rejected some part of the ITC on the ground that the selling dealer had not deposited the GST collected from the purchasing dealer. The First Appellate Authority concurred with the sales tax officer. Hence, the present writ petition.

Decision: Allowed.

Reason:

It is not in dispute that the recharge coupons were purchased by the seven bills and CGST and SGST were charged. The record shows that the amount of GST charged over the said tax invoices, were paid through banking channel i.e. by R.T.G.S.

The record further shows that for non-discharge of their duties by the selling dealer, the proceedings were initiated against the selling dealer as evident from the letter dated 05.09.2022 issued by the Joint Commissioner (Corporate Circle) - II, Commercial Tax, Lucknow, a copy of which has been annexed as Annexure No.9, at page no. 73 of the writ petition. The said fact was noticed by the appellate authority but no weightage has been given to the same. It is a matter of common knowledge that under the provision of the GST Act, the purchaser cannot compel the selling dealer to deposit the amount of tax realized from the petitioner with the government treasury.

Further, the purchasing dealer can also not compel the selling dealer to file the return within stipulated time and deposit the tax collected. The purchasing dealer cannot be left at the mercy of the selling dealer. When the petitioner has discharged his duties diligently, it is the onus upon the assessing authority to duly communicate about the said fact i.e. the purchase has been made through tax invoices and payments have been made through banking channel and therefore, the authority ought to have counterpart of the selling dealer have initiated action and action has been taken with the benefit ought to have given to the petitioner.

The Hon'ble Apex Court in the case of *Assistant Commissioner of State Tax v. Suncraft Energy Pvt. Ltd.*, (2023) 13 Centax 189 (S.C.) had occasioned to consider that the party who has paid the tax on invoices being raised and non-discharge of duties by the counterpart of the seller, the Court was pleased to remand the matter for making due inquiry from the supplier.

Similarly, the Madras High Court in the case of *D.Y. Beathel Enterprises Vs. State Tax Officer (Data Cell), Tirunelveli*, 2022 (58) G.S.T.L. 269 (Mad.) has taken a view that in absence of non-performance of duty by the supplier, action must be taken against the supplier simultaneously and the purchaser alone shall not be suffered.

In view of the above facts as stated, the matter requires re-consideration. Accordingly, the impugned orders cannot be sustained in the eyes of law and the same are hereby quashed. The writ petition is allowed. The matter is remanded to the respondent concerned for deciding afresh by passing a reasoned and speaking order, after

hearing all the stakeholder, within a period of two months from the date of production of certified copy of this order.



General Laws

LW 53:07:2025

VARUN TYAGI v. DAFFODIL SOFTWARE PVT. LTD. [Del]

FAO 167/2025 & CM APPL. 36613/2025

Tejas Karia ,J. [Decided on 25/06/2025]

Indian Contract Act, 1872- Section 27- agreements in restraint of trade- employee resigned and joined new employer- old employer obtained injunction against the employee on the basis of the restraint clause contained in the employment contract from the trial court - whether granting of injunction is correct- Held, No.

Brief facts:

The Appellant has challenged the Impugned Order whereby the Appellant has been restrained from working with DIC and NeGD until the final disposal of the Suit by the learned Trial Court. The Impugned Order has observed that the restraint sought by the Respondent was limited to the existing clients of the Respondent with whom the Appellant had worked during the course of his employment with the Respondent. Accordingly, the learned Trial Court found that such a limited restraint cannot be considered to be a 'blanket ban' and/or a complete restraint on the freedom of trade, commerce and profession. Accordingly, the Appellant was restrained from working with DIC and NeGD till the final disposal of the Suit.

Decision: Allowed.

Reason:

The main issue that requires determination in this Appeal pertains to the validity of the non-solicitation and non-compete clause in the Employment Agreement under Section 27 of the ICA.

An employee cannot be confronted with the situation where he has to either work for the previous employer or remain idle. An employer- employee contracts, the restrictive or negative covenant are viewed strictly as the employer has an advantage over the employee and it is quite often the case that the employee has to sign standard form contract or not be employed at all.

Further, the reasonableness and whether the restraint is partial or complete is not required to be considered at all when an issue arises as to whether a particular term of contract is or is not in restraint of trade, business or profession.

In view of the above, it is clear that any terms of the employment contract that imposes a restriction on right of the employee to get employed post-termination of the contract of employment shall be void being contrary to Section 27 of the ICA.

In the present case, clause 2.16 of the Employment Agreement restricts the Appellant from undertaking employment or otherwise deal with any Business Associate where the Appellant first contracted or was contracted by, or introduce to the Business Associate in any manner in connection with any business/professional assignment of the Respondent and/or its Affiliate. Admittedly, DIC and NeGD are covered within the definition of Business Associate under the Employment Agreement. Hence, even though, the Respondent has restricted the injunction to the employment of the Appellant with DIC and NeGD only, the same shall be in restraint of trade and void.

It is settled law that the negative covenant post termination of the employment can be granted only to protect the confidential and proprietary information of the employer or to restrain the employee from soliciting the clients of the employer. However, none of the cases relied upon by the Respondent has held that the employee can be restrained from undertaking any employment in order to enforce the negative covenant.

This Court in case of American Express Bank Ltd. v. Ms. Priya Malik, (2006) III LLJ 540 DEL has held that right of an employee to seek and search for better employment are not to be curbed by an injunction even on the ground that the employee has confidential data. In the garb of confidentiality, the employer cannot be allowed to perpetuate forced employment. Freedom of changing employment for improving service conditions is a vital and important right of an employee, which cannot be restricted or curtailed on the ground that the employee has employer's data and confidential information. Such a restriction will be hit by Section 27 of the ICA.

The Impugned Order has restricted the Appellant from working with DIC and NeGD during the pendency of the Suit on an apprehension that the Appellant may disclose the proprietary information, intellectual property, insider knowledge, source code etc. However, the scope of work between DIC and the Respondent was limited to providing the supply of manpower and by the Respondent. The contractual term between DIC and the Respondent provided that the intellectual property right at the developed software code and related documentation

shall belong to DIC. Hence, the apprehension of the Respondent that confidential information or intellectual property shall be shared with DIC is misconceived as the same already belongs to DIC. Therefore, there is no question of any sharing of the confidential information, source code or intellectual property with DIC. The balance of convenience is in favour of the Appellant as the Appellant has already joined DIC and if the Appellant is restrained from working with DIC during the pendency of the Suit, it would cause irreparable loss to the Appellant. In case, the Respondent is able to prove the breach of the Employment Agreement, it can be compensated by way of damages. In view of the same, the Impugned Order, which is contrary to the settled position of law, cannot be sustained.

In view of the above, the present Appeal is allowed and the Impugned Order is quashed and set aside. Pending application(s), if any, shall stand disposed of. No orders as to costs.

LW 54:07:2025

**TOTAL APPLICATION SOFTWARE CO. PVT. LTD.
v. ASHOKA DISTILLERS AND CHEMICALS PVT.
LTD. [Del]**

Arbitration Petition No. 206 of 2025

Jyoti Singh, J. [Decided on 27/05/2025]

Section 18 of the MSME Act read with Section 11 of the A&C Act, 1996- MSME entity had payment dispute with its buyer- sought appointment of arbitrator under A&C Act- whether permissible- Held, Yes.

Brief facts:

The petitioner is a MSME. Respondent did not make the payment and the petitioner invoked the arbitration clause and sought the appointment of the sole arbitrator. Respondent objected on the ground that being an MSME entity, the petitioner should first exhaust the mediation and arbitration provision under the MSME Act and is not entitled to seek arbitration under the Arbitration and Conciliation Act, 1996.

Decision: Allowed.

Reason:

Having given my thoughtful consideration to the rival pleas, I am of the view that there is no merit in the preliminary objection raised by the Respondent. To appreciate the controversy, it is necessary to examine the scheme of MSME Act. Section 17 of MSME Act provides that for any goods supplied or services rendered by the supplier, buyer shall be liable to pay the amount with interest thereon as provided under Section 16. Section 18(1) comes into picture when an amount is due to a supplier under Section

Notwithstanding anything contained in any other law for the time being in force, the supplier becomes entitled to invoke Section 18(1) and make a reference to the Council. On receipt of the reference, Council shall either conduct mediation itself or refer the matter to any mediation service provider under Section 18(2). Sub-Section (4) of Section 18 provides that where the mediation is not successful and stands terminated without any settlement, the Council shall either itself take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services and provisions of 1996 Act shall then apply to the dispute as if the arbitration was in pursuance of an Arbitration Agreement referred to in Section 7(1) of the said Act.

Sections 17 and 18 of MSME Act cannot be read in isolation and when read conjointly, it is clear as day that Section 18(1) enables any party to a dispute with regard to any amount due under Section 17 to invoke the jurisdiction of the Council. Provisions of Section 18 cannot be construed to mean that in the event of a dispute envisaged under Section 17, the party must mandatorily take recourse to resolution of the dispute through the Council under Section 18(1). Most certainly, once the party invokes the jurisdiction of the Council, the mechanism for dispute resolution provided in Section 18 will come into play and the party cannot abandon the procedure and seek appointment of an Arbitrator under Section 11 of 1996 Act. In other words, in a case where the party does not invoke the jurisdiction of the Council and consequently, no proceedings are pending under Section 18, it cannot be urged that the party having a dispute arising out of a contractual relationship with another party, is precluded from taking recourse directly under provisions of 1996 Act for appointment of an Arbitrator.

There is another facet to this. The Legislature in its wisdom has used the word 'may' in Section 18(1), which indicates that the intent of the Legislature was to leave it to the discretion of the aggrieved party to either take recourse to Section 18 of MSME Act and invoke the jurisdiction of the Council or to resort to procedure under 1996 Act and there is no reason why this Court should interpret the word 'may' as 'shall'. In my view, MSME Act does not mandate resorting to the procedure under Section 18, albeit it must be stated that having triggered the process under the said Act, party will be obliged to follow the mechanism prescribed therein till its logical conclusion.

Coming home to the facts of this case it is an undisputed position that Petitioner has so far not invoked the jurisdiction of the Council under Section 18(1) of MSME Act and therefore, it cannot be said that any proceedings are pending before the Council. In light of the aforesaid judgment of the Bombay High Court and clear provisions of Section 18 of MSME Act, I cannot accept the objection of the Respondent that Section 18 comes as a bar and proscribes the Petitioner from approaching this Court under Section 11(6) of 1996 Act for appointment of an Arbitrator.

For all the aforesaid reasons, the preliminary objection is rejected and the petition is allowed. Learned Coordinator, Delhi International Arbitration Centre ('DIAC') is requested to take steps towards appointment of a Sole Arbitrator to adjudicate the disputes between the parties. Arbitration proceedings will be held under the aegis of DIAC and as per its Rules. Fee of the Arbitrator shall be as per the DIAC (Administrative Cost and Arbitrators' Fees Rules, 2018).

LW 55:07:2025

R.RAMESH v. VIJAYA BANK[KER]

R.F.A. Nos.401, 399, 402, 404 & 406 of 2015

Sathish Ninan & P. Krishna Kumar, JJ. [Decided on 13/06/2025]

Civil Procedure Code,1908 – suit for damages-forgery of cheques- negligence by defendant bank in the encashment of the same by third parties- suit foiled by plaintiff alleging negligence- trial court dismissed the suit on the ground that plaintiff failed to prove the charge of fraud on the part of defendant bank- whether dismissal tenable-Held, No.

Brief facts:

The suits for money were dismissed by the trial court. The plaintiffs are sister concerns. The defendant in all the suits is a nationalised Bank. The respective plaintiffs are in appeal. The claims in these suits are for damages resulted to the plaintiffs consequent on the alleged negligent encashment of the plaintiffs' cheques by the defendant Bank. The plaintiffs had various accounts with the defendant Bank, including, current account, cash credit account, and savings account. The allegation is that the cheques of the plaintiffs containing the forged signatures of the authorised signatory, were negligently encashed by the Bank. Though a total number of 47 cheques were so encashed, payments of only 32 cheques have gone to third parties, resulting in loss to the plaintiffs. The suits are for realisation of the value of the cheques, the proceeds of which went to third parties.

Decision: Allowed.

Reason:

At the very outset we are to notice that the suit is founded upon the alleged negligence of the Bank in having encashed the cheques of the plaintiffs which contained forged signature of their authorised signatories. The suit is not one alleging fraud against the defendant. We have mentioned this before proceeding to consider the pleadings and evidence since, a reading of the judgment of the trial court indicates that the Court has proceeded as if the allegation against the defendant is or includes, fraud.

The plaints in the respective suits are almost identical. The averment is that, the cheques which did not contain the "true signature" of the authorised signatory were

negligently encashed by the Bank, and the amounts were paid out to third parties, resulting in loss to the plaintiffs. The allegation is that the signatures were forged, and due to the negligence of the defendant, they failed to notice the same. This resulted in encashment of the cheques and loss to the plaintiffs. When the plaintiffs allege that the signatures in the cheque were forged, the initial burden necessarily rests upon them to prove the same.

PW1 is the 4th plaintiff in one of the suits and is the auditor of the other plaintiffs. In his proof affidavit he had categorically sworn to that the signatures on the cheques were forged and that the defendant was negligent in verifying the same. However, in his cross-examination not even a suggestion is put to him that the signatures in the cheques in question were not forged or were not at variance with the signatures of the respective authorised signatories, much less, a denial. Thus, we find that the plaintiffs' case that the signatures in the cheques were not those of their authorised signatories and were forged, remains unchallenged.

Exts.A1 and A2 are copies of the reports submitted by the Vigilance Officer of the Bank, on investigation into the incidents. Admittedly, Exts.A1 and A2 are copies of the investigation reports by the Vigilance officer of the defendant. The genuineness of Exts.A1 and A2 is not disputed. The originals of Exts.A1 and A2 are with the defendant.

Exts.A1 and A2 reports are to the effect that the signatures on the relevant cheques, purported to be that of the authorised signatory, vary with the specimen signatures available in the Bank, and that in certain cases, even the specimen signatures were not available in the Bank. The contention of the defendant is that the officer who prepared the reports did not follow the procedures prescribed, and therefore, they cannot be relied upon. What are the procedures that were not adhered to by the concerned officer, rendering the documents unreliable or unacceptable, have not been pleaded or proved.

When the Bank claimed that what is stated in their reports, which are before the Court, are not correct and cannot be relied upon, it was for them to prove the contention. The Bank ought to have established that the findings and conclusions arrived at in Exts.A1 and A2 reports are not correct. The burden was necessarily upon the Bank. No attempt was made to discharge the same.

We have already noticed supra that the plaintiffs' case that the signatures in the cheques were not those of their authorised signatories remained unchallenged. Exts.A1 and A2 reports, coupled with the evidence of PW1, and the finding as above, would prima facie prove that the Bank had encashed cheques containing forged signatures of the authorised signatories of the plaintiffs. The materials available with the Bank viz. the cheques in question, the specimen signatures etc. are not produced before the court. Non- production of the same may not be of much significance since the Bank itself does not have a

contention that the signatures were not forged. Again, as noticed, Exts.A1 and A2 speak otherwise. On the above discussions, we have no hesitation in finding that the Bank was negligent in having encashed the plaintiffs' cheques with the forged signatures of its authorised signatories.

The incidents in relation to the cheques in question occurred within a period of three months. As soon as it was detected by the plaintiffs, steps were taken. It could not be established, nor was it attempted to prove, that the plaintiffs had knowledge of the forgery prior to its encashment. Hence it can only be concluded that the Bank is liable for having effected payment of the forged cheques.

As was noticed earlier, the trial court has gone on an entirely different tangent, both on the plea of the plaintiffs and also on the burden of proof. On the foregoing discussions, we find that the trial court judgment is liable to be interfered with. The plaintiffs are entitled for a decree, as sought. Resultantly, the appeals are allowed. The decree and judgment of the trial court are set aside. The suits will stand decreed.

LW 56:07:2025

DINESH NEGI v. SAHIL SOOD [HP]

Cr. Revision No. : 54 of 2022

Virender Singh, J. [Decided on 16/05/2025]

Negotiable Instruments Act, 1882- Section 138- dishonour of cheque- drawer convicted by trial court- upheld by the appellate court- accused deposited the entire cheque amount – whether the revision court can modify the conviction- Held, Yes.

Brief facts:

Petitioner-Dinesh Negi was convicted by the Trial Court for the offence of dishonour of cheque and the appellate court upheld the conviction. Against the judgement of the appellate court, the present criminal revision has been filed.

Decision: Allowed. Punishment modified.

Reason:

In this case, the Notice of Accusation was put to the accused, to which, he pleaded not guilty. Thereafter, the complainant appeared in the witness box and filed his affidavit, asserting that the cheque in question was issued by the accused, in discharge of his existing liability, as part payment. In addition to this, he has also deposed with regard to the statutory compliance of the provisions of Section 138 of the NI Act, as to how he had issued the notice, calling upon the accused, to make the payment within the stipulated period, however, the said notice was neither replied, nor, the payment was made, pursuant to which, the complaint had been filed, before the learned trial Court, upon which, the summoning order was passed by the learned trial Court.

Once, the cheque has been issued, the complainant is entitled to draw the presumption, in his favour, as per Section 142 of the NI Act. By examining DW-1, the accused has not rebutted the presumption, which is in favour of the complainant. The issuance of the cheque has not been disputed by the accused, as, in his statement, under Section 313 CrPC, he has admitted his signatures over the cheque in question. Once, the signatures over the cheque in question have been admitted by the accused, then, onus is upon him to prove that the cheque in question was issued without any legal liability. The evidence of DW-1 is too short to rebut the presumption, which has been attached with the cheque in question, in discharge of the liability of the accused, towards the complainant.

Even otherwise, this Court, while exercising the revisional jurisdiction, cannot re-appreciate the evidence, until or unless the findings recorded by the learned trial Court, as upheld by the learned Appellate Court, have been held to be perverse.

While holding so, the view of this Court is being guided by the decision of the Hon'ble Supreme Court, in *State of Maharashtra versus Jagmohan Singh Kuldip Singh Anand and others*, reported as (2004) 7 SCC 659. In the light of the aforesaid judgment, this Court is of the view that the findings, so recorded by the learned trial Court, as upheld by the learned Appellate Court, do not fall within the definition of 'perverse findings'. As such, the same do not require any interference, by this Court.

However, in view the peculiar facts and circumstances of the present case, i.e. the deposit of the entire amount of compensation, by the accused, and the nature and scope of the offence, punishable under Section 138 of the NI Act, in the considered opinion of this Court, once, the entire amount of compensation has been deposited and that the complainant has not filed any appeal, or proceedings, for enhancement of compensation, the order of sentence, passed by the learned trial Court, is liable to be interfered with, as, law is good, but, justice is better.

In the absence of any sentencing policy, although, the same is in the exclusive domain of the trial Court, but, considering the subsequent development, i.e. the deposit of the compensation amount by the accused and the nature of the proceedings under Section 138 of the NI Act, this Court is of the view that the punishment, in the present case, is on the higher side. My this view is fortified by the decision of the Hon'ble Supreme Court in *P. Mohanraj and others versus Shah Brothers Ispat Private Limited*, (2021) 6 SCC 258.

In the light of the aforesaid decision and considering the fact that under the NI Act, no minimum punishment has been provided, for the offence, punishable under Section 138 of the NI Act, this Court is of the view that the quantum of punishment is liable to be modified. Consequently, the ends of justice would be met, in case, the accused is sentenced to undergo punishment '*till the rising of the Court*'.

4

FROM THE GOVERNMENT

- CREATION OF SPECIAL COURTS FOR THE PURPOSES OF PROVIDING SPEEDY TRIAL OF OFFENCES
- RELAXATION OF ADDITIONAL FEES FOR FILING OF 13 E-FORMS DURING THE PERIOD OF TRANSITION FROM MCA21 V2 TO V3- REG
- SEPARATE FILING OF E-FORM CSR-2 POST THE PERIOD OF TRANSITION FROM MCA21 V2 TO V3- REG
- COMPANIES (FILING OF DOCUMENTS AND FORMS IN EXTENSIBLE BUSINESS REPORTING LANGUAGE) AMENDMENT RULES, 2025
- INVESTOR CHARTER INFRASTRUCTURE INVESTMENT TRUSTS (InvITs)
- INVESTOR CHARTER REAL ESTATE INVESTMENT TRUSTS (REITs)
- REVIEW OF PROVISIONS RELATING TO PRODUCT ADVISORY COMMITTEE (PAC)
- ADOPTION OF STANDARDISED, VALIDATED AND EXCLUSIVE UPI IDs FOR PAYMENT COLLECTION BY SEBI REGISTERED INTERMEDIARIES FROM INVESTORS
- EXTENSION OF TIMELINE OF ADDITIONAL LIQUIDATION PERIOD FOR VCFs MIGRATING TO SEBI (ALTERNATIVE INVESTMENT FUNDS) REGULATIONS, 2012
- FRAMEWORK FOR ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) DEBT SECURITIES (OTHER THAN GREEN DEBT SECURITIES)
- LIMITED RELAXATION FROM COMPLIANCE WITH CERTAIN PROVISIONS OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015
- MARGIN OBLIGATIONS TO BE GIVEN BY WAY OF PLEDGE/RE-PLEDGE IN THE DEPOSITORY SYSTEM
- INVESTOR CHARTER FOR RESEARCH ANALYSTS
- INVESTOR CHARTER FOR INVESTMENT ADVISERS
- THE DEPOSITOR EDUCATION AND AWARENESS (DEA) FUND SCHEME, 2014 –REVISED OPERATIONAL GUIDELINES
- REVIEW OF PRIORITY SECTOR LENDING NORMS - SMALL FINANCE BANKS
- IMPLEMENTATION OF SECTION 51A OF UAPA,1967: UPDATES TO UNSC's 1267/1989 ISIL (DA'ESH) & AL-QAIDA SANCTIONS LIST: ADDITION OF 01 ENTRY
- RESERVE BANK OF INDIA (PROJECT FINANCE) DIRECTIONS, 2025
- IMPLEMENTATION OF SECTION 51A OF UAPA,1967: UPDATES TO UNSC's 1267/ 1989 ISIL (DA'ESH) & AL-QAIDA SANCTIONS LIST: REMOVAL OF 01 ENTRY
- REVIEW OF INSTRUCTIONS ISSUED VIDE MASTER CIRCULAR ON CONDUCT OF GOVERNMENT BUSINESS BY AGENCY BANKS - PAYMENT OF AGENCY COMMISSION
- MASTER DIRECTION – RESERVE BANK OF INDIA (ELECTRONIC TRADING PLATFORMS) DIRECTIONS, 2025
- MASTER CIRCULAR - CREDIT FACILITIES TO SCHEDULED CASTES (SCs) & SCHEDULED TRIBES (STs)
- IMPORT OF SHIPPING VESSEL - RELAXATION
- STRIPPING/RECONSTITUTION IN STATE GOVERNMENT SECURITIES
- RESERVE BANK OF INDIA (KNOW YOUR CUSTOMER (KYC)) (AMENDMENT) DIRECTIONS, 2025
- UPDATION/ PERIODIC UPDATION OF KYC – REVISED INSTRUCTIONS
- INOPERATIVE ACCOUNTS/ UNCLAIMED DEPOSITS IN BANKS - REVISED INSTRUCTIONS (AMENDMENT) 2025
- BASEL III CAPITAL REGULATIONS - EXTERNAL CREDIT ASSESSMENT INSTITUTION (ECAI)
- NON-ACHIEVEMENT OF PSL TARGETS – PRUDENTIAL TREATMENT OF CONTRIBUTION TOWARDS ELIGIBLE FUNDS WITH NABARD, NHB, SIDBI AND MUDRA LTD.
- LARGE EXPOSURES FRAMEWORK – AMENDMENT IN THE LIST OF EXEMPTED EXPOSURES
- FOREIGN EXCHANGE MANAGEMENT (FOREIGN CURRENCY ACCOUNTS BY A PERSON RESIDENT IN INDIA) (SIXTH AMENDMENT) REGULATIONS, 2025
- RESERVE BANK OF INDIA (LENDING AGAINST GOLD AND SILVER COLLATERAL) DIRECTIONS, 2025
- MAINTENANCE OF CASH RESERVE RATIO (CRR)
- PENAL INTEREST ON SHORTFALL IN CRR AND SLR REQUIREMENTS - CHANGE IN BANK RATE
- REVIEW OF QUALIFYING ASSETS CRITERIA
- STANDING LIQUIDITY FACILITY FOR PRIMARY DEALERS
- LIQUIDITY ADJUSTMENT FACILITY - CHANGE IN RATES



Corporate Laws

Ministry of Corporate Affairs

01 Creation of Special Courts for the purposes of providing speedy trial of offences

[Issued by the Ministry of Corporate Affairs [F. No. 01/12/2009-CL-I (Vol. IV)] dated 18.06.2025.]

In exercise of the powers conferred by section 435 of the Companies Act, 2013 (18 of 2013), the Central Government, with the concurrence of the Chief Justice of the High Court of Punjab and Haryana, hereby designates the Court mentioned in column (2) of the Table below as Special Courts for the purposes of providing speedy trial of offences under clause (b) of sub-section (2) of section 435 of the said Act, namely: —

Sl. No.	Court	Jurisdiction as Special Court
(1)	(2)	(3)
1.	Court of Chief Judicial Magistrate or Additional Chief Judicial Magistrate, SAS Nagar	State of Punjab
2.	Court of Chief Judicial Magistrate or Additional Chief Judicial Magistrate, Gurugram	State of Haryana
3.	Court of Chief Judicial Magistrate or Additional Chief Judicial Magistrate, Chandigarh	Union territory of Chandigarh

BALAMURUGAN D
Joint Secretary

02 Relaxation of additional fees for filing of 13 e-forms during the period of transition from MCA21 V2 to V3 - reg

[Issued by the Ministry of Corporate Affairs File no. Policy-02/1/2023-CL-V-MCA dated 16.06.2025.]

This is to inform that in view of the transition of the MCA21 portal from Version 2 (V2) to Version 3 (V3) and to facilitate a smooth roll out of Annual filing and related e-forms in MCA-21 V3, the Ministry has scheduled a system migration phase during which e-Forms (as per Annexure) will be temporarily unavailable for filing from 18.06.2025 and 13.07.2025 (both dates inclusive).

- Accordingly, to facilitate smooth filing experience for stakeholders, the competent authority has decided

that, in cases where the due date (i.e., the last date for filing without additional fees) or resubmission date falls between 18.06.2025 and 31.07.2025 (both dates inclusive), filing of the said e-Forms shall be allowed without levying any additional fees up to 15.08.2025.

- This issues with the approval of the Competent Authority.

DR. AMIT KUMAR
Deputy Director

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

03 Separate Filing of e-form CSR-2 post the period of transition from MCA21 V2 to V3 - reg

[Issued by the Ministry of Corporate Affairs File No. Policy-02/1/2023-CL-V-MCA dated 16.06.2025.]

This is to inform to all the stakeholders that in view of the transition of the MCA21 portal from Version 2 (V2) to Version 3 (V3) in respect of the Annual filing forms and other related e-forms and to facilitate a smooth roll out of these e-forms in MCA-21 version 3.0, the Ministry has scheduled a system migration due to which filing in V2 will be decommissioned with effect from 18.06.2025 .

- Whereas, vide notification G.S.R. 3 1 7(E) dated 19th May, 2025 , an amendment in the 4th proviso to Rule 12(1B) of the Companies (Accounts) Rules, 2014 was done through the Companies (Accounts) Amendment Rules, 2025, effectively allowing for independent filing of e-Form CSR-2 .
- And whereas, vide notification G.S.R. 357(E) dated 30th May, 2025, V3 version of Annual filing and related e-Forms, including CSR-2 as an eForm linked to AOC-4 , have been notified through the Companies (Accounts) 2nd Amendment Rules, 2025 .
- Now keeping in view that the MCA V2 system will be decommissioned w.e.f. 18.06.2025, it has been decided by the competent authority that the stakeholders intending to file e-form CSR- 2 as an independent Form with V2 SRN of Form AOC-4/ AOC-4(XBRL)/ AOC-4 (NBFC), can file the same in V3 portal from 14th July 2025 to 15th August, 2025.
- This issues with the approval of the Competent Authority.

DR. AMIT KUMAR
Deputy Director

04 Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2025

[Issued by the Ministry of Corporate Affairs [F. No. 01/19/2013-CL-V(Pt.)] dated 06.06.2025.]

In exercise of the powers conferred by sub-sections (1) and (2) of section 469 read with section 398 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, namely:—

1. Short title and commencement. - (1) These rules may be called the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2025.

(2) They shall come into force with effect from the 14th day of July, 2025.

2. In the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 (hereinafter referred to as the said rules), in rule 3, after sub-rule (1), the following sub-rule shall be inserted, namely:—

“(1A) The companies which have filed their financial statements under sub-rule (1), shall also attach a copy of signed financial statements duly authenticated as specified in section 134 of the Act (including Board’s report, auditors’ report and other documents) in PDF format in eForm AOC-4 XBRL.”

3. In the said rules, in Annexure-I, for “eForm AOC-4 XBRL”, the following shall be substituted, namely:—

BALAMURUGAN D

Joint Secretary

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

Securities and Exchange Board of India

05

Investor Charter Infrastructure Investment Trusts (InvITs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/89 dated 12.06.2025]

1. SEBI, vide Circular no. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/672 dated November 26, 2021 (Chapter 12 of the Master Circular for InvITs dated May 15, 2024) and Circular no. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/690 dated December 16, 2021 (Chapter 13 of Master Circular for InvITs dated May 15, 2024), issued Investor charter and format for disclosure of investor complaints by merchant banker for public offers by InvITs and by merchant bankers for private placement of units by InvITs respectively.

2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it has been decided to introduce the investor charter for InvITs.
3. In view of the above and based on consultation with Hybrid Securities Advisory Committee (HySAC), investor charter for InvITs is placed at Annexure-A.
4. In this regard, BIA is advised to disseminate the Investor Charter on their website and mobile applications (if any), and display the Investor Charter at prominent places in the office. Further, InvITs are advised to bring the Investor Charter to the notice of their investors by

way of disseminating the Investor Charter on their respective websites and mobile applications (if any), making them available at prominent places in the office, provide a copy of Investor Charter through e-mails/ letters etc. BIA and InvITs are also advised to review the Investor Charter from time to time and update the same in light of any changes made in the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and/or circulars issued thereunder.

5. Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the registered InvITs shall disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, on each of the aforesaid categories separately as well as collectively, latest by 7th of succeeding month, as per the format enclosed at Annexure-B to this circular.
6. The provisions of this circular shall come into force with immediate effect.
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 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets and shall come into effect from the date of this circular.
8. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.
9. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category “Legal” and under the drop down “Circulars”.

RITESH NANDWANI

Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

06

Investor Charter Real Estate Investment Trusts (REITs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/88 dated 12.06.2025]

1. SEBI, vide Circular no. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/672 dated November 26, 2021 and Chapter 14 of Master Circular for REITs dated May 15, 2024 (hereinafter mentioned as ‘Master Circular’), inter alia, issued Investor charter and format for disclosure of investor complaints by merchant banker for public offers by REITs.
2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it has been decided to introduce the investor charter for REITs.

3. In view of the above and based on consultation with Hybrid Securities Advisory Committee (HySAC), investor charter for REITs is placed at Annexure-A.
4. In this regard, IRA is advised to disseminate the Investor Charter on their website and mobile applications (if any), and display the Investor Charter at prominent places in the office. Further, REITs are advised to bring the Investor Charter to the notice of their investors by way of disseminating the Investor Charter on their respective websites and mobile applications (if any), making them available at prominent places in the office, provide a copy of Investor Charter through e-mails/ letters etc. IRA and REITs are also advised to review the Investor Charter from time to time and update the same in light of any changes made in the SEBI (Real Estate Investment Trusts) Regulations, 2014 and/or circulars issued thereunder.
5. Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the registered REITs shall disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, on each of the aforesaid categories separately as well as collectively, latest by 7th of succeeding month, as per the format enclosed at Annexure-B to this circular.
6. The provisions of this circular shall come into force with immediate effect.
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 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets and shall come into effect from the date of this circular.
8. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.
9. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category "Legal" and under the drop down "Circulars".

RITESH NANDWANI
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

07 Review of provisions relating to Product Advisory Committee (PAC)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2025/087 dated 12.06.2025]

1. SEBI vide 'Master Circular for Commodity Derivatives Segment' dated August 04, 2023 ('Master Circular') has issued various requirements for stock exchanges and clearing corporations for compliance in commodity derivatives segment. Chapter 2 of the Master Circular mandates that each stock exchange shall constitute a Product Advisory Committee ("PAC") for each group/ complex of commodities having common stakeholders/ value chain participants, on which derivatives are traded or being proposed to be traded on the stock exchange.
2. Based on representations received from market participants and deliberations by Commodity Derivatives Advisory Committee (CDAC) of SEBI, paragraph 2.4.4.i. of the aforementioned Master Circular on Proceeding of meetings stands revised as under:
"2.4.4.i. The PAC shall meet at least twice a year and more frequently as and when required. However, in case of agricultural commodities, the PAC shall meet at least once a year."
3. The Circular shall come into force with immediate effect.
4. The Stock Exchanges are advised to bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.
5. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. The Circular is issued with the approval of the competent authority.
7. This Circular is available on SEBI website www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

NEETIKA RAJPAL
Deputy General Manager

08 Adoption of Standardised, Validated and Exclusive UPI IDs for Payment Collection by SEBI Registered Intermediaries from Investors

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DEPA-II/DEPA-II_SRG/P/CIR/2025/86 dated 11.06.2025]

1. Objective

- 1.1. Keeping in view the significant advancements in payment systems and with an objective to further enhance accessibility and safety in the securities market, it has been decided to put in place a structured Unified Payment Interface ('UPI') address mechanism for SEBI-registered investor-facing intermediaries ('intermediaries') to collect funds from their investors. This mechanism shall provide investors with the option to transfer funds directly to the requisite bank accounts of intermediaries that have been validated with SEBI. The transfer of funds through this mechanism will assure investors that their payments are being made to the verified and registered market intermediaries.
- 1.2. This initiative is being operationalized pursuant to public consultation and extensive deliberations

with relevant stakeholders, including the National Payments Corporation of India (NPCI) and the SCSBs. The operational procedure for implementing this structured UPI address framework by intermediaries is detailed in the subsequent sections of this circular. Additionally, a flowchart outlining the end-to-end process, along with key decision points related to the allocation and implementation of structured UPI IDs, is provided at Annexure A.

- 1.3. While the use of this structured UPI mechanism by investors shall remain optional, it is mandatory for intermediaries to obtain and make available this structured UPI address to their investors. Additionally, intermediaries are advised and encouraged to actively promote and facilitate the adoption of this mechanism among their investors.

PRABHAS KUMAR RATH

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

09

Extension of timeline of additional liquidation period for VCFs migrating to SEBI (Alternative Investment Funds) Regulations, 2012

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/SEC-3/P/CIR2025/85 dated 06.06.2025]

1. SEBI vide Circular No. SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/111 dated August 19, 2024, provided, inter-alia, for modalities for migration including conditions under which Venture Capital Funds (VCFs) will be allowed to migrate to SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations). Paragraph 5 of the said circular contained provisions for VCFs having at least one scheme which has not been wound up post expiry of its liquidation period (in terms of Regulation 24(2) of VCF Regulations).
2. Paragraph 5.2 of the said circular, inter-alia, specified that VCFs with schemes whose liquidation period has expired and are not wound up and who migrate to AIF Regulations shall be granted an additional liquidation period till July 19, 2025.
3. Based on representation received and consultations held with the industry and in order to facilitate migration, it has been decided to extend the additional liquidation period, prescribed under Paragraph 5.2 of the said circular, to July 19, 2026.
4. All other provisions of SEBI circular dated August 19, 2024 shall remain unchanged.
5. It is reiterated that the last date for applying for migration with SEBI for all eligible VCFs remains as July 19, 2025.
6. The circular shall come into force with immediate effect.
7. The circular is issued with the approval of the Competent Authority.

8. 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 19AF(4), Regulation 36 and Regulation 39(2) of AIF Regulations, 2012, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets
9. This circular is available on SEBI website at www.sebi.gov.in.

SRIKANT KUMAR MISHRA

Deputy General Manager

10

Framework for Environment, Social and Governance (ESG) Debt Securities (other than green debt securities)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-POD-1/P/CIR/2025/84 dated 05.06.2025]

- I. SEBI in its Board meeting held on September 30, 2024 had inter-alia approved, the proposal to specify the frameworks for issuance of social bonds, sustainability bonds and sustainability-linked bonds, which together with green debt securities, will be termed Environment, Social and Governance (ESG) Debt Securities. Pursuant to the inputs and feedback of Industry Standards Forum (ISF)¹, the following circular is issued.
- II. Regulation 2(1)(oa) of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021 ('SEBI NCS Regulations') defines ESG debt securities as under: "Environment, Social and Governance Debt Securities or "ESG Debt Securities" means green debt securities, social bonds, sustainability bonds, sustainability-linked bonds, or any other type of bonds, by whatever name called, that are issued in accordance with such international frameworks as adapted or adjusted to suit Indian requirements that are specified by the Board from time to time, and any other securities as specified by the Board."
- III. Further, in terms of Regulation 2(1)(q) of the SEBI NCS Regulations "Green debt security" means a debt security issued for raising funds subject to the conditions as may be specified by the Board from time to time, to be utilised for project(s) and/ or asset(s) falling under certain categories mentioned therein.
- IV. Regulation 12A of the SEBI NCS Regulations reads as under:

"Issuance of Environment, Social and Governance Debt Securities 12A.

An issuer desirous of issuing and listing of Environment, Social and Governance Debt Securities shall comply with such conditions as may be specified by the Board."

ROHIT DUBEY

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

11 Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/83 dated 05.06.2025]

1. SEBI, vide circular dated October 06, 2023, had relaxed the applicability of Regulation 58(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") till September 30, 2024 based on the relaxations provided by Ministry of Corporate Affairs (MCA) vide General Circular no. 09/2023 dated September 25, 2023.
2. The said Regulation provides that a listed entity shall send a hard copy of the statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder to those holders of non-convertible securities, who have not registered their email address(es) either with the listed entity or with any depository.
3. Subsequently, MCA, vide General Circular No.09/2024 dated September 19, 2024, has, inter-alia, extended the relaxation from sending physical copies of financial statements (including Board's report, Auditor's report or other documents required to be attached therewith) to the shareholders, for the AGMs conducted till September 30, 2025 (from September 30, 2024).
4. In view of the above and also considering the representation received to extend the relaxations mentioned at para 1 above, it has been decided as follows:
 - 4.1. Entities having listed non-convertible securities, who have complied with the conditions as specified in MCA general circular No.09/2024 dated September 19, 2024 and have not sent hard copy of statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder, to those holders of non-convertible securities, who have not registered their email address, shall not be subject to any penal action for non-compliance with Regulation 58(1)(b) under the LODR Regulations for the period October 01, 2024 to June 05, 2025.
 - 4.2. For the period June 06, 2025 to September 30, 2025, similar relaxation from the requirements of Regulation 58(1)(b) of the SEBI LODR Regulations is hereby provided for entities having listed non-convertible securities provided that advertisement in terms of Regulation 52(8) of the SEBI LODR Regulations shall disclose the web-link to the statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder, so as to enable the holder of non-convertible securities to have access to the said the statement.

ROHIT DUBEY
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

12 Margin obligations to be given by way of Pledge/Re-pledge in the Depository System

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/82 dated 03.06.2025]

1. SEBI, vide circular SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 (hereinafter mentioned as 'Circular') and Para 41 of Master Circular for Stock Brokers dated August 09, 2024 (hereinafter mentioned as 'Master Circular'), mandated that the broker shall accept collateral from client in the form of securities only by the way of 'margin pledge'. The operational mechanism for initiation, release and invocation of margin pledge is provided at Annexure A of the circular and para 41.11 of the Master Circular.
2. It has come to notice that after invocation of client's securities pledged in favor of demat account of brokers (i.e. 'Client Securities Margin Pledge Account' or 'Client Securities under Margin Funding Account'), such invoked shares are lying unsold resulting into the accumulation of clients' securities in demat account of the broker. The said accumulation does not serve the purpose for which securities were invoked i.e. realization of moneys.
3. Further, Brokers' Industry Standard Forum (Brokers' ISF) highlighted operational difficulties of brokers where clients sell the pledged securities. In the current process, broker has to first un-pledge the securities sold by the client and thereafter securities are delivered to Clearing Corporation by broker using physical instruction or electronic instruction or DDPI/POA.

ARADHANA VERMA
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

13 Investor Charter for Research Analysts

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/81 dated 02.06.2025]

1. SEBI, vide Circular no. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021 (hereinafter mentioned as 'Circular') and Clause 5 of Master Circular for Research Analyst dated May 21, 2024 (hereinafter mentioned as 'Master Circular'), inter alia, issued Investor charter for Research Analysts.
2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it has been decided to modify the investor charter for Research Analysts.

3. In view of the above and based on consultation with Industry Standards Forum (ISF) for Research Analysts, updated investor charter for Research Analysts is placed at Annexure A.
4. In this regard, BSE Limited (presently recognized as RAASB) is directed to advise Research Analysts to bring the Investor Charter to the notice of their clients (existing as well as new clients) through disclosing the Investor Charter on their respective websites and mobile applications (if any), making them available at prominent places in the office, provide a copy of Investor Charter as a part of client on-boarding process, through e-mails/ letters etc.
5. Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the Research Analysts shall continue to disclose on their respective websites and mobile applications (if any), the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month, as per the format enclosed at Annexure 'B' to this circular.

ARADHANA VERMA
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

14 Investor Charter for Investment Advisers

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/80 dated 02.06.2025]

1. SEBI, vide Circular no. SEBI/HO/IMD/IMD-II CIS/P/ CIR/2021/0686 dated December 13, 2021 (hereinafter mentioned as 'Circular') and Clause 8 of Master Circular for Investment Advisers dated May 21, 2024 (hereinafter mentioned as 'Master Circular'), inter alia, issued Investor charter for Investment Advisers.
2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it has been decided to modify the investor charter for Investment Advisers.
3. In view of the above and based on consultation with Industry Standards Forum (ISF) for Investment Advisers, updated investor charter for Investment Advisers is placed at Annexure A.
4. In this regard, BSE Limited (presently recognized as IAASB) is directed to advise Investment Advisers to bring the Investor Charter to the notice of their clients (existing as well as new clients) through disclosing the Investor Charter on their respective websites and mobile applications (if any), making them available at prominent places in the office, provide a copy of Investor Charter as a part of client on-boarding process, through e-mails/ letters etc.
5. Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the

Investment Advisers shall continue to disclose on their respective websites and mobile applications (if any), the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month, as per the format enclosed at Annexure 'B' to this circular.

ARADHANA VERMA
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

Reserve Bank of India

15 The Depositor Education and Awareness (DEA) Fund Scheme, 2014 – Revised Operational Guidelines

[Issued by the Reserve Bank of India vide RBI/2025-26/62 DoR.SOG (DEA Fund) No.37/30.01.002/2025-26 dated 25.06.2025]

The Depositor Education and Awareness (DEA) Fund Scheme, 2014, prescribes the process to be followed by the banks for transfer to and claim of the amounts transferred to DEA Fund, including submission of various returns.

2. Instructions have been issued to banks from time to time in the form of operational guidelines since 2014. A review has recently been carried out to consolidate and rationalise the extant instructions. The revised instructions are provided at Annex.
3. These instructions are issued in exercise of powers conferred under Sections 26A and 35A of the Banking Regulation Act, 1949, and are applicable to all the banks covered under the DEA Fund Scheme, viz., Commercial Banks (including RRBs, LABs, SFBs and PBs) and all Co-operative Banks.
4. The instructions shall come into effect from October 01, 2025.

SUNIL T S NAIR
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

16 Review of Priority Sector Lending norms - Small Finance Banks

[Issued by the Reserve Bank of India vide RBI/2025-26/61 DOR.LIC. REC.36/16.13.218/2025-26 dated 20.06.2025]

Please refer to the 'Guidelines for Licensing of Small Finance Banks in Private Sector' dated November 27, 2014 and the 'Guidelines for 'on-tap' Licensing of Small Finance Banks in Private Sector' released by Reserve Bank on December 5, 2019. In terms of paragraph II (9) of the aforesaid Licensing Guidelines, a small finance bank (SFB) is required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by the Reserve Bank. Further, while 40 per cent of its ANBC should be allocated to different sub-sectors under PSL as per the extant PSL prescriptions, the bank can allocate the balance 35 per cent to any one or more sub-sectors under the PSL where it has competitive advantage.

Revised provisions

- On a review, it has been decided that financial year 2025-26 onwards, the additional component (35 percent) of PSL shall be reduced to 20 percent, thereby making the overall PSL target as 60 percent of ANBC or Credit Equivalent of Off-Balance Sheet Exposures (CEOBE), whichever is higher. The SFB shall continue to allocate 40 per cent of its ANBC or CEOBE, whichever is higher, to different sub-sectors under PSL as per the extant PSL prescriptions, while the balance 20 per cent shall be allocated to any one or more sub-sectors under the PSL where the bank has competitive advantage.
- These instructions are issued in exercise of the powers conferred on the Reserve Bank of India under Section 22 (1) of the Banking Regulation Act, 1949.

MANORANJAN PADHY
Chief General Manager

17 Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Addition of 01 Entry

[Issued by the Reserve Bank of India vide RBI/2025-26/60 DOR.AML.REC.35/14.06.001/2025-26 dated 19.06.2025]

Please refer to paragraph 51 of the RBI Master Direction on Know Your Customer dated February 25, 2016 as amended on June 12, 2025 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals / entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

- In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC / 16088 dated June 16, 2025 wherein the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities approved the addition of the entry specified below to its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to assets freeze, travel ban and arms embargo set out in paragraph 1 of Security Council resolution 2734 (2024), and adopted under Chapter VII of the Charter of the United Nations.

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

18 Reserve Bank of India (Project Finance) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/59 DOR.STR.REC.34/21.04.048/2025-26 dated 19.06.2025]

I. Introduction

The Reserve Bank of India has, over the past few years, taken concerted measures for putting in place a principle-based regime for resolution of stressed assets. The Prudential

Framework for Resolution of Stressed Assets issued on June 7, 2019, as updated from time to time, ('Prudential Framework') provides a comprehensive framework for early recognition and resolution of stress in borrower accounts. However, restructuring of exposures relating to projects under implementation on account of change in date of commencement of commercial operations (DCCO) was excluded from the ambit of the Prudential Framework, pending further review.

Based on a comprehensive review of the regulatory norms and taking into account the experience of banks with regard to financing of project loans, it has been decided to rationalise the extant guidelines and harmonise the same for all regulated entities (REs) which undertake project finance.

II. Preliminary**A. Preamble**

- These Directions are issued to provide a harmonised framework for financing of projects in infrastructure and non-infrastructure (including commercial real estate & commercial real estate- residential housing) sectors by REs. These Directions also lay down the revised regulatory treatment upon change in the DCCO of such projects in the backdrop of a review of the extant instructions and analysis of the risks inherent in such financing.

B. Powers Exercised

- In exercise of the powers conferred by Sections 21 and 35A of Banking Regulation Act, 1949 read with Section 56 of the Act *ibid*; Chapter IIIB of the Reserve Bank of India Act, 1934; Section 30A of the National Housing Bank Act, 1987, read with Section 32 and Section 33 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 these Directions hereinafter specified.

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

19 Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Removal of 01 Entry

[Issued by the Reserve Bank of India vide RBI/2025-26/58 DOR.AML.REC.33/14.06.001/2025-26 dated 16.06.2025]

Please refer to Paragraph 51 of the RBI Master Direction on Know Your Customer dated February 25, 2016 as amended on June 12, 2025 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

- In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC/16082 dated June 09, 2025 wherein the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities removed the entry

below from the ISIL (Da'esh) and Al-Qaida Sanctions List after concluding its consideration of the delisting request for this name submitted through the Office of the Ombudsperson established pursuant to Security Council resolution 1904 (2009), and of the Comprehensive Report of the Ombudsperson on this delisting request. Therefore, the assets freeze, travel ban and arms embargo set out in paragraph 1 of Security Council resolution 2734 (2024), and adopted under Chapter VII of the Charter of the United Nations, no longer apply to the name set out below.

SAIDUTTA SANGRAM KESHARI PRADHAN

General Manager

20 Review of instructions issued vide Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission

[Issued by the Reserve Bank of India vide RBI/2025-26/57 CO.DGBA.GBD. No.S168/31-12-011/2025-2026 dated 16.06.2025]

Please refer to our Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission dated April 01, 2025 related to claiming of agency commission.

- The agency commission rates have been since reviewed and stands revised. Accordingly, paragraph 13 of the above-mentioned master circular may be read as follows:

Rates for agency commission:

13. As per agency bank agreement, RBI pays agency commission at rates determined by it. The rates applicable with effect from April 1, 2025 are as under:

Sr. No.	Type of Transaction	Unit	Revised Rate
a. (i)	Receipts - Physical mode	Per transaction	₹40/-
(ii)	Receipts - e-mode	Per transaction	₹12/-
b.	Pension Payments	Per transaction	₹80/-
c.	Payments other than Pension	Per ₹100 turnover	7 paise per ₹100

- In addition to the above, it has been decided that agency commission may be paid on all payment transactions handled by the agency banks, except those which are pre-funded or where some compensation is paid by the Governments to the agency banks. Accordingly, para 8 (c) of the abovementioned circular may be read as follows:

Payments which are pre-funded or where some compensation is paid by the Government concerned'

- All other instructions of the said Master Circular remain unchanged.

SUBHASH CHAND

General Manager

21 Master Direction – Reserve Bank of India (Electronic Trading Platforms) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/FMRD/2025-26/137 FMRD. MIOD.No.02/14.03.027/2025-26 dated 16.06.2025]

Please refer to Paragraph 1 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2023-24 dated February 08,

2024, on review of the regulatory framework for Electronic Trading Platforms set out in the Electronic Trading Platforms (Reserve Bank) Directions, 2018 dated October 05, 2018.

- The draft Master Direction - Reserve Bank of India (Electronic Trading Platforms) Directions, 2024, was placed on the Bank's website on April 29, 2024, to invite comments/feedback from all stake holders. Based on the feedback received, the draft Directions have since been finalized and issued herewith.
- These Directions have been issued by the Reserve Bank in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934, and of all the powers enabling it in this behalf.
- These Directions shall be applicable with immediate effect.

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

22 Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)

[Issued by the Reserve Bank of India of RBI/2025-26/56 FIDD.CO.GSSD. BC.No.07/09.09.001/2025-26 dated 16.06.2025]

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs). The enclosed Master Circular consolidates the circulars issued by Reserve Bank on the subject till date, as listed in the Appendix.

R. GIRIDHARAN

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 Import of Shipping Vessel - Relaxation

[Issued by the Reserve Bank of India of RBI/2025-26/55 A.P. (DIR Series) Circular No. 07 dated 13.06.2025]

Attention of Authorised Dealer (AD) Category - I banks is invited to Para C.1 of Master Direction – Import of Goods and Services (MD-Imports) dated January 01, 2016.

- With a view towards enhancing ease of doing business and keeping in view the sector-specific constraints, it has been decided to allow importers to make advance remittance for import of shipping vessel, without bank guarantee, or an unconditional, irrevocable standby Letter of Credit, up to USD 50 million, subject to the conditions mentioned in para-C.1.3.3 of MD-Imports, as applicable.
- AD banks may bring the contents of this circular to the notice of their constituents concerned.
- The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

N. SENTHIL KUMAR

Chief General Manager

24 Stripping/Reconstitution in State Government Securities

[Issued by the Reserve Bank of India of RBI/2025-26/54 IDMD. RD.S390/10.18.060/2025-26 dated 12.06.2025]

Please refer to paragraph No.1 of the Statement on Developmental and Regulatory Policies announced on August 07, 2019 on the proposal to introduce stripping/reconstitution facility for State Development Loans¹ (SDLs), in consultation with the respective State Governments.

2. Based on consultation with the individual State Governments/Union Territories and the feedback received from market participants, it has been decided to introduce Separate Trading of Registered Interest and Principal of Securities (STRIPS) in State Government Securities (SGS). This will be in addition to stripping/reconstitution already permitted since April 1, 2010 in eligible Central Government dated securities. The related notification dated May 29, 2025, published in the Official Gazette, is enclosed.

3. Eligible securities

All fixed coupon securities issued by State Governments/ Union Territories having a residual maturity of up to 14 years and minimum outstanding of ₹1,000 crore as on the day of stripping, provided that such securities are reckoned as eligible investment for the purpose of meeting Statutory Liquidity Ratio (SLR) requirements and are transferable.

4. Placing of Request

- (a) Market Participants having an SGL account with the Reserve Bank can place requests directly in Reserve Bank of India Core Banking Solution (e-Kuber system) for stripping / reconstitution.
 - (b) Request for stripping / reconstitution by Gilt Account Holders shall be placed with their respective custodians maintaining the CSGL account with the Reserve Bank and the custodians, in turn, will place the request on behalf of their constituents in e-Kuber.
7. The stripping/ reconstitution in SGS shall come into effect from the date of this circular.

RAKESH TRIPATHY
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

25 Reserve Bank of India (Know Your Customer (KYC)) (Amendment) Directions, 2025

[Issued by the Reserve Bank of India of RBI/2025-26/51 DOR.AML. REC.30/14.01.001/2025-26 dated 12.06.2025]

Reserve Bank had issued Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 (hereinafter referred to as Master Direction) in compliance of the provisions of the PML Act, 2002 and the Rules made thereunder. There is a need to further amend the same in order to enhance consumer protection and service.

2. Accordingly, in exercise of the powers conferred by sections 35A of the Banking Regulation Act, 1949, read with section 56 of the Act *ibid*, sections 45JA, 45K and 45L of the Reserve Bank of India Act, 1934, section 10(2) read with section 18 of Payment and Settlement Systems Act, 2007, section 11(1) of the Foreign Exchange Management Act, 1999, Rule 9(14) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 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. (i) These Directions shall be called the Reserve Bank of India (Know Your Customer (KYC)) (Amendment) Directions, 2025.
- (ii) These directions shall come into force with immediate effect.

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

26 Updation/ Periodic Updation of KYC – Revised Instructions

[Issued by the Reserve Bank of India of RBI/2025-26/53 DOR.AML. REC.31/14.01.001/2025-26 dated 12.06.2025]

Please refer to instructions on updation/ periodic updation of KYC as contained in paragraph 38 of Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as amended from time to time).

2. The Reserve Bank has observed a large pendency in periodic updation of KYC including in the accounts opened for credit of Direct Benefit Transfer (DBT)/ Electronic Benefit Transfer (EBT) under Government schemes to facilitate credit of DBTs and/ or scholarship amount (DBT/ EBT/ scholarship beneficiaries) and accounts opened under PMJDY.
3. In order to further ease the process for the convenience of customers, the instructions regarding updation/ periodic updation of KYC have been amended with the intent, *inter alia*, to allow BCs to facilitate in the process of KYC updation vide Reserve Bank of India (Know Your Customer (KYC)) (Amendment) Directions, 2025. Similar amendments related to inoperative accounts and unclaimed deposits have been made vide circular DOR. SOG(LEG).REC/32/09.08.024/2025-26 dated June 12, 2025.
4. Further, the banks are advised to organize camps and launch intensive campaigns including special camps, focusing on periodic updation of KYC, especially in rural and semi urban branches and the branches having large pendency in periodic updation of KYC. The banks may also facilitate the process of activation of such accounts by taking an empathetic view as indicated in the circular DoS.CO.PPG.SEC.12/11.01.005/2024-25 dated December 2, 2024.

5. It is mentioned that over the last few years, the instructions on customer onboarding and updation/ periodic updation of customers' KYC have been simplified and detailed in the Master Direction ibid. A brief compilation of such instructions is enclosed in the Annexure for ready reference.

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

27 Inoperative Accounts/ Unclaimed Deposits in Banks - Revised Instructions (Amendment) 2025

[Issued by the Reserve Bank of India of RBI/2025-26/52 DOR.SOG(LEG). REC/32/09.08.024/2025-26 dated 12.06.2025]

As per instructions, issued vide circular DOR.SOG(LEG). REC/64/ 09.08.024/2023-24 dated January 1, 2024 (hereinafter called the extant instructions), the credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, as mentioned in paragraph 3(iii) of the "Depositor Education and Awareness" (DEA) Fund Scheme, 2014, are required to be transferred by banks to DEA Fund maintained by the Reserve Bank of India. There is a need to enable Business Correspondents to facilitate updation of KYC.

2. Accordingly, in exercise of the powers conferred by sections 35A of the Banking Regulation Act, 1949 read with sections 26A, 51 and 56 of the Act ibid and all other provisions of this Act or any other laws enabling Reserve Bank to issue instructions in this regard, these instructions are being issued to amend the extant instructions as given hereunder.
3. (i) These instructions shall be called the Inoperative Accounts/ Unclaimed Deposits in Banks – Revised Instructions (Amendment), 2025.
- (ii) The amended instructions shall come into force with immediate effect.
4. In the extant instructions, the paragraph 6.1 is hereby substituted by the following, namely:

"6.1 A bank shall make available the facility of updation of KYC for activation of inoperative accounts and unclaimed deposits at all branches (including non-home branches). Further, a bank shall endeavour to provide the facility of updation of KYC in such accounts and deposits through Video-Customer Identification Process (V-CIP). The V-CIP related instructions under Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time) shall be adhered to by the bank. Additionally, the services of an authorised Business Correspondent of the bank may be utilized for activation of inoperative accounts as prescribed in paragraph 38(a)(iia) of the above Master Direction."

USHA JANAKIRAMAN

Chief General Manager-In-Charge

28 Basel III Capital Regulations - External Credit Assessment Institution (ECAI)

[Issued by the Reserve Bank of India of RBI/2025-26/50 DOR.STR. REC.29/21.06.008/2025-26 dated 09.06.2025]

Please refer to paragraph 6.1.2 of the Master Circular No. DOR. CAP.REC.2/21.06.201/2025-26 dated April 1, 2025 on Basel III Capital Regulations, wherein the list of domestic credit rating agencies accredited for the purpose of risk weighting banks' claims for capital adequacy purposes has been prescribed.

2. A reference is also invited to the circular DOR.STR. REC.26/21.06.008/2024-25 dated July 10, 2024 in terms of which, banks were permitted to use the ratings of Brickwork Ratings India Private Limited (BRIPL) for risk weighting their claims for capital adequacy purposes subject to the restrictions/limits specified therein.
3. On a review, it has been decided to remove the restrictions/ limits placed on the use of ratings of BRIPL by the banks.
4. All other provisions regarding external credit ratings stipulated in the Master Circular ibid remain unchanged.

VAIBHAV CHATURVEDI

Chief General Manager

29 Non-achievement of PSL targets – Prudential treatment of contribution towards eligible funds with NABARD, NHB, SIDBI and MUDRA Ltd.

[Issued by the Reserve Bank of India of RBI/2025-26/49 DoR.CRE. REC.28/07.10.002/2025-26 dated 09.06.2025]

A. Exemption from exposure norms

In terms of para 2.1 of circular DOR (PCB).BPD.Cir No.10/13.05.000/2019-20 dated March 13, 2020 on 'Limits on exposure to single and group borrowers/parties and large exposures and Revision in the target for priority sector lending – UCBs', the prudential exposure limits for UCBs for a single borrower/party and a group of connected borrowers/parties are specified as 15 percent and 25 percent, respectively, of their tier-I capital.

2. On a review, it has been decided that the contribution¹ by UCBs towards eligible funds with NABARD, NHB, SIDBI, MUDRA Ltd., or any other entity specified by RBI, on account of shortfall in PSL targets shall not be included while computing the aggregate exposure of a UCB to such counterparties for the purpose of deciding the above prudential exposure limits.

B. Risk weight

3. It is further clarified that contribution by UCBs towards above eligible funds on account of shortfall in PSL targets, shall fall under the category of 'all other assets', attracting a risk weight of 100 percent² for capital adequacy purposes, in terms of Annexure 1 of the RBI circular UBD.No.POT.PCB.Cir.No.45/09.116.00/2000-01 dated April 25, 2001 on 'Application of Capital Adequacy Norms to Urban (Primary) Co-operative Banks'.

C. Applicability

4. The above instructions are applicable with immediate effect.

VAIBHAV CHATURVEDI

Chief General Manager

30 Large Exposures Framework – Amendment in the list of exempted exposures

[Issued by the Reserve Bank of India of RBI/2025-26/48 DOR.CRE.REC.27/21.01.003/2025-26 dated 09.06.2025]

Please refer to paragraph 3.1 of the Annex to the circular DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019 on 'Large Exposures Framework' (LEF) in terms of which "deposits maintained with NABARD on account of shortfall in achievement of targets for priority sector lending" are excluded from being considered for exposure limits under LEF.

- In this connection, it is advised that in addition to NABARD, the above exemption shall also be applicable to contribution made by the scheduled commercial banks to funds with NHB, SIDBI, MUDRA Ltd., or any other entity specified by RBI, on account of shortfall in achievement of targets for priority sector lending.
- The above instruction is applicable with immediate effect.

VAIBHAV CHATURVEDI
Chief General Manager

31 Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Sixth Amendment) Regulations, 2025

[Issued by the Reserve Bank of India of Notification No. FEMA 10 (R) (6)/2025-RB dated 06.06.2025]

In exercise of the powers conferred by section 9 and clause (e) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015 [Notification No. FEMA 10(R)/2015-RB dated January 21, 2016] (hereinafter referred to as 'the principal regulations') namely:

- Short title and commencement:-
 - These regulations shall be called the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Sixth Amendment) Regulations, 2025.
 - They shall come into force with effect from the date of their publication in the Official Gazette.
- Amendment to Schedule II:

In the Principal Regulations, in Schedule II, in the Annex titled 'Application for Opening Diamond Dollar Account/s', in the first paragraph, for the words and figures "2 years", the words "three years" shall be substituted.

N. SENTHIL KUMAR
Chief General Manager

32 Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025

[Issued by the Reserve Bank of India of RBI/2025-26/47 DOR.CRE.REC.26/21.01.023/2025-26 dated 06.06.2025]

A. Introduction

- Reserve Bank has restricted lending against primary gold such as gold bullion due to broader macro-prudential concerns as also due to speculative and non-productive nature of gold. However, the regulated entities (REs) have been permitted to lend against the collateral security of gold jewellery, ornaments and coins for meeting the short-term financing needs of borrowers. Prudential and conduct related regulations for such loans have been issued at different points in time for different REs. While the core philosophy of regulating such loans remains the same across different REs, the regulations vary in certain aspects due to differences in REs' mandates and risk-taking capabilities. The extant regulations are guided, inter alia, by the objective of providing the borrowers an avenue to tide over their tight liquidity conditions by leveraging the gold jewellery, ornaments or coins that are kept idle, while simultaneously addressing the risks for the lenders. Similar concerns and objectives guide a few regulations issued in the past on lending against the collateral of silver.
- As a part of moving towards a more principle-based and harmonised regulatory framework and addressing possible prudential and conduct related gaps across the REs, the revised instructions on the matter are consolidated in the comprehensive Directions on Lending Against Gold and Silver Collateral applicable to all REs. The regulatory objectives behind these revised Directions are to: (i) put in place a harmonised regulatory framework for such loans applicable across various REs; (ii) address the concerns observed relating to some of the lending practices being followed and provide necessary clarity on certain aspects; and (iii) strengthen the conduct-related aspects.

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

33 Maintenance of Cash Reserve Ratio (CRR)

[Issued by the Reserve Bank of India of RBI/2025-26/46 DoR.RET.REC.23/12.01.001/2025-26 dated 06.06.2025]

Please refer to our circular DoR.RET.REC.52/12.01.001/2024-25 dated December 06, 2024 and relative notification on the captioned subject.

- As announced in the Governor's Statement dated June 06, 2025, it has been decided to reduce the Cash Reserve Ratio (CRR) of all banks by 100 basis points in four equal tranches of 25 basis points each to 3.0 percent of net demand and time Liabilities (NDTL). Accordingly, banks are required to maintain the CRR at 3.75 percent, 3.5 percent, 3.25 percent and 3.0 percent of their NDTL effective from the reporting fortnight beginning September 6, October 4, November 1 and November 29, 2025, respectively.

3. A copy of the relative notification DoR.RET.REC.24/12.01.001/2025-26 dated June 6, 2025 is enclosed.

MANORANJAN PADHY
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

34 Penal Interest on shortfall in CRR and SLR requirements - Change in Bank Rate

[Issued by the Reserve Bank of India of RBI/2025-26/45 DoR.RET.REC.22/12.01.001/2025-26 dated 06.06.2025]

Please refer to Chapter VIII of Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021 as well as our circular DoR.RET.REC.16/12.01.001/2025-26 dated April 09, 2025 on the captioned subject.

2. As announced in the Monetary Policy Statement 2025-26 dated June 06, 2025, the Bank Rate is revised downwards by 50 basis points from 6.25 percent to 5.75 percent with immediate effect. Accordingly, all penal interest rates on shortfall in CRR and SLR requirements, which are specifically linked to the Bank Rate, also stand revised as under:

Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	Revised Rate (With immediate effect)
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfall).	Bank Rate plus 3.0 percentage points (9.25 per cent) or Bank Rate plus 5.0 percentage points (11.25 per cent).	Bank Rate plus 3.0 percentage points (8.75 per cent) or Bank Rate plus 5.0 percentage points (10.75 per cent).

MANORANJAN PADHY
Chief General Manager

35 Review of Qualifying Assets Criteria

[Issued by the Reserve Bank of India of RBI/2025-26/44 DoR.FIN.REC.25/03.10.038/2025-26 dated 06.06.2025]

Please refer to paragraph 8.1 of the Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022 which prescribes Qualifying Assets Criteria for Non-Banking Financial Companies - Microfinance Institutions. On a review, it has been decided to revise the qualifying asset criteria and the amended paragraph 8.1 of the Master Direction may be read as follows.

Paragraph 8.1: The definition of 'qualifying assets' of NBFC-MFIs has been aligned with the definition of 'microfinance loans' given at paragraph 3 above. Qualifying

assets of NBFC-MFIs shall constitute a minimum of 60 percent of the total assets (netted off by intangible assets), on an ongoing basis. If an NBFC-MFI fails to maintain the qualifying assets as aforesaid for four consecutive quarters, it shall approach the Reserve Bank with a remediation plan for taking a view in the matter.

2. This circular is issued in exercise of the powers conferred by Chapter IIIB of the Reserve Bank of India Act, 1934. The revised provisions shall come into effect from the date of this circular.
3. Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 is being updated accordingly.

J.P. SHARMA
Chief General Manager

36 Standing Liquidity Facility for Primary Dealers

[Issued by the Reserve Bank of India of RBI/2025-26/43 REE.No.MPD.BC.400/07.01.279/2025-26 dated 06.06.2025]

As announced in the bi-monthly Monetary Policy Statement, 2025-26 today, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 6.00 percent to 5.50 percent with immediate effect.

2. Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 5.50 percent with immediate effect.

DR. ANUPAM PRAKASH
Adviser-in-Charge.

37 Liquidity Adjustment Facility - Change in rates

[Issued by the Reserve Bank of India of RBI/2025-26/42 FMOD.MAOG.No.152/01.01.001/2025-26 dated 06.06.2025]

As announced in the Monetary Policy Statement dated June 06, 2025, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 6.00 percent to 5.50 percent with immediate effect.

2. Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 5.25 percent and 5.75 percent respectively, with immediate effect.
3. All other terms and conditions of the extant LAF Scheme will remain unchanged.

G. SESHAYEE
Chief General Manager



**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। इष्टक्रे फेद तन्परे: अवेयेद इयु फेद इव।

Mission

"To develop high calibre professionals facilitating good corporate governance"



Golden Opportunity to Become a Company Secretary

For Economically weaker and / or Academically Bright Students
To avail financial assistance from
STUDENTS EDUCATION FUND TRUST

ELIGIBILITY CRITERIA

Economically Backward Students with Good Academic Record (having family income not more than 3 Lakh per annum)	65% (or equivalent CGPA) in Class XII OR 60% (or equivalent CGPA) in Graduation
Academically Bright Students (without any limit on family income)	85% (or equivalent CGPA) in Class XII OR 70% (or equivalent CGPA) in Graduation

Please refer to the detailed guidelines available on the website regarding refund under Student Education Fund Trust (SEFT) @ https://www.icsi.edu/media/webmodules/28072022_guidelines.pdf
or write to seft@icsi.edu

To download the SEFT Form click here :

https://www.icsi.edu/media/webmodules/SEFT_ApplicationForm.pdf

CS Dhananjay Shukla
President, The ICSI

CS Pawan G. Chandak
Vice-President, The ICSI

Connect with ICSI

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

5

NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF MAY 2025
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MAY 2025
- NEW ADMISSIONS
- OBITUARIES
- CHANGE / UPDATION OF ADDRESS
- UPLOADING OF PHOTOGRAPH AND SIGNATURE



Institute News

MEMBERS RESTORED DURING THE MONTH OF MAY 2025

SL. NO.	NAME	MEMB NO.	REGION
1	CS UTTAM KUMAR SAHOO	ACS - 11062	SIRC
2	CS N RAMAKRISHNAN	ACS - 1121	WIRC
3	CS CHHINDER PAL ARORA	ACS - 12254	NIRC
4	CS DEVAJIT SENGUPTA	ACS - 13497	EIRC
5	CS UTPAL MAHENDRA SHAH	ACS - 14645	WIRC
6	CS UTPAL MAHENDRA SHAH	ACS - 14645	WIRC
7	CS KUMAR RAKESH	ACS - 15600	WIRC
8	CS JITENDER KUMAR JAIN	ACS - 16589	WIRC
9	CS SWATI PRAYAG GADGIL	ACS - 18608	WIRC
10	CS RENUKA ASHWIN MEHTA	ACS - 19642	WIRC
11	CS HARSHADA EKNATH AMBRE	ACS - 19920	WIRC
12	CS VIDHI SOIN	ACS - 21506	NIRC
13	CS JAI PRAKASH PRAJAPAT	ACS - 21811	NIRC
14	CS GARIMA MEHTA	ACS - 23392	WIRC
15	CS PALLAVI BARJATIYA	ACS - 25542	NIRC
16	CS SHALINI SHRIVASTAV	ACS - 25554	WIRC
17	CS NABAGATAA CHOUDHURY	ACS - 26184	EIRC
18	CS BHAVYANATH VADASSERY GOPINATH	ACS - 27341	SIRC
19	CS SHRADDHA JAIN	ACS - 27455	WIRC
20	CS SALONI SANJAY FADNIS	ACS - 28986	WIRC
21	CS PADMAPRIYA S	ACS - 29252	SIRC
22	CS VINEETA AGARWAL	ACS - 31401	NIRC
23	CS S REVATHY	ACS - 32170	SIRC
24	CS KHUSHBOO VISHAL BODAWALA	ACS - 33836	WIRC
25	CS PRATIK CHAUDHARY	ACS - 34960	EIRC
26	CS PRISCILLA SHEREEN LATHA	ACS - 39341	SIRC

27	CS NEELAM KATHARIA	ACS - 39796	NIRC
28	CS AMANPREET	ACS - 41305	SIRC
29	CS ARGHA ROY	ACS - 41746	NIRC
30	CS NEHA KULCHANDER	ACS - 43044	NIRC
31	CS PRADEEP RATHI	ACS - 43049	WIRC
32	CS SUKHVINDER SINGH	ACS - 44088	NIRC
33	CS NARAYAN LAL PALIWAL	ACS - 44112	SIRC
34	CS AARTI VIMAL PUNMIYA	ACS - 45007	WIRC
35	CS KRUTI SATISHBHAI VYAS	ACS - 45274	WIRC
36	CS NIKITA DHAWAN	ACS - 45389	NIRC
37	CS SOHALE GUPTA	ACS - 46456	NIRC
38	CS NIDHI LOHARUKA	ACS - 46615	EIRC
39	CS AKARSHIT KAPOOR	ACS - 47851	NIRC
40	CS SHREYA RAJENDRABHAI THAKKAR	ACS - 48126	WIRC
41	CS POONAM BAFNA	ACS - 49039	WIRC
42	CS GUNJAN KHERA	ACS - 50631	NIRC
43	CS SOMESH MAHAJAN	ACS - 51489	NIRC
44	CS NILESH BAHETY	ACS - 51737	EIRC
45	CS SHASHANK MODI	ACS - 51932	EIRC
46	CS MANISHA LUNDIA	ACS - 53173	EIRC
47	CS BHAWANA GOENKA	ACS - 53454	EIRC
48	CS VANDANA GUPTA	ACS - 54141	WIRC
49	CS ASHISH VYAS	ACS - 54318	WIRC
50	CS POOJA CHANDRAKANT TADA	ACS - 54670	SIRC
51	CS EKANKY	ACS - 54880	NIRC
52	CS GEETHA	ACS - 55466	SIRC
53	CS NEHA TALUJA	ACS - 55765	NIRC
54	CS NIDHI SHAUNAK PATEL	ACS - 56443	WIRC
55	CS AASHISH KAMLESH SHARMA	ACS - 57974	WIRC
56	CS RISHABH TIWARI	ACS - 58974	NIRC
57	CS BHARTI SINGH	ACS - 59429	NIRC
58	CS SHRADHA SARTHAK AGARWAL	ACS - 59612	WIRC
59	CS SWATI AGRAWAL	ACS - 59664	WIRC
60	CS SUPRIYA SUNIL KULKARNI	ACS - 59788	WIRC
61	CS YASH RAJANBHAI SHAH	ACS - 59840	WIRC
62	CS MONIKA JAISWAL	ACS - 61838	EIRC
63	CS PRABHA GAUTAM	ACS - 63180	NIRC
64	CS ANKITA AGARWAL	ACS - 63569	WIRC
65	CS ANKIT LAL	ACS - 63925	WIRC
66	CS MAMIDALA SRI GAYATHRI	ACS - 65768	SIRC
67	CS RABINDRA NATH MUKHERJEE	ACS - 65870	NIRC

68	CS ABHISHEK ANCHAN	ACS - 66298	SIRC
69	CS SANDEEP KUMAR DEVINENI	ACS - 66918	SIRC
70	CS AMARENDRA KUMAR PRASAD	ACS - 67144	EIRC
71	CS SAURAV PAUL	ACS - 67393	WIRC
72	CS SHAGUN BANSAL	ACS - 67866	NIRC
73	CS KAJAL JENISH JAIN	ACS - 67898	WIRC
74	CS RITU JAIN	ACS - 68215	WIRC
75	CS DEVAKI PRAMOD SHAH	ACS - 68321	WIRC
76	CS PRIYANKA	ACS - 69893	NIRC
77	CS TOSHOKE AHMAD BHAT	ACS - 70172	NIRC
78	CS SARAL BALAI	ACS - 70638	WIRC
79	CS URJA HEMANT MISTRY	ACS - 71696	WIRC
80	CS ARZOO SHINGARI	ACS - 73178	NIRC
81	CS M S MURLIKRISHNAN	ACS - 7533	SIRC
82	CS V N MURLIDHARAN	FCS - 108	SIRC
83	CS RAMAN KUMAR JHA	FCS - 12749	EIRC
84	CS V VENUGOPAL	FCS - 2283	WIRC
85	CS MOHINDER KUMAR	FCS - 2597	NIRC
86	CS BASANT KUMAR BANG	FCS - 4212	NIRC
87	CS T RADHIKA	FCS - 6645	SIRC
88	CS SANJAY KUMAR GUPTA	FCS - 6865	NIRC
89	CS PRAGYA JHUNJHUNWALA	FCS - 7511	EIRC
90	CS KONICA KHURANA	FCS - 8202	NIRC
91	CS SURJAN SINGH	FCS - 8864	NIRC
92	CS V S DATEY	FCS - 888	WIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MAY 2025

SL. NO.	NAME	MEMB NO	COP NO.	REGION
1	CS MANILA BHILWARIA	ACS - 63473	23785	EIRC
2	CS PADMAJA VUMMENTHALA	FCS - 10669	22516	SIRC
3	CS BINITA PANDEY	ACS - 41594	19730	EIRC
4	CS DEWANG SARASWAT	ACS - 37898	27405	NIRC
5	CS GEETA JAIN	ACS - 13938	24124	NIRC
6	CS DHARABEN MEHULKUMAR THAKAR	ACS - 37924	15034	WIRC
7	CS SHEETAL KOCHAR	ACS - 68008	25880	NIRC
8	CS SONAL NISHANT SHIRKE	ACS - 23806	13948	WIRC
9	CS ASHITA DILIP GOLWALA	ACS - 42900	17292	WIRC
10	CS NISHI SETH	ACS - 38934	26378	WIRC
11	CS NAVNEET PANDEY	ACS - 72664	26986	NIRC

12	CS SHRUTI VERMA	ACS - 46576	23613	NIRC
13	CS GREESHMA VINOD KERKAR	ACS - 22283	26795	WIRC
14	CS JIGNESH ASHOKBHAI PARMAR	ACS - 73937	27627	WIRC
15	CS NIYATI VISHAL SHAH	FCS - 8723	9794	WIRC
16	CS ASHISH NAYAK	ACS - 36967	14141	WIRC
17	CS GAGAN DEEP KAUR	FCS - 10312	17617	NIRC
18	CS NEHA	ACS - 73162	27203	NIRC
19	CS ADITI SHARMA	ACS - 70413	26594	NIRC
20	CS MAHANKALI SAI NIKHITA	ACS - 62837	27922	SIRC
21	CS JEET ALKESHKUMAR SHAH	ACS - 56506	21170	WIRC
22	CS NILAM HETAL SHAH	ACS - 20514	24463	WIRC
23	CS MUSKAN AGARWAL	ACS - 58719	22259	NIRC
24	CS NANDINI AGARWAL	ACS - 72430	27349	EIRC
25	CS CHANDRA PRAKASH DIXIT	ACS - 70253	26280	NIRC
26	CS CHARVI VALLABHBHAI NAYANI	ACS - 55905	24944	WIRC
27	CS KUSUM ASWAL	ACS - 42779	15849	NIRC
28	CS VINAY LAKHANI	ACS - 35554	14847	EIRC
29	CS PAYAL PUNIT SHARMA	ACS - 46183	24337	WIRC

NEW ADMISSIONS

For latest admission of Associate and Fellow Members, Life Members of Company Secretaries Benevolent Fund (CSBF), Licentiates and issuance of Certificate of Practice, kindly refer to the link <https://www.icsi.edu/member>



OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS AVINASH BABURAO BHUSARI (26/01/1945 – 17/04/2025) a Fellow member of the Institute from Pune, Maharashtra

CS NAVIN CHANDRA PANDEY (01/12/1949 – 23/04/2025) a Fellow member of the Institute from Delhi

CS M V BHAT (03/04/1953 – 03/04/2025) a Fellow member of the Institute from Mangaluru, Karnataka

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and email id click the side option “**Click Here to update Mobile Number and E-mail Id**”
6. Check the residential address and link the Country-State-District-City and check your address in the fields Add. Line1/ Add. Line2 & Add. Line3 (Click Here to change residential address)
 - a) Select the Country*
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on “Save” button.
7. Select the appropriate radio button for Employment Status and check your address in the fields Add. Line1/Add. Line2 & Add. Line3 click the link on the right (Click Here to change Professional address)
 - a) Select the Country*
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on “Save” button.
8. Go back to the Dashboard and check if the new address is being displayed.

#in case of Foreign Country and State is not available in options then Select “**Overseas**” – A pop-up will open and you can add the “City, District, State” of that Country alongwith Zipcode

Members are required to verify and update their address and contact details as required under Regulation 3 of the CS Regulations, 1982 amended till date

For any further assistance, we are available to help you at <http://support.icsi.edu>

UPLOADING OF PHOTOGRAPH 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



**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.



How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up
- You may download the Digilocker mobile app from mobile store (Android/iOS)

How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website
2. Go to Central Government and select Institute of Company Secretaries of India
3. Select the option of ID card / Membership Certificate / Practice Certificate
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
5. For membership certificate, Enter your membership and select ACS / FCS from drop down.
6. For COP certificate enter your COP number e.g. 12345 and select COP.
7. Click download / generate.
8. The ID Card / Membership certificate / Practice Certificate can be downloaded every year after making payment of Annual Membership fees.



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 करोतु। तृप्तये। ब्रह्मैव तेन गन्तव्यं।

Mission

"To develop high calibre professionals facilitating good corporate governance"

Celebrating 25 Years of ICSI National Awards for Excellence in Corporate Governance



ICSI National Awards
for Excellence in
Corporate Governance



ICSI Life Time Achievement
Award



ICSI CSR Excellence
Awards



ICSI Business Responsibility
and Sustainability Awards



ICSI Best Secretarial
Audit Report Award



ICSI Best PCS Firm
Award

Invitation for Applications Opening Shortly

Please visit : https://icsi.edu/home/cg_award/

Contact us: 011- 4534 1075/4534 1090 | Mail at : cgawards@icsi.edu



CS Dhananjay Shukla
President, The ICSI

CS Pawan G Chandak
Vice-President, The ICSI

CS Manish Gupta
Chairman, CLGC and Former President,
The ICSI

CS Asish Mohan
Secretary, The ICSI

Connect with ICSI

www.icsi.edu



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

6

MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER
- MARITIME CORNER
- ESG CORNER
- MSME CORNER
- GIST OF ROC & RD ADJUDICATION ORDERS

ADVISORY REGARDING NON-EDITABLE OF AUTO-POPULATED LIABILITY IN GSTR-3B

In a significant update for taxpayers, the GST Portal has introduced a pre-filled GSTR-3B form, which automatically populates tax liabilities based on the outward supplies declared in GSTR-1, GSTR-1A, or the Invoice Furnishing Facility (IFF). Currently, taxpayers have the ability to edit these auto-populated values directly within the GSTR-3B form.

The introduction of GSTR-1A provides taxpayers with a new facility to amend any incorrectly declared outward supplies in their GSTR-1 or IFF submissions. This amendment option allows taxpayers to correct their liabilities before filing their GSTR-3B for the same return period, ensuring greater accuracy in tax reporting.

However, starting from the tax period of July 2025, for which GSTR-3B will be submitted in August 2025, the auto-populated liabilities will become non-editable. Taxpayers will still have the opportunity to amend their auto-populated liabilities, but this will need to be done through GSTR-1A, which must be filed for the same tax period prior to the submission of GSTR-3B.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/606>

BARRING OF GST RETURN ON EXPIRY OF THREE YEARS

As per the Finance Act, 2023 (8 of 2023), dated March 31, 2023, and implemented from October 1, 2023, through Notification No. 28/2023 – Central Tax dated July 31, 2023, significant changes have been introduced regarding the filing of GST returns. Taxpayers will no longer be permitted to file their GST returns after a period of three years from the due date for furnishing the respective returns under various sections, including Section 37 (Outward Supply), Section 39 (Payment of Liability), Section 44 (Annual Return), and Section 52 (Tax Collected at Source).

These sections encompass a range of returns, including GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, and GSTR-9. Consequently, the aforementioned returns will be barred from filing after the three-year period has elapsed.

This restriction will take effect on the GST portal starting from the July 2025 tax period.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/607>

SYSTEM VALIDATION FOR FILING OF REFUND APPLICATIONS ON GST PORTAL FOR QRMP TAXPAYERS

In a significant move to streamline the refund application process, the Goods and Services Tax (GST) Portal has implemented a system-level validation to ensure compliance with the provisions outlined in Para 6 of Circular No. 125/44/2019-GST, dated November 18, 2019. This circular stipulates that any refund claim for a tax period can only be filed after all returns in FORM GSTR-1 and FORM GSTR-3B have been submitted, provided they were due before the refund application date.

However, exceptions are made for composition taxpayers, non-resident taxable persons, and Input Service Distributors (ISDs). These applicants are required to submit returns in FORM GSTR-4 (along with FORM GST CMP-08), FORM GSTR-5, or FORM GSTR-6, as applicable, instead of the standard forms.

In line with this directive, the GST system has been updated to permit refund applications solely when taxpayers have filed all relevant returns due up to the date of their application.

Following the implementation of this validation, issues arose for taxpayers registered under the Quarterly Return Monthly Payment (QRMP) scheme. Many encountered difficulties when attempting to file refund applications, as the system failed to recognize invoices submitted via the Invoice Furnishing Facility (IFF) for the first two months of the quarter (M1 and M2). This glitch prevented users from proceeding with their refund filings. Additionally, taxpayers who had already filed GSTR-1 for the previous quarter were mistakenly prompted to file returns for M1 and M2 of the current quarter when submitting refund applications during the transition between quarters.

The GST authorities have now confirmed that this technical issue has been resolved, and the taxpayers under the QRMP scheme can file refund applications for invoices for which GSTR-3B has already been submitted. It is important to note that invoices submitted through IFF, for which GSTR-3B has yet to be filed in the upcoming return period, should not be included in the refund application.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/608>

ADVISORY ON FILING OF AMNESTY APPLICATIONS UNDER SECTION 128A OF THE CGST ACT

A total of 302,658 waiver applications have been submitted through the SPL-01/02 forms. However, it has been reported that some taxpayers are encountering difficulties when attempting to file amnesty applications

under Section 128A on the GST portal. With the deadline for submission approaching, various trade bodies have raised concerns and submitted representations requesting an alternative mechanism to facilitate the filing process.

The taxpayers experiencing technical issues that hinder their ability to file waiver applications are advised to follow the steps outlined in the link below:

Source: https://tutorial.gst.gov.in/downloads/news/link_data.pdf

Taxpayers facing any difficulties while filing applications through this route are encouraged to promptly report these issues to GSTN by raising a complaint on the GST Self-Service Portal: <https://selfservice.gstsystem.in/>

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/609>

FILING OF SPL-01/ SPL-02 WHERE PAYMENT MADE THROUGH GSTR 3B AND OTHER CASES

Taxpayers filing amnesty applications in Form SPL-01 or SPL-02 under Section 128A of the CGST Act, 2017, are currently facing technical issues related to the auto-population of payment details in Table 4 of these forms. This has raised concerns regarding the accuracy of payment information reflected in the applications.

Specifically, it has been noted that the following payment details may not be accurately auto-populated:

- (a) Amount paid through the “payment towards demand order” functionality
- (b) Pre-deposit amount details
- (c) Payment made through GSTR-3B

Despite these discrepancies, taxpayers are advised to proceed with filing their waiver applications, as the GST portal does not prevent submissions in cases where payment details and demand amounts do not match.

In such instances, it is recommended that taxpayers upload the relevant payment information as attachments along with their online application. This will facilitate verification by the jurisdictional officer and help ensure that all necessary details are considered during the review process.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/610>

INTRODUCTION OF ENHANCED INTER-OPERABLE SERVICES BETWEEN E-WAY BILL PORTALS

The Goods and Services Tax Network (GSTN) is set to launch the new E-Way Bill 2.0 portal on July 1, 2025, aimed at enhancing inter-operability between the existing E-Way Bill 1.0 portal and the new system. The new portal, accessible at <https://ewaybill2.gst.gov.in/>, is

designed to ensure continuity of services for taxpayers and transporters during exigencies.

The E-Way Bill 2.0 portal will introduce several new inter-operable services, including:

Generation of E-Way Bills based on Part-A details entered by the supplier

Generation of Consolidated E-Way Bills

Extension of validity of E-Way Bills

Update of transporter details

Retrieval of consolidated E-Way Bills

These services complement existing functionalities such as E-Way Bill generation, vehicle detail updates, and printing of E-Way Bills.

Both portals will operate on a real-time synchronized architecture, allowing E-Way Bill data to be mirrored across systems within seconds. In case of technical issues with the E-Way Bill 1.0 portal, taxpayers can perform necessary operations on the E-Way Bill 2.0 portal, ensuring business continuity.

Additionally, all services will be available via APIs for taxpayers and logistics operators, currently hosted in a sandbox environment for testing and integration.

The integration of data from both portals aims to eliminate dependency on the E-Way Bill 1.0 system during emergencies, allowing seamless updates and operations across both platforms. This dual-system approach is expected to enhance efficiency and reliability in E-Way Bill management.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/611>

ADVISORY TO FILE PENDING RETURNS BEFORE EXPIRY OF THREE YEARS

In accordance with the Finance Act, 2023 (8 of 2023), effective October 1, 2023, taxpayers will face new restrictions on filing their Goods and Services Tax (GST) returns. As per Notification No. 28/2023 – Central Tax, dated July 31, 2023, taxpayers will not be allowed to file GST returns after a period of three years from the due date of submission under various sections, including Section 37 (Outward Supply), Section 39 (Payment of Liability), Section 44 (Annual Return), and Section 52 (Tax Collected at Source). This applies to forms such as GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-6, GSTR-7, GSTR-8, and GSTR-9 or 9C.

As a result, any returns due three years prior to the July 2025 tax period that have not been filed will be barred from submission. An advisory was previously issued by GSTN on October 29, 2024, regarding this change.

To provide clarity, the following GST returns will be barred from filing effective August 1, 2025:

GST Forms	Barred Period (w.e.f. 1 st August 2025)
GSTR-1/IFF	June-2022
GSTR-1Q	April-June 2022
GSTR-3B/M	June-2022
GSTR-3BQ	April-June 2022
GSTR-4	FY 2021-22
GSTR-5	June-2022
GSTR-6	June-2022
GSTR-7	June-2022
GSTR-8	June-2022
GSTR-9/9C	FY 2020-21

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/612>

HANDLING OF INADVERTENTLY REJECTED RECORDS ON IMS

A recipient can avail Input Tax Credit (ITC) for wrongly rejected invoices, debit notes, or ECO-documents in the Invoice Management System (IMS) when the corresponding GSTR-3B for the same tax period has already been filed, the recipient can take specific actions. The recipient should request the supplier to report the same record, without any changes, in the GSTR-1A of the same return period or in the respective amendment table of subsequent GSTR-1/IFF. By doing so, the recipient can avail the ITC based on the amended record by accepting it on IMS and recomputing GSTR-2B accordingly. It is important to note that the recipient will receive the full ITC of the amended value since the original record was rejected. However, the recipient can only claim the ITC for the re-furnished document by the supplier in the GSTR-2B of the concerned tax period.

If an original record is rejected by the recipient and the supplier subsequently furnishes the same record in GSTR-1A of the same tax period or in the amendment table of GSTR-1/IFF in a later period, the impact on the supplier's liability is minimal. If the supplier had initially submitted the original record in GSTR-1/IFF and it was wrongly rejected by the recipient in IMS, the supplier can re-submit the same record (without any changes) in GSTR-1A or the amendment table within the specified time limit. In this scenario, the supplier's liability will not increase, as the amendment table only accounts for delta values. Therefore, in this case, the differential liability increase will be zero.

A recipient taxpayer can reverse ITC for a wrongly rejected credit note in IMS when the corresponding GSTR-3B has already been filed, the recipient can take similar steps. The recipient should request the supplier to furnish the same credit note (CN) without any changes in the GSTR-1A of the same return period or in the amendment table of a subsequent GSTR-1/IFF. Once the supplier submits the amended CN, the recipient can reverse the availed ITC by accepting the CN on IMS. Consequently, the recipient's

ITC will be reduced by the complete amended value, which will match the value of the original CN that was rejected.

If an original credit note is rejected by the recipient and the supplier later submits the same credit note in GSTR-1A of the same tax period or in the amendment table of GSTR-1/IFF in a future tax period, the initial impact on the supplier's liability will be an increase due to the rejection of the original credit note. However, once the supplier submits the same credit note in GSTR-1A or the amendment table, the supplier's liability will be adjusted downwards corresponding to the value of the amended credit note, which is the same as the original. Thus, the net effect on the supplier's liability will only occur once, effectively balancing the initial increase caused by the rejection.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/613>



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

Due Diligence in filing e-form INC-20A

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 while certifying/ filing form INC-20A along with all mandatory documents.

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’). The Complainant has stated that during inquiry into affairs of one private limited Company (herein after referred to as ‘the Company’), it has come to the notice that the Respondent has helped Chinese nationals to operate shell companies in India. The Company was incorporated in May, 2020 with two foreign persons as first subscribers. The Respondent has certified and filed Form INC-20A for ‘Declaration for Commencement of Business’ in June, 2020. At the time of filing of form INC-20A, name of the Respondent C/o one Consultant Company was written as address of the Company.
2. The Respondent has denied the allegations and *inter-alia* stated that the allegations are vague and are very general in nature and do not specify any breach.
3. The Respondent has also stated that the Company was incorporated with two directors and the correspondence address was in Vishakhapatnam. At the time of incorporation of the Company, he had not even applied for the Certificate of Practice. The Respondent has further stated that he was approached by his client for filling of forms in respect of change in directors of the Company. While filing Form DIR-12, the error appears “*Since the Company has not filed the form INC-20A, filing of Form DIR-12 is not allowed*”. When the company got incorporated, the investment from China was under the Automatic Route and the company was set to bring the subscription money under that route. But due to tensions at border, the regulations of the FEMA were changed vide notification DPIIT File no. 5(5)/2020-FDI dated on 17th April 2021 which envisages bringing money from China only after approval from the RBI. The Respondent has further
4. stated that prior to filing of the Form INC-20A, he had approached the office of ROC and called the MCA help line regarding filing of Form DIR-12, but did not receive any satisfactory reply. He looked forward for taking help from some senior professional colleagues but did not get satisfactory answer.
5. The Respondent has submitted that the company had already made the payment of lakhs of Rupees as a stamp duty and professional expenses for incorporation of the Company. Since the company has already applied for approval from RBI to bring funds, he took a declaration from Board of Directors of the Company, that they will not commence any business until they get approval from RBI for bringing the funds from approval route. The same has been attached in the Form INC-20A filed by the company. 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 attachment in Form INC-20A also that the company has not commenced its business and will commence the business after taking the requisite approvals only. The Respondent has further submitted that the allegation that the address of company as mentioned above belongs to him is baseless. He neither owns the property, nor has taken it on lease; nor has been associated with the said Consultant Company.
6. The Respondent pleaded not guilty before the Disciplinary Committee and argued the matter by broadly reiterating his earlier submissions.
7. The Disciplinary Committee observed that the Respondent was admitted as an Associate Member of the Institute after incorporation of the Company. The Respondent has certified and filed Form INC-20A without mandatory attachment of *Subscribers proof of payment for value of shares*. The Respondent instead of the mandatory attachment has attached declaration from the directors that the Company has not commenced business yet and the form is filed for intimation that the investors have decided not to carry out business in India.
8. The Disciplinary Committee after considering the materials on record, the nature of issues involved in the matter and in 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 Company Secretaries Act, 1980 for not exercising 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. □

Shareholder Meetings and Corporate Governance: Trends and Implications By OECD, April 2025

Shareholder Meetings and Corporate Governance: Trends and Implications report¹ is developed by Capital Markets and Financial Institutions Division of the OECD Directorate for Financial and Enterprise Affairs that presents the results of the peer review of policies and practices for general shareholder meetings of publicly traded companies by the OECD Corporate Governance Committee in 2024.

General shareholder meetings play an important role in protecting and facilitating the rights, engagement and equitable treatment of all shareholders. This report examines how recent evolutions in policies and practices for the preparation and conduct of general shareholder meetings including the growing use of virtual platforms may be impacting the essential elements of sound Corporate Governance. The report is primarily based on responses to a questionnaire by Corporate Governance Committee of publicly traded companies, desk research and insights from a committee expert roundtable of 50 economies in April 2024. It also includes five case studies on the Netherlands, Singapore, South Africa, Türkiye and the United Kingdom. The report highlights emerging trends, areas of convergence and opportunities for improvement.

Virtual and hybrid shareholder meetings have become common, but many companies still prefer in-person meetings

In 2023-24, companies made a growing use of hybrid formats for shareholder meetings, but with important differences between countries. Among the five countries reviewed in-depth for this report, all listed companies in Türkiye are required by law to hold hybrid meetings, virtual-only meetings are the most common in South Africa, while in the Netherlands, Singapore and the United Kingdom, a substantial majority of companies have returned to in-person only shareholder meetings. Virtual or hybrid meetings are particularly common in certain large countries, such as Australia, Canada and the United States. This diversity of practice suggests that the exercise of shareholder rights and active participation are closely tied to different elements, which range from a jurisdiction's regulatory framework, common corporate practices and overall ecosystem, including its investment culture and levels of financial literacy.

Some companies are shifting to virtual-only meetings due to activism and security concerns

In some markets, a number of companies have experienced protests during general shareholder meetings, which on some occasions have been used as forums to raise broader policy issues related to the company's activities and sustainability policies. These disruptions have led to increased security and identity verification measures and a growing use of virtual meetings. This underlines the importance for companies of having a clear framework for shareholder engagement during meetings as well as throughout the year. Despite the overall rise in virtual and hybrid meetings, guidance on how to attend,

pose questions, manage digital security risks, and proceed in cases of digital disruptions remains rare and fragmented.

More and more regulators issue guidance for shareholder meeting conduct

More than half of the jurisdictions have developed specific recommendations on AGMs in their corporate governance code or ad hoc guidance, covering a variety of issues such as remote participation and voting, the question-and-answer process, and their disclosure. Regulators have an important role to play in promoting a coherent approach and ensuring guidance remains up to date. Chairs of shareholder meetings have a key role in managing discussions and promptly dealing with disruptions. Singapore offers an example of how guidance on chairing meetings may increase clarity and may benefit both companies and shareholders.

Shareholder resolutions have surged, and with them greater demand for clarity on companies' right to dismiss them

The report states that shareholder proposals are rising globally. The proposals usually submitted before the AGM, can cover a wide range of issues, including ESG policies and the governance of artificial intelligence. There is no common approach in how shareholders can submit new resolutions during meetings. Many jurisdictions make it almost impracticable by requiring the total agreement of the share capital to ensure all investors have adequate information and time for an informed vote. Other jurisdictions allow tabling new resolutions during meetings for shareholders with a minority share capital percentage, often restricting proposals to topics already on the agenda.

Market-driven solutions can help to reduce barriers to voting

Capital markets are increasing globally and obstacles to voting may leave a significant share of investors voiceless. Policy makers should carefully monitor obstacles to voting and support market initiatives aimed at removing barriers for retail and foreign investors. When considering the removal of barriers to voting, policy makers should consult with market participants.

Some investors are seeking greater transparency of meeting minutes

While more than three-quarters of jurisdictions require meeting minutes to be prepared and disclosed, it is much less common for jurisdictions to specify the minimum content of meeting minutes. Given that questions posed by shareholders may remain unanswered, many shareholders believe that detailed meeting minutes that capture the discussions are important. To enhance investors' confidence and reduce company discretion, meeting recordings, webcasts and/or transcripts could be disclosed as a complement to minutes.

Thus, the report examines how evolving policies and practices for the preparation and conduct of general shareholder meetings of publicly traded companies may be impacting shareholder rights, engagement and equitable treatment.

¹ OECD (2025), *Shareholder Meetings and Corporate Governance: Trends and Implications*, OECD Publishing, Paris, <https://doi.org/10.1787/2d36fa5c-en>

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

SOLAS CONVENTION

The SOLAS Convention (Safety of Life at Sea) was created in direct response to the sinking of the RMS Titanic in 1912, one of the deadliest peacetime maritime disasters in history. The first version of SOLAS was adopted in 1914, the second in 1929, the third in 1948, and the fourth in 1960. The 1974 version includes the tacit acceptance procedure - which provides that an amendment shall enter into force on a specified date unless, before that date, objections to the amendment are received from an agreed number of Parties. As a result the 1974 Convention has been updated and amended on numerous occasions. The Convention in force today is sometimes referred to as SOLAS, 1974, as amended.

The SOLAS Convention ensures ship safety standards which requires shipowners to maintain seaworthy vessels, proper navigation systems, and safety protocols. If a ship accident happens due to negligence or equipment failure, it may violate SOLAS. The Flag State must investigate, and the Coastal State can inspect foreign ships for compliance.

BILL OF LADING

A Bill of Lading is a key legal document in shipping. It acts as (1) a receipt of goods, (2) proof of ownership (title), and (3) a contract of carriage between the shipper and carrier. If goods are lost or delayed, cargo owners can claim compensation under this document, often governed by international rules like the Hague-Visby Rules. The owner of the bill of lading is the owner of the cargo. The bill of lading is contract that lays down that the owner undertakes to ship the cargo from one port to another among other things. The bill of lading is transferred to the importer or the consignee after payment to the exporter. The importer opens a letter of credit to the exporter, and the bank then extends the credit and acquires the bill of lading from the exporter. When the receiver receives the cargo and makes the payment, he gets the bill of lading from the bank.

P&I INSURANCE

Protection and Indemnity (P&I) Insurance covers shipowners for third-party risks. This includes damage to cargo, crew injuries, pollution, and especially wreck removal. It helps shipowners meet their financial obligations if an accident occurs at sea or in coastal waters.

SALVAGE

Salvage means saving a ship or its cargo from danger like when it's about to sink, catch fire, or has run aground. Under the 1989 Salvage Convention, those who carry out the rescue, known as salvors, are rewarded not just for saving property, but also if they help prevent environmental damage. For example, if a ship runs aground near a coast and a salvage team manages to stabilize the ship and stop oil from leaking into the sea, they can receive a special reward for protecting the marine environment.

CASE STUDY

Recently in June, 2025 a fire and explosion ripped through the Singapore-registered container ship Wan Hai 503 off the coast of Kerala. Later, the ship was towed away from the Indian coastline to avoid the potential environmental damage to the Kerala coast, its maritime and fisheries resources. It's more than just a maritime accident—it's a case study in how international maritime law, insurance, and state responsibilities come together in real time.

Primarily, the shipowner and insurer carry the financial burden. However, Coastal and flag states like India (where the ship ran aground) and Singapore (under whose flag the ship operates)—have legal obligations under key conventions such as SOLAS (Safety of Life at Sea); MARPOL (Marine Pollution); Nairobi Wreck Removal Convention and UNCLOS (UN Convention on the Law of the Sea).

Under SOLAS, the shipowner must ensure the vessel is seaworthy, navigational systems are functional, and all safety measures are in place. If the grounding happened because of technical failure or crew error, that's a likely breach of SOLAS. In that case, Singapore, as the Flag State, must launch an investigation and report the findings to the IMO. Under SOLAS, India, as the Coastal State, can inspect the vessel for safety violations, especially if there's a risk to the environment or nearby shipping lanes.

The Bill of Lading, that acts as a receipt, proof of ownership, and contract between the shipper and carrier may cover the damage compensation to cargo owner. In this incident, P&I insurance will also play a crucial role as it covers key liabilities such as wreck removal, pollution damage, salvage costs, crew injuries, and cargo claims. Moreover, if salvors help protect the marine environment during recovery, they may earn a special reward under the 1989 Salvage Convention, encouraging swift and eco-friendly action.

MARITIME NEWS

INDIA PUSHES FOR GLOBAL OCEAN PACT AT THE UN OCEAN CONFERENCE

India called for urgent global action on ocean health at the 3rd United Nations Ocean Conference (UNOC3) held in Nice, France on June 9-13, 2025, pushing for global ocean pact, unveiling major strides in deep-sea exploration, marine plastic clean-up and sustainable fisheries.

Representing India, Dr. Jitendra Singh Union Minister of Earth Sciences (Independent Charge) highlighted progress on the Deep Ocean Mission's upcoming manned submersible, a nationwide single-use plastic ban, and over \$80 billion worth of Blue Economy projects. India's Blue Economy efforts, led by the Sagarmala Programme and the Pradhan Mantri Matsya Sampada Yojana (PMMSY), were also showcased during the conference. Emphasizing climate resilience, India has also integrated ocean-based climate actions into its Nationally Determined Contributions under the Paris Agreement.

India's growing role in global ocean governance was evident through its co-leadership in 'Blue Talks' with France and Costa Rica, and its active participation in high-level events such as the India-Norway side session on Marine Spatial Planning. The launch of the 'SAHAV' portal during the conference further adds to its credentials in promoting transparent, science-based ocean management.

The key outcome of the conference is an ambitious pledge "Nice Ocean Action Plan" which is a two-part framework that comprises a political declaration and over 800 voluntary commitments by governments, scientists, UN agencies, and civil society since the previous conference. Calling for a robust 'Nice Ocean Action Plan', India urged the international community to invest in innovation, ratify the BBNJ Agreement, and finalize the plastics treaty.

India's participation at UNOC3 signals a clear message that the country is positioning itself not just as a coastal nation but as a proactive player in shaping global ocean policy.

Source: <http://pib.gov.in/PressReleasePage.aspx?PRID=2135434>

INDIA LAUNCHED MULTIPLE TECHNOLOGY DRIVEN INITIATIVES IN MARITIME

On 26th June 2025, Ministry of Ports, Shipping & Waterways (MoPSW) unveiled multiple tech initiatives to boost efficiency and productivity in a major maritime digital push. The launch of SAGAR SETU platform as well as MoPSW's MoU with the Centre for Development of Advanced Computing (CDAC) to develop & establish Digital Centre of Excellence (DCoE) are set to make significant strides in digital transformation as well as sustainable infrastructure development in maritime sector.

SAGAR SETU integrates multiple service providers to offer seamless EXIM-related services. The platform is designed to significantly reduce processing times for vessel and cargo documentation, promoting faster, paperless logistics. Notably, this platform connects over 80 ports and 40 key stakeholders, reflecting broad industry adoption.

MoPSW and C-DAC signed an MoU to establish a Digital Centre of Excellence (DCoE) for the maritime sector which aims to accelerate digital transformation in India's maritime industry. The DCoE will provide advanced IT solutions, foster innovation, and guide the modernisation of port operations and shipping logistics through emerging technologies like AI, IoT, and Blockchain.

In addition, a standardized Scale of Rates (SOR) template for all Major Ports was released to enhance transparency and ease of doing business. While offering flexibility for ports to adapt to local conditions, the SOR template supports digital integration, facilitating better tariff comparisons and clearer service articulation. This initiative is set to improve trade efficiency and align the port services with evolving market dynamics.

In a parallel but strategically aligned move toward sustainability, India's ambition to become a global leader in green hydrogen has been bolstered with the publication of "Gateway to Green: Assessing Port Readiness for Green Hydrogen Transition in India." This pivotal report prepared in collaboration with the Indian Ports Association (IPA), outlines a roadmap for transforming Indian ports into hubs for green hydrogen production, storage, and export. Indian ports such as V. O. Chidambaram Port, Paradip Port, Deendayal Port, Jawaharlal Nehru Port, Mumbai, and Cochin are particularly well-positioned to cater to the clean energy demands of East Asia and the European Union.

These initiatives will significantly strengthen India's position in the global logistics landscape, contribute towards national economic growth and promote a digitally empowered, self-reliant and environmentally sustainable India.

Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2139903>

HONG KONG CONVENTION - SUSTAINABLE SHIP RECYCLING ENTERS INTO FORCE

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships ("the Hong Kong Convention") enters into force on 26th June 2025, establishing mandatory regulations to govern the way ships are recycled. Henceforth, all ships at the end of their operational lives are being recycled in a safe and environmentally sustainable way.

Initially, the Hong Kong Convention was adopted at China in May 2009 and the requirements for its entry-into-force were reached in 2023, with the Convention taking effect 24 months later, on 26th June 2025. Several

ship recycling nations have already been implementing the Convention's technical standards on a voluntary basis. Currently, there are 24 Parties to the Convention, including major flag states such as Japan, Liberia, the Marshall Islands and Panama, as well as four major ship recycling countries: Bangladesh, **India**, Pakistan and Türkiye.

The Hong Kong Convention covers the following aspects:

- design, construction, operation and preparation of ships to support safe and environmentally sound recycling;
- operation of ship recycling facilities; and
- appropriate enforcement mechanisms, including survey, authorization, certification, inspection and reporting requirements.

Most ships are recycled when they are taken out of operation, with almost all materials and equipment from the ship being re-used or recycled. The Hong Kong Convention addresses key environmental, occupational health, and safety risks involved in the recycling of ships, while distributing responsibilities and obligations across relevant stakeholders - shipowners, ship building yards, ship recycling facilities, flag States, port States and recycling States.

Source: <https://tinyurl.com/Hongkongcon>

GLOBAL CELEBRATION OF INTERNATIONAL DAY OF THE SEAFARER 2025

On 25th June, the International Maritime Organization (IMO) leads the global celebration of the Day of the Seafarer, a day designated by the United Nations to recognize the critical role seafarers play in global trade, security, and the flow of essential goods.

This year theme “#MyHarassmentFreeShip” calls attention to the urgent need to eliminate bullying and harassment in the maritime industry and to foster a culture of dignity, safety, and inclusion onboard every vessel. The campaign seeks to:

- Raise awareness about the reality of harassment at sea;
- Promote proactive industry action to implement zero-tolerance policies;
- Encourage reporting and accountability through safe, accessible channels;
- Equip seafarers with the support and training needed to navigate and address incidents of harassment.

This year's campaign acknowledges that fostering a culture of respect must be a shared responsibility among governments, shipping companies, maritime training institutions, and seafarers themselves.

Source: <https://tinyurl.com/intdayseafarer>



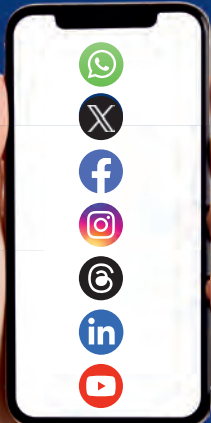
**THE INSTITUTE OF
Company secretaries of India**
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

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

Motto
सत्यं वद। धर्मं चर। इष्टं कुरु। तृप्तये। अष्टौ भूयः।

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

For latest updates follow the official social media handles of ICSI





<https://www.whatsapp.com/channel/0029Va9qP1ID8SE69ZDQvW3F>



<https://www.threads.net/@theicsi>



https://twitter.com/icsi_cs



<https://www.linkedin.com/company/theicsi/>



<https://www.facebook.com/ICSI>



<https://www.youtube.com/user/TheCsInstitute/>



<https://www.instagram.com/theicsi/>

Connect with ICSI

www.icsi.edu |
 







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

GRI LAUNCHES MACHINE-READABLE TAXONOMY

GRI has launched its Sustainability Taxonomy, a machine-readable version of the GRI Standards that enables faster data collection and improved comparability of sustainability disclosures through the use of XBRL - the global language for business reporting.

The new GRI Sustainability Taxonomy helps organizations share their data in a structured digital format, based on XBRL and will strengthen interoperability with other standards, further enabling the use of GRI as the base for sustainability reporting. Covering all GRI Standards - Universal, Sector, and Topic - it provides the means for digital reports to be submitted ("filed") to GRI, either directly or through an online form, giving flexibility to reporters regardless of their size or technical capacity.

The Sustainability Taxonomy has been designed to ensure a high level of alignment with the XBRL-based versions of the International Sustainability Standards Board (ISSB) Standards, and the European Sustainability Reporting Standards (ESRS).

GRI will release digital filing tools in 2025, enabling reporters to verify report consistency with GRI's requirements. Additionally, the GRI Academy is developing training to equip organizations with the skills needed to transition into digital-first sustainability disclosure.

Source: <https://tinyurl.com/GRItaxonomy>

SINGAPORE RELEASES DRAFT GUIDANCE TO STRENGTHEN USE OF VOLUNTARY CARBON CREDITS

The National Climate Change Secretariat (NCCS), the Ministry of Trade and Industry (MTI), and Enterprise Singapore (EnterpriseSG) in partnership with the Singapore Sustainable Finance Association (SSFA) jointly issued a draft guidance on how companies can voluntarily use carbon credits as part of a credible decarbonisation plan, aiming to bring clarity and consistency to a fragmented market. A carbon credit is a certificate representing the reduction or removal of greenhouse gas emissions. The guidance sets four key principles:

- Alignment with international frameworks, especially Article 6 of the Paris Agreement;

- Priority on feasible emissions reductions before credit usage;
- Emphasis on high environmental integrity;
- Clarification that "corresponding adjustments do not apply to voluntary credits as these are not counted towards national climate targets."

The draft guidance is open for public consultation up to July 20, 2025. SSFA is parallelly developing a complementary Claims Guidance Code and coordinating with regional bodies under the ASEAN Common Carbon Framework to align market signals and boost the quality and availability of credits.

Source: <https://tinyurl.com/SCCredit>

AUSTRALIA LAUNCHES SUSTAINABLE FINANCE TAXONOMY

Australian Sustainable Finance Institute (ASFI) has released the Australian sustainable finance taxonomy on June 17, 2025. The taxonomy is voluntary and tailored to Australia's unique environmental and economic landscape. It classifies economic activities based on their alignment with climate goals, enabling investors to confidently assess green claims and direct capital to credible transition projects.

Australia's new taxonomy includes classifications for both green and transition activities. Green activities include those that meet criteria determined by Paris agreement aligned decarbonization scenarios, as well as those that directly enable the decarbonization of another activity. Transition activities include those that help decarbonize emissions-intensive activities move towards closer alignment with a 1.5°C pathway, in which substitutes to fully or more materially reduce emissions are not available. In its first phase, the new taxonomy covers six key emissions-intensive sectors, including Agriculture and Land, Minerals, Mining and Metals, Manufacturing and Industry, Electricity Generation and Supply, Construction and Buildings, and Transport.

Source: <https://tinyurl.com/Austaxonomy>

FRANCE TARGETS ULTRA-FAST FASHION WITH ECO-TAX

France has passed "Anti-Fast Fashion Law" on June 10, 2025 aiming to reduce the environmental impact of ultra-fast fashion brands, becoming the first major economy to take direct aim at global e-commerce giants. The bill imposes eco-taxes, bans advertising of ultra-fast

fashion, and mandates sustainability disclosures. It now heads to a joint committee in September and requires notification to the European Commission for compliance with EU law.

Starting in 2025, ultra-fast fashion items sold in France will carry a €5 surcharge, rising to €10 by 2030, capped at 50% of retail price. The revenue will fund France's sustainable fashion sector. Retailers that fail to meet minimum environmental standards face additional penalties of at least €10 per item or up to half the product's pre-tax price.

The bill bans all advertising and influencer marketing related to ultra-fast fashion. This includes social media platforms and influencers who promote such brands. All fashion retailers must now provide environmental disclosures at the point of sale, including data on carbon emissions, resource consumption, and recyclability. An eco-score system will rank items' sustainability and influence tax rates rewarding environmentally conscious brands.

Source: <https://tinyurl.com/franceUFFB>

MEGHALAYA PAYS FARMERS FOR CARBON REMOVAL - MARKS MILESTONE IN INDIA'S GREEN ECONOMY

The Meghalaya Carbon Agroforestry for Community Resilience and Ecosystems (MegCare) programme has disbursed its first carbon payments to farmers for sequestering carbon through multi species tree-based agroforestry in sites across this biodiversity hotspot.

MegCare is a pioneering partnership between Iora Ecological Solutions (IORA), Rabobank's Acorn platform, and the Meghalaya Basin Development Authority (MBDA). Launched in January 2024, the programme has already expanded to over 22,000 hectares of land and 10,400 farmers across the Khasi-Jaintia and Garo Hills regions, enabling tree-based farming practices that improve biodiversity, secure springsheds, and store carbon in the soil and biomass.

Farmers under MegCare receive carbon income based on the volume of carbon they remove through agroforestry. In this first round of payments, the sale price of each Carbon Removal Unit (CRU) reached EUR 40 – the highest per-tonne carbon payment ever made to farmers in India, and nearly four to five times the global average.

Source: <https://tinyurl.com/MegCare>

KOLKATA METRO RAILWAY USING SUSTAINABLE BRAKING TECHNOLOGY TO REDUCE CARBON EMISSIONS

The Kolkata metro railway has started using a sustainable braking technology in its rakes, as part of its quest to reduce carbon emissions and save energy costs. The technology allows a train's electric motors to operate in reverse (like a generator) during braking, leading to conversion of the train's kinetic energy back into electrical energy, rather than wasting it in the form of heating of wheels or brake shoes.

At present, the Kolkata metro railway operates 37 rakes with regenerative braking features. The total energy regenerated in the year 2024-25 by usage of the system in 37 rakes - has been 1.08 crore units, which have saved around Rs 8.2 crore in energy cost.

Source: <https://tinyurl.com/kolmetro>

MOEFCC ISSUES DRAFT NOTIFICATION ON GREENHOUSE GASES EMISSION INTENSITY TARGET RULES, 2025

Ministry of Environment, Forest and Climate Change (MOEFCC), Government of India has issued draft notification dated June 23, 2025 on greenhouse gases emission intensity (GEI) targets for the obligated entities under the compliance mechanism of Carbon Credit Trading Scheme, 2023. The targets are named as **Greenhouse Gases Emission Intensity Target Rules, 2025**. The objectives of these rules are:

- To contribute to the attainment of the Nationally Determined Contribution by reducing GEI through the reduction or removal or avoidance of greenhouse gases emissions.
- To promote the adoption of sustainable, cutting-edge technologies across traditionally high emission industries, for addressing climate change.

The said notification shall be taken into consideration on or after the expiry of a period of sixty (60) days from the date of publication in the official Gazette.

Objections or suggestions, if any, on the draft notification may be addressed to the Joint Secretary, Ministry of Environment, Forest and Climate Change, Indira Paryavaran Bhawan, Jor Bagh Road, New Delhi - 110003, and may be sent to e-mail id: ccts.hsm-moefcc@gov.in.

Source: <https://www.moef.gov.in/storage/tender/1750856052.pdf>

SRI Fund–Venture Fund For Healthy MSMEs

MSME – BUSINESS SURVIVAL STRATEGIES, 2021

Now-a-days, multi variants of debt and equity funding are available to businesses. These variants are popularly known as hybrid instruments as they carry features of debt as well as of equity. Funding through Venture Capital Funds is available through 'Preference Shares' or 'Debentures' instruments which are convertible into 'Equity Shares' at some later date.

These convertible instruments (popularly known as 'Quasi-Equity') are win-win model for investor and investee. From time to time, various ministries of Government of India have also created Corpus for Venture Funds. The public sector venture capital funds are allocated to various institutions. Some of the institutions managing venture funds created by Central Government are:

- SIDBI Venture Capital Limited
- IFCI Venture Capital Funds Limited
- NABARD Venture Capital Funds Limited
- NSIC Venture Capital Funds Limited
- CANBANK Venture Capital Funds Limited
- NEDFI Venture Capital Limited
-Many More

Complete list of active venture capital funds is available on SEBI website https://www.sebi.gov.in/sebi_data/doctype/14832_t.html

In any business, venture funds are willing to put money in following three situations:

- **Nascent Stage:** If the business model is unique and robust and have potential of scaling up;
- **Towards Next Orbit:** If the company is already into profits and with onset of new innovations, the company is ready to move towards next orbit in foreseeable future;
- **Listing Potential:** If the company is at the cusp of getting listed in next 3-5 years.

Getting funds from venture funds is not an easy task but this is also not very difficult. The performance / expected performance; transparency; promoters intellect; technological innovations are some of the key factors which matters.

Getting funds from 'Venture Capital Funds' is time consuming task. Usually, it takes from 5-8 months.

Client company and fund facilitator both shall have patience and shall be ready for long journey. Various due diligences ('Business Model' due diligence; Compliance due diligence; Financial due diligence, etc.) takes time. Usually VC Funds engage third parties to carry out due diligence.

THE SELF RELIANT INDIA FUND

During Pandemic Period, the Finance Minister Ms. Nirmala Sitharaman announced intention to create INR 10,000 Crores 'Fund of Funds' to be infused as equity funding into healthy MSMEs under 'Atmanirbhar Bharat' Package'. At that time she said that this fund would facilitate funding to MSMEs to an extent of INR 2 lakh Crores. Later on budgetary provisions were made and finally this fund of INR 10,000 Crores 'Mother Fund' has been created and has been named as '**SELF RELIANT INDIA FUND**'. NSIC Venture Capital Fund Limited '**NVCFL**' (the wholly Owned Subsidiary company of NSIC Limited) has been assigned the enormous task of managing this equity fund.

Managing large size VC Fund is not possible, hence two stage model has been adopted for disbursement. NVCFL disburses funds to enlisted 'Daughter Funds' and these 'Daughter Funds' infuse funds in 'MSME Entities'. At the level of 'Daughter funds' the corpus grows to five times as they need to introduce additional funds to the extent of 80% to get 20% of the corpus released from SRI Fund. That way, INR 50,000 crores would be infused into healthy MSMEs in the form of equity shares / hybrid instruments (to be converted into equity at some later date). While creating the SRI FUND, the main objectives were:



The nodal agency NVCFL (NSIC Venture Capital Fund Limited) is registered with SEBI as Category II Alternative Investment Fund. NVCFL invests in enlisted AIFs which in turn are required to invest in MSMEs to the extent of minimum 5 times of the funds received in their schemes from NVCFL.

Eligibility: MSMEs (as per updated limits and definition of MSME Development Act, 2006) are eligible to receive funding from daughter funds. However, the followings are not eligible:

- NBFCs
- Non-profit Institutions
- Micro Credit Sector
- SHGs
- Financial Inclusion Sector
- Other financial intermediaries

Investment Policy: SRI Fund as Mother Fund follow the following protocol:

- No direct investment in MSMEs. Investments in MSMEs to be made by down the line daughter funds.
- Target MSMEs: With marked potential to grow but shy of growth capital.
- Daughter Funds - Monetary Aspects to be taken care of while investing in MSMEs: (i) Positive growth trajectory (ii) Previous 3 year's CAGR (iii) Defined business plan for growth with positive fund flow (iv) Weightage for potential to grow.
- Daughter Funds - Non-monetary Aspects to be taken care of while investing in MSMEs: (i) Employment potential (ii) Reduction in regional disparity (iii) Overall economic development (iv) Establishing supply chain with depth and resilience.
- Focus Area: Diverse sectors such as traditional MSME, agriculture, pharma, auto, chemicals, etc. Healthy mix of manufacturing, services and agriculture businesses.
- Focused Geographies: No preference but promoting maximum income and job creation, across the country.

Macro Data: May, 2025 position is as under:

S. No.	Criteria	Figures (in Nos./INR)
1.	Empanelled Daughter Funds	64 Number
2.	Beneficiary MSMEs	609 Units
3.	Investment from SRI Fund to MSMEs	1435 Crores
4.	Investment by Daughter funds in MSMEs	11141 Crores
5.	Total Investment in MSMEs	12576 Crores
6.	Commitment under Management	5875 Crores

Macro data reflect few notable facts:

- Out of 10000 Crores, commitments have been made for INR 5876 Crores only, i.e. INR 4124 Crores are still uncommitted.

- Empanelled daughter Funds are 64 where committed money is INR 5876 Crores, i.e., the Daughter Funds for full allocation will reach to somewhere around 110.
- Investments already made to MSMEs out of SRI Fund have reached to INR 1435 Crores, i.e., INR 8565 Crores are yet to be disbursed. Thus, ample scope to connect MSMEs for equity infusion.
- Investment by Daughter funds in MSMEs has reached INR 11141 Crores whereas targeted amount is INR 50,000 Crores, thus leaving ample scope for future disbursement.
- By this time 609 units have received equity or equity like funding, i.e., average disbursement is $12576/609 = \text{INR } 20+$ Crores per unit. By any standard, this is not a small amount. The funded MSME shall be eligible for additional Debt funding of INR 60 Crores. If the money is used wisely for business growth, then this shall result into additional turnover of INR 400-500 crores.

THE DAUGHTER FUNDS

Till May, 2025, sixty four (64) Daughter Funds have signed agreement with SRI Fund.

The Analysis of the 64 daughter funds reflect following notable facts:

- The ultimate corpus will be much higher than 50,000 crores as NVCFL is sanctioning less than 20% contribution in daughter funds.
- Sector specific daughter funds dominate the list.
- Corpus amount of daughter funds varies between 300 Crores to 2500 Crores.
- Large size daughter funds are sector agnostic (means all sector or equal treatment to every sector).
- Funds are concentrated in the commercial capital of India, i.e., Mumbai.
- Contact details of funds are available on <https://www.nvcfl.co.in/Corporate/EmpanelledDaughterFunds>
- Name of the SEBI empanelled AIF managing the fund is also available on above mentioned link.

THE BENEFICIARY MSMEs

Some of the features of initial 609 beneficiary MSMEs are as under:

- Complete list of beneficiary MSMEs is available on the nvcfl portal <https://www.nvcfl.co.in/Corporate/BeneficiaryMSME>.
- Out of 609 beneficiaries, micro units are 455 followed by small units 110 further followed by medium size units 44. Small is more attractive to Daughter funds.

- Female dominated SRI fund beneficiary MSMEs units 87.
- SC Units are mere 2 whereas there is no beneficiary under the ST category.
- MSMEs doing traditional businesses are less whereas start type and technology driven nascent stage MSMEs dominates the list.
- Beneficiary MSMEs are spread across all over India.

THE PROFESSIONAL OPPORTUNITY

The Opportunities – Advantage PCS

OPPORTUNITY 1: PCS can play proactive role as facilitator as they are known as ‘Equity Savvy Professionals’ whereas CAs are known as ‘Debt Savvy Professionals’;

OPPORTUNITY 2: PCS can act as third party due diligence agency representing Daughter funds to carry out due diligence of target MSME;

OPPORTUNITY 3: PCS can represent MSMEs seeking equity/equity like funding from such Daughter Funds and can facilitate as co-ordinator during legal/ compliance due diligence;

OPPORTUNITY 4: PCS can prepare various documents required for the purpose of approaching ‘Daughter Funds’;

OPPORTUNITY 5: PCS can act as ‘Post Disbursement Virtual Compliance Officer’ and can facilitate periodic compliances and event-based compliances;

OPPORTUNITY 6: PCS, who are qualified Registered Valuer can, extend valuation services to ‘Daughter Funds’;

OPPORTUNITY 7: Beneficiary MSMEs are also required to submit ESG reports on YoY basis to Daughter funds and daughter funds are supposed to submit these to SRI Fund authorities. PCS can also provide such niche services to Beneficiary MSMEs.

TIPS TO GET CONNECTED WITH OPPORTUNITIES

Every professional has his own ways to explore opportunities. However, followings can help the PCS to get connected with Daughter Funds:

NVCFL Webportal: The willing professionals shall spent quality time on NVCFL website and shall visit the list of ‘Empanelled Daughter Funds’ carefully. Who knows, one of your batchmate might be working in one such fund, if you find one such person, nothing like it. Be on the look out for ‘daughter funds’ getting freshly added to SRI fund at NVCFL portal, connect with them and be ready to get first mover advantage.

Website of Daughter Funds: Every AIF managing company has working website and has investment philosophy, investment policy, contact details and information about companies to whom funds have been

disbursed. Information about key employees is also available. Visiting five such websites will give you an idea about working culture of these funds.

Attend Seminars and Programs of AIFs Forums: Attending such events and programs gives you inside view of their work culture; their non-emotional attitude; connect with regular staff of AIFs and much more. You never know when someone working with Daughter Funds will find value in your services.

Empanelment with Daughter Funds: These companies work on lean team and empanel third parties for various type of assignments such as (i) Refreers (ii) Due diligence agencies (iii) Third party valuers (iv) The compliance professionals (v) Pool of independent Directors (vi) Monitoring Agencies and so on. Find out the role that is a best fit for you and your firm and get connected with 1-2-3 daughter funds.

Take Membership of One BMO: As member of Business Member Organization, you are in the ‘august company’ of your future client. Find out robust MSMEs there and facilitate Equity funding to such robust MSMEs.

Data Mine your Own Clientele Basket: Analyse your own clientele basket and find out healthy MSMEs looking for equity or equity like funding. Share knowledge and facilitate. Open dialogue with 3-4 Daughter funds. Your client company needs only one.

These are not the only ways. As a professional, you may find your own ways to get connected with opportunity to enjoy niche services as equity facilitator. All the best for starting new journey as ‘equity funding professional’. If you have already started then all the best for scaling up this exciting and unexplored arena of practice.

REFERENCES:

- <https://sbventures.co.in/funds-managed/self-reliant-india-sri-fund/>
- <https://www.nimsme.gov.in/about-scheme/self-reliant-india-sri-fund-empowering-msmes-for-aatmanirbhar-bharat>
- <https://www.nvcfl.co.in/>
- https://dashboard.msme.gov.in/sri_fund.aspx
- <https://www.nvcfl.co.in/Scheme>
- https://dcmsme.gov.in/CLCS_TUS_Scheme/SRI_Fund/Scheme_Guidelines.aspx



Contributed by Dr. (CS) Ajay Garg, Social Entrepreneur and Member, MSME & Start-up Board, ICSI

GIST OF ROC & RD ADJUDICATION ORDERS

ROC ADJUDICATION ORDERS

1. **Adjudication order for violation of Section 29(1A) of the Companies Act, 2013 in the matter of BABY MEMORIAL HOSPITAL LIMITED (Application filed by the Company suo moto)**

The company filed the application for adjudication u/s 454 in Form GNL-1 for default in the dematerialisation of securities as required under the provisions of Section 29(1A) read with Rule 9A(2) and 9A(3)(b) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and thus violating the provisions of the Companies Act, 2013. In reply, RoC Ernakulam issued an adjudication order dated 4th June 2025 and the Adjudication Authority imposed penalty of ₹30,000 each upon the company, managing director, three whole-time directors and one director, penalty of ₹10,000 each imposed upon CFO, Company Secretary and one of the subscriber of shares of the company.

<https://www.mca.gov.in/bin/dms/getdocument?mds=RAb0XuFs%252Fo%252FI7kVVihZ6DQ%253D%253D&type=open>

RD ADJUDICATION ORDERS

1. **Adjudication order for violation of Section 12 of Companies Act, 2013 in the matter of EAGLESIGHT MEDIA PVT. LTD.**

In the matter of Eaglesight Media Pvt. Ltd. *the RD (SOUTH EAST)* vide order dated 17th June, 2025 after considering the facts of the case, *set aside* the penalty imposed by the RoC Bengaluru for violation of *Section 12* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=L6%-252FulFDUAAT0cIEZyJD4Ng%253D%253D&type=open>

2. **Adjudication order for violation of Section 143 of Companies Act, 2013 in the matter of CA VIJAY BORA**

In the matter of CA Vijay Bora, *the RD (EAST)* vide order dated 10th June, 2025 after considering the facts of the case, *confirmed* the penalty imposed by the RoC Kolkata for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252FX-SHeOGrxxRWMB3q%252BfyZTA%253D%253D&type=open>

3. **Adjudication order for violation of Section 42(9) of Companies Act, 2013 in the matter of CHALASANI HOSPITALS PRIVATE LIMITED**

In the matter of Chalasani Hospitals Private Limited, *the RD (SOUTH EAST)* vide order dated 4th June, 2025 after considering the facts of the case, *reduced* the penalty to ₹95,000 each for the company and two directors in default, imposed by the RoC Andhra Pradesh for violation of *Section 42* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=2vy-e0e9N0PFvB2UUE69lhW%253D%253D&type=open>

4. **Adjudication order for violation of Section 89 of Companies Act, 2013 in the matter of G2.COM INDIA PRIVATE LIMITED**

In the matter of G2.Com India Private Limited, *the RD (SOUTH EAST)* vide order dated 30th May, 2025 after

considering the facts of the case, *reduced* the penalty to ₹3,00,000 for the company and ₹1,00,000 each for six directors in default, imposed by the RoC Karnataka for violation of *Section 89* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=bD0Byx-Lqus30K6C4DWgV5Q%253D%253D&type=open>

5. **Adjudication order for violation of Section 143 of Companies Act, 2013 in the matter of CA DAYANIDHI DAS**

In the matter of CA Dayanidhi Das, *the RD (EAST)* vide order dated 5th June, 2025 after considering the facts of the case, *confirmed* the penalty imposed by the RoC Kolkata for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=A%252B-viBDCRPdXkf4kffismOA%253D%253D&type=open>

6. **Adjudication order for violation of Section 143 of Companies Act, 2013 in the matter of CA MANISH MAHESHWARI**

In the matter of CA Manish Maheshwari, *the RD (EAST)* vide order dated 6th June, 2025 after considering the facts of the case, *confirmed* the penalty imposed by the RoC Patna for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=fv5jPbx-9QL3KYbsvuyuA2w%253D%253D&type=open>

7. **Adjudication order for violation of Section 143 of Companies Act, 2013 in the matter of CA BIJAY BORA**

In the matter of CA Bijay Bora, *the RD (EAST)* vide order dated 3rd June, 2025 after considering the facts of the case, *confirmed* the penalty imposed by the RoC West Bengal for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=QU227B-GCZEnhb7h79719gw%253D%253D&type=open>

8. **Adjudication order for violation of Section 155 of Companies Act, 2013 in the matter of Ms. NIRMALA BAID**

In the matter of Ms. Nirmala Baid (Director), *the RD (EAST)* vide order dated 7th May, 2025 after considering the facts of the case, *confirmed* the penalty imposed by the RoC West Bengal for violation of *Section 155* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=g4YVK-cfMTXNpyIcb4mLecQ%253D%253D&type=open>

9. **Adjudication order for violation of Section 90 of Companies Act, 2013 in the matter of RENAISSANCE INVESTMENT SOLUTIONS ARC PRIVATE LIMITED**

In the matter of Renaissance Investment Solutions Arc Private Limited, *the RD (WEST)* vide order dated 2nd June, 2025 after considering the facts of the case, *confirmed* the penalty imposed by the RoC Mumbai for violation of *Section 90* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=z2ffZ0OVcIIN%252Bv3E%252BcwQmA%253D%253D&type=open>





**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 providing
good corporate governance"

Motto
सत्यं धर्मं शान्तिं सदा। *Speak the truth; abide by the law*

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

Quick Response & Resolution Time (QRRT) and ICSI Service Charter



Benefits

- Transparent and Trackable Resolution System for Queries and Grievances raised by Members & Students of ICSI
- Resolution of Queries and Grievances as per Defined Timelines in the ICSI Service Charter

Key Features

- Definite Timelines
- Hassle-free Solution
- Acknowledgment on same working day (if received before 5.00 pm)
- Service Request ID provided to track Query/Grievance

QRRT Service Applicability Domains

✉ academics@icsi.edu ✉ cpe@icsi.edu ✉ dss@icsi.edu ✉ journal@icsi.edu
✉ member@icsi.edu ✉ store@icsi.edu ✉ training@icsi.edu ✉ And many more

ICSI Support Desk (Monday to Friday)

Timings : 9.30 AM to 5.00 PM (Lunch Time 1.00 PM to 1.30 PM)

General Queries	0120-4522000
Queries related to Student Services (CSEET, Student Registration, Post Registration, Centralized Classroom Teaching, SEFT, Examination Enrolment etc.)	0120-4082162
Queries related to Dispatch of Material (CSEET Guide, Executive and Professional Programme Study Material, Publications etc.)	0120-4082163
Queries related to Training (TDOP, EDP, CLDP, Long Term Training, Quarterly Report, Training Completion Certificate (TCC) etc.)	0120-4082164
Queries related to Membership & CSBF (ACS, FCS, CoP, Convocation etc.)	0120-4082155

THE INSTITUTE OF COMPANY SECRETARIES OF INDIA SERVICE CHARTER - Timelines for Various Services to the Stakeholders

S. No.	Activities	Timelines	Email
Directorate of Student Services			
1	Confirmation of CSEET / Executive Registration	7 working days	dss@icsi.edu
2	Generation of Identity Card & Registration Letter	Instantly on approval of registration	
3	Change of Address/Email/Mobile No.	Instantly at SMASH Portal	
4	Change of Name/ DoB/ Title / Photo / Signature	5 working days	
5	Cancellation of Registration	5 working days	
6	Issue of Bonafide certificate	3 working days	
7	Refund of fees other than Examination	15 working days	
8	Confirmation of Payment	2 working days (5 working days in case of Bank Challan)	
9	Professional Registration / Denovo / Continuation of Registration / Reregistration	5 working days	
10	Grant of Paper-wise Exemptions	5 working days	
11	Students Education Fund Trust Request Processing	12 working days	
12	Verification of Institute verification forms received from students under the Minority Scholarship Scheme	10 working days	
13	Verification of Qualification / Intimation to Employer	5 working days	
14	Issue of Rail Concession Certificate	5 working days	
15	Issue of Pass Certificate (Professional Programme)	June Session in the month of November December Session in the month of May	
16	Issue of Duplicate Pass Certificate	5 working days	enrol@icsi.edu
17	Issue of Transcripts / Certified copy of Syllabus	15 working days	
18	Refund of Examination Fee	15 working days after the last date of enrolment, (with late fee)	
19	Change of Examination Centre / Medium/ Module/ Elective Subject	3 working days	

S. No.	Activities	Timelines	Email
Directorate of Examination			
20	Verification of Marks	7 weeks	vom@icsi.edu
21	Supply of Certified Copies	7 weeks	
22	Inspection of Answer Books	7 weeks	
23	Supply of Duplicate Marksheets	15 working days	exam@icsi.edu
Directorate of Training			
24	ODOP / TDOP Queries	3 working days	training@icsi.edu
25	PCS / Company Registration for Imparting Long Term Training	7 working days	
26	Students Registration for Long Term Training at PCS / Company	7 working days	
27	Long Term Training Completion Approvals	7 working days	
28	Training Structure Switchover	3 working days	
29	Long Term Training Exemption	21 working days	
30	Quarterly Reports Approvals	7 working days	
31	EDP / CLDP Fees Approvals & Completion Approvals	3 working days	
32	Training Completion Certificates (TCC)	7 working days	
33	General queries related to Training	3 working days	
Directorate of Academics			
34	Queries related to Academics	3 working days	academics@icsi.edu
35	Queries related to e-Journal	3 working days	
36	Queries related to MoU / IG/NDU	3 working days	
Directorate of Boards, PMQ & Certificate Courses			
37	Queries related to PMQ Courses	7 working days	pmq@icsi.edu
38	Queries related to Certificate / Crash Courses	7 working days	certificatecourses@icsi.edu
39	Queries related to Peer Review	7 working days	prb-icsi@icsi.edu
Directorate of Professional Development			
40	Queries related to ECSIN	3 working days	ecsin@icsi.edu
41	Queries related to UDIN	3 working days	udin@icsi.edu
42	Queries related to Knowledge on Demand (KOD)	3 working days	kod@icsi.edu
43	Queries related to PCS Orientation Programme	3 working days	profdevelopment.dept@icsi.edu
44	Queries related to PCS	3 working days	pcs@icsi.edu
45	Publication of Articles in the National Programme Souvenirs	3 working days	conference@icsi.edu
Directorate of Store			
46	Dispatch of Study Material (CSEET / Executive / Professional)	21 working days after approval of registration application	store@icsi.edu
47	Dispatch of Publications ordered through e-Card and Amazon	3 working days	

S. No.	Activities	Timelines	Email
Directorate of Corporate Law			
48	Queries related to CPE Updation	3 working days	cpe@icsi.edu
49	Queries Received at companiesact2013@icsi.edu	3 working days	companiesact2013@icsi.edu
Directorate of Membership & CSBF			
50	Change of Professional/Residential address	3 working days	member@icsi.edu
51	ACS / FCS Admission	6 working days	
52	Restoration of ACS and FCS	4 working days	
53	Verification of Qualification	3 working days	
54	Issuance of Duplicate Certificate	25 working days	
55	Issue of Transcript	10 working days	
56	Issue / Renewal/ Restoration / Cancellation of CoP	6 working days	
57	Issue of Firm Name (LLP / Sole Proprietorship concern/ Partnership firm) / Any Change in related to Firm	6 working days	
58	Refund of fee	10 working days	
59	Issue of Certificate of Good Standing	3 working days	
60	Dispatch of Membership Kit to newly admitted Members	25 working days	csbf@icsi.edu
61	Dispatch of Printed Certificate (CoP/CSBF)	30 working days	
62	Change in Name/Marital status/DoB/Father's Name of members	4 working days	
63	Enrollment/renewal of Licentiate	4 working days	
64	Secretarial Executive Certificate	5 working days	
65	Change of Photo / Signature of Members	3 working days	
66	Sending data of members to MCA	Every Friday	
67	CSBF enrollment/ Dependent details updation	3 working days	
68	CSBF Financial Assistance	7 working days	
Directorate of Printing (Chartered Secretary Journal)			
69	Queries related to Chartered Secretary Journal	5 working days	journal@icsi.edu
70	Queries related to Dispatch of Chartered Secretary Journal	3 working days	

CS Dhananjay Shukla
President, The ICSI

CS Pawan G. Chandak
Vice-President, The ICSI

CS Asish Mohan
Secretary, The ICSI

Connect with ICSI

www.icsi.edu



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



7

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.

CASE STUDY

Brief outline of the case:

Petition filed by the Appellant under Section 111A of the Companies Act, 1956 (which is Section 59 of the 2013 Act), for rectification of Member's Register..... NCLT allowed the appeal directing the Appellant to buyback its shares which were held by the Respondents. NCLAT set aside this direction on the ground that the Tribunal exceeded its jurisdiction.... Appeal to the Supreme Court.

Introduction of the parties involved:

Relevant Facts of the case:

1. It is the contention of the Appellant that sometime in August 2003, Respondent No. 2 came up with a proposal for a business tie-up between the Appellant and Respondent No. 1. The Appellant is said to have rejected the proposal. It is alleged by the Appellant that after this rejection, the Respondents started acquiring shares of the Appellant from the open market with a view to eliminate competition and strengthen its own dominant position in the relevant market. As of 18.01.2004, the Respondents collectively held just under 5% of the Appellant's total paid-up share capital.
2. On 19.01.2004, Respondent No. 1 acquired 600 equity shares of the Appellant and this resulted in the aggregate shareholding of the Respondents crossing 5% of the total paid-up share capital of the Appellant, thereby triggering Regulation 7(1) of the SEBI (SAST) Regulations which the Respondents failed to comply.
3. Four months later, on 27.05.2004, Respondent No. 1 acquired additional shares of the Appellant, as a result whereof, its individual shareholding exceeded 5% of the total paid-up share capital of the Appellant. This individual crossing of 5% by Respondent No. 1 triggered the SEBI (PIT) Regulations. Respondent No. 1 admits to having failed to make this disclosure within the prescribed time. It is the stand of Respondent No. 1 that the failure to issue a notice was not an intentional mistake. The Appellant claims that it got to know about the said acquisition on 04.06.2004 when it carried out an internal investigation into the total number of shares held by the Respondents in the Appellant company.
4. It is in the above referred factual background that on 19.07.2004, the Appellant filed a petition before the Company Law Board under Section 111A of the 1956 Act praying for rectification of its register by deleting the name of the Respondents as the owner of shares which are over and above the 5% threshold. As of the date of filing of the Section 111A petition, the Respondents collectively held around 8.22% of the Appellant's paid-up share capital.
5. Upon receiving notice of the aforesaid petition, Respondent No. 1, on 16.08.2004, issued an intimation to the Appellant as mandated under Regulation 13 of the SEBI (PIT) Regulations. Two days later, on 18.08.2004, Respondent No. 1 allegedly sold few shares of the Appellant and brought down its individual shareholding to 4.91%. This fact is contested, as the Appellant claims that Respondent No. 1 never reduced its shareholding. On 24.08.2004, Respondent No. 1 also wrote to the SEBI that its individual shareholding

in the Appellant had crossed 5% on 27.05.2004 and that there was a delay in disclosing this to the Appellant. SEBI was informed that the individual shareholding of Respondent No. 1 in the Appellant now stands below 5%. It has been submitted before us that SEBI has not taken any regulatory action.

6. During the pendency of the petition under Section 111A, the 2013 Act came into force, and the matter stood transferred to the Tribunal. The Tribunal framed just one question - *Whether the acquisition of shares by the Respondents without complying with the statutory provisions of disclosure norms under SEBI Regulations is valid?*
7. *By its judgment dated 05.07.2017, the Tribunal, while allowing the company petition, held that the acquisition of shares in excess of 5% was in violation of the SEBI (PIT) Regulations and the SEBI (SAST) Regulations as*
 - The intimation dated 16.08.2004 is in violation of the SEBI (PIT) Regulations.
 - The term 'person' in the SEBI (PIT) Regulations can be construed to include all other Respondents, besides Respondent No. 1, as persons acting in concert.
 - There has been a violation of the SEBI (SAST) Regulations as the Respondents did not make the disclosure in the proper format.
 - In case of violation of SEBI regulations, section 111A empowers a company to apply for rectification, and in such cases, the Tribunal is entitled to pass an order to undo the mischief.
 - The regulatory jurisdiction of SEBI would not bar the Tribunal from exercising its power under Section 111A of the 1956 Act. However, the powers exercised by the CLB and SEBI fall in different and distinct jurisdictional fields and therefore, the present order will not preclude SEBI from deciding any violation of its regulations.
8. The Respondents herein carried the matter to the Appellate Tribunal in appeal. The limited question before the Appellate Tribunal was whether the Tribunal was empowered to pass an order of buyback while entertaining a petition under Section 111A of the 1956 Act. The Appellate Tribunal, by its order dated 06.12.2018, allowed the appeal and set aside the order of the Tribunal.

On the basis of above facts, an appeal has been made to the Apex Court.

Submissions of the Appellant:

- (i) No timely intimation in the prescribed format was given by the Respondents when Regulation 7(1) of the SEBI (SAST) Regulations got triggered;
- (ii) Respondent Nos. 1 – 6, as “connected persons” (as per 2(c) of the SEBI (PIT) Regulations) were

“acting in concert” (as per 2(e) of the SEBI (SAST) Regulations) thereby violating Regulations 13 and 14 of the SEBI (PIT) Regulations. He emphasized that the Respondents have admitted to the non-disclosure, and

- (iii) As SEBI Act, 1992, must be read in addition to, and not in derogation of the Companies Act. The Appellant is entitled to approach the Tribunal under Section 111A of the 1956 Act for rectification of the register.

Submissions of the Respondent:

- (i) There is no violation of the SEBI (SAST) Regulations as the Respondents had given a timely intimation in the prescribed format;
- (ii) The SEBI (PIT) Regulations are not applicable to Respondent Nos. 2-6 as their individual shareholding never crossed 5%. It was only Respondent No. 1 whose shareholding crossed 5%, which it inadvertently failed to disclose;
- (iii) The SEBI (PIT) Regulations are not applicable to Respondent Nos. 2-6 as there is no concept of ‘persons acting in concert’ under the said Regulations;
- (iv) Under section 111A (3), the Tribunal has no power to annul the transfer or to direct the buyback of the shares.

Based on the above case study, decide the following issues:

- Q1. *Whether NCLT, under Section 59 of the Companies Act, 2013, can direct buyback of shares by the Petitioner Company in excess of 5% shareholding in the company by exercising a parallel jurisdiction with SEBI for addressing violations of the Regulations framed under the SEBI Act?*
- Q2. *Which is the appropriate forum for adjudication and determination of violations of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, and SEBI (Prohibition of Insider Trading) Regulations?*

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 – June 2025

CS Himanshu Bhardwaj
ACS-67805

BEST ANSWER - CASE STUDY - JUNE, 2025

Q1. Whether the money deposited with the Corporate Debtor (“CD”) for share application constitutes a Financial Debt under Section 5(8) of the Insolvency and Bankruptcy Code, 2016 (“Code”)?

Section 5(8) of the IBC defines financial debt which means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and it includes the transactions enumerated in the subsequent sub-clauses.

The essence of any ‘debt’ to be described as ‘financial debt’ is the ‘time value of money’. The word ‘debt’ is applicable to a sum of money which has been promised at a future day as against a sum nor due and payable. In fact, a sum of money which is certainly and in all events payable is a ‘debt’, in regard to the fact whether it is payable now or a future date.

Time value of money is one of the essential features of definition of financial debt. Time value of money means compensation or the price paid for the length of time for which money has been disbursed. Time value of money is not only a regular or timely return received for the duration for which the amount is disbursed as an amount in addition to the principal but also covers any other form of benefit or value accruing to the creditor as a return for providing money for a duration.

Whereas, share application money cannot be categorised as financial debt as it is advance for equity, it is not repaid with interest or a corresponding financial return. It lacks essential features of financial debt as its goal is to acquire ownership interest in the business.

Judicial Precedent:

In the case of **Anuj Jain, IRP for Jaypee Infratech Ltd. v. Axis Bank Ltd**, the Supreme Court held that:

“The essential ingredients of financial debt include:

- (i) *a disbursement of money or equivalent;*
- (ii) *the disbursement must be against the **consideration for the time value of money**; and*
- (iii) *such disbursement must have the **commercial effect of a borrowing**.*

This definition is to be construed broadly, but the existence of ‘time value of money’ is a sine qua non. It refers to the gain or yield that the disbursing party expects in return for parting with funds over a period of time.

Thus, the timing, purpose, and economic value behind the transaction are relevant for identifying a financial debt.”

In **Gaurav Hargovindbhai Dave v. Asset Reconstruction Company (India) Ltd.**, Supreme Court held that:

“For a debt to be treated as a financial debt under Section 5(8) of the IBC, the essential condition is that there must be a disbursement of funds and it must carry a consideration for the time value of money.

The time value of money implies that a certain value is expected to be received over time as compensation for the amount lent.”

Conclusion:

The share application money, being an advance for acquiring equity, does not involve disbursement against consideration for the time value of money and lacks the commercial effect of a borrowing. The essence of financial debt under Section 5(8) of the IBC is the presence of time value of money, which is absent in share application transactions. Therefore, such money cannot be treated as financial debt under the Code.

Q2. Whether such amount can be treated as “deposits” pursuant to Rule 2(c)(vii) of the Companies (Acceptance of Deposits) Rules, 2014 (“CADR”)?

As per Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 (“CADR”), deposit includes any receipt of money, by way of deposit or loan or in any other form, by a company but does not include specific transactions which in context to given facts:

(vii) any amount received and held pursuant to an offer made in accordance with the provisions of the Act towards subscription to any securities, including share application money or advance towards allotment of securities pending allotment, so long as such amount is appropriated only against the amount due on allotment of the securities applied for;

On the detailed analysis of the applicable provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014, it is mandatory to comply with the provisions of Section 42 of the Companies Act, 2013 which mandated strict deadlines for receipt and allotment of share application money for offer made by private placement.

When we look at Section 42 of the Companies Act, 2013, it is clear that several statutory compliances are required to be met prior to issue of shares on private

placement basis. Section 42(2) of the Companies Act stipulates the requirement of issue of private placement offer letter to the identified person and the offer should be approved by the shareholder by a special resolution.

And in terms of these provision, company has to allot securities within 60 days of receipt of application money failing which the amount has to be refunded within 15 days after the expiry of 60 days.

Refusal to do so would attract an interest of 12% on the un-refunded amount. A further consequence is that the un-refunded amount would constitute a “deposit” under rule 2(1)(c)(vii) of the CADR Rules and, consequently, a financial debt under the provision of section 5(8) of the IBC.

In the matter of **M/s. Murlidhar Vincom Pvt. Ltd. v. M/s. Skoda (India) Pvt. Ltd.**, the principal bench of NCLAT held that:

“Rule 2 of CADR Rules envisages that only if any amount is received pursuant to any private placement offer made in accordance with the provisions of the Companies Act, 2013 and no shares are allotted qua that amount, only then the sum becomes a deposit. When no proof of any private placement offer made in accordance with the provisions

of the Companies Act, 2013 has been placed on record by the Appellant, the CADR Rules cannot be held to be applicable.”

Conclusion:

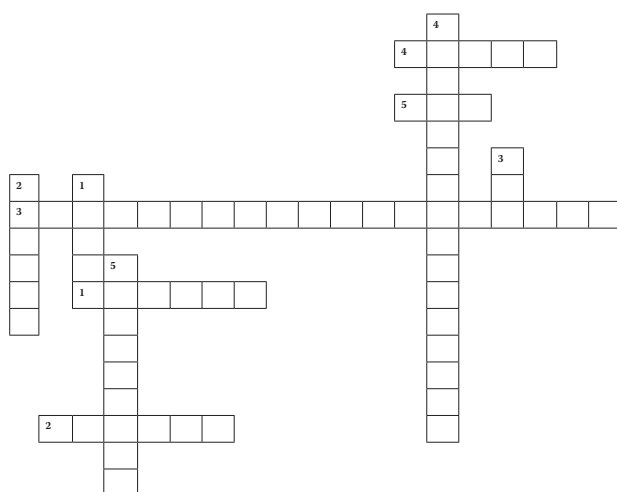
In view of the above, it is clear from the CADR rules that there has to be a clear nexus to show that the share application money amount was advanced in conformity with the relevant provisions of the Companies Act, 2013. When we took section 42 of the Companies Act, it is clear that several statutory compliances are required to be met prior to issue of shares on private placement basis. In given factual matrix, Corporate Debtor had not issued any such private placement offer letter to the Appellant and there is no evidence of any valid concluded agreement between the two parties with respect to allotment of shares.

When no proof of any private placement offer made in accordance with the provisions of the Companies Act, 2013, has been placed on record by the Appellant, the CADR Rules cannot be held to be applicable.

Hence, such amount cannot be considered as deposit pursuant to Rule 2(c)(vii) of the Companies (Acceptance of Deposits) Rules, 2014.



CROSSWORD PUZZLE – COMPANY LAW - JULY 2025



ACROSS

- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, Where a compromise or arrangement is proposed under section 230 of the Companies Act, 2013, it shall be completed within _____ days of the order of liquidation under Section 33.
- Under the Limited Liability Partnership Act, 2008 every limited liability partnership shall file information with regard to the limited liability partnership agreement in FORM 3 with the Registrar within _____ days of the date of incorporation.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, The resolution professional shall file the repayment plan, as approved by the creditors, along with the report mentioned in sections 106 or 112, as the case may be, with the Adjudicating Authority on or before completion of _____ days from the resolution process commencement date.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, The voting share of a creditor in a class shall be in proportion to the financial debt which includes an interest at the rate of _____ percent per annum unless a different rate has been agreed to between the parties.
- Under the Companies Act, 2013, The format of the Secretarial Audit Report shall be in Form No. _____

DOWNWARDS

- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017. The liquidator shall file the Status Report with the Board within _____ days of the meeting of contributories.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, The interim resolution professional shall obtain the consent of each insolvency professional identified under sub-regulation (2) to act as the authorised representative of creditors in the class in _____ of the Schedule-I.
- Under the Companies Act, 2013, The information memorandum shall be prepared in Form PAS-2 and filed with the Registrar within _____ month prior to the issue of a second or subsequent offer of securities under the shelf prospectus.
- As per MSME Act, Enterprises with Investment in Plant and Machinery or Equipment of not more than INR 1 crore and Annual Turnover of not more than INR 5 crores in a financial year is termed as _____.
- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, The liquidator shall call upon the _____ creditors, being financial institutions, to contribute the excess of the liquidation costs over the liquid assets of the corporate debtor, as estimated by him, in proportion to the financial debts owed to them by the corporate debtor.

Winners - Crossword June 2025

1ST CS M. GOVINDARAJAN FCS-8533

2ND CS PRATIK AGARWAL ACS-71266

3RD CS KAMAL NATH THAKUR FCS-11040

Crossword Puzzle – June 2025 Answers

ACROSS

- FACILITATOR
- TWO
- FIFTEEN
- SIX
- SEVEN

DOWNWARDS

- NOMINEE DIRECTOR
- EIGHTEEN
- MGT13
- INDEMNITY
- FIVE

NATIONAL/INTERNATIONAL REPORTS: ANALYSIS

EnviStats India 2025: Environment Statistics

Organisation: National Statistics Office, Ministry of Statistics and Program Implementation, Govt of India, New Delhi

Month/Year of Release: May 2025

Source: <https://www.mospi.gov.in/publication/envistats-india-2025-environment-statistics>

(Please refer the link for complete report)

INTRODUCTION

The “environment” encompasses all natural and human made elements external to an individual, along with their interrelationships, which hold value for humanity, either now or in the future. Environmental concerns arise from the degradation of these elements, primarily due to human activities. The environment serves as the foundation for all life and economic development on Earth, and its health and sustainability are crucial for the well-being of present and future generations. As human actions continue to place growing pressure on natural resources, the need to monitor and understand environmental trends has become increasingly important to support informed decision-making. India has developed a well-established system for the collection and dissemination of environment statistics. Since 2018, the National Statistics Office (NSO) has been publishing “EnviStats India” in alignment with the Framework for the Development of Environment Statistics (FDES) 2013.

- **Scope**

The scope of environment statistics covers all dimensions of the environment, including land, water, air, biotic and abiotic components of the natural world, and the diverse concerns arising from human impacts. A country's geographic characteristics and the nature of its economic development largely influence the breadth and focus of its environment statistics. Accordingly, environment statistics describe: (i) the quality and availability of natural resources; (ii) human activities and natural events affecting the environment; (iii) the impacts of these activities and events; and (iv) societal responses to these impacts.

- **Structure of the Report**

The data presented in the publication are compiled based on the data, sourced from various Ministries, Departments, Divisions, and Organizations of the Central and State Governments. Following the structure of framework for the Development of Environment Statistics (FDES) 2013, the tables in “EnviStats India 2025: Environment Statistics” are organized into six chapters, each corresponding to the components of FDES 2013. Related topics under each component have been

grouped together to facilitate easier understanding and use.

- **Methodology**

To assess the availability of data for compiling environment statistics, identify indicators with multiple data sources, recommend measures for selecting appropriate indicators, address data gaps, and suggest ways to enhance the coverage and scope of the publication, an Expert Group on Environment Statistics¹ was constituted on September 6, 2024. The Expert Group also provides guidance on expanding the publication's coverage and visibility, while offering technical support in key decision-making processes. The present edition i.e. 8th in the series has been developed based on the recommendations of the Expert Group, ensuring a more comprehensive, consistent, and insightful analysis of environment statistics.

OBJECTIVES OF THE STUDY

- Deliver information on the environment, its changes over time and across different locations, and the key factors influencing these changes.
- Enhance understanding of the environment, support evidence-based policymaking and decision-making, and provide valuable information for the general public as well as specific user groups.
- Environment statistics play a critical role in assessing the state of the environment, evaluating environmental risks and impacts, and advancing the goals of sustainable development.

FRAMEWORK FOR THE DEVELOPMENT OF ENVIRONMENT STATISTICS

To ensure consistency in the environmental statistics compiled by different countries, the United Nations Statistical Division (UNSD) introduced a Framework for Development of Environment Statistics (FDES) in 1984. The updated FDES 2013 serves as a flexible, multi-purpose conceptual and statistical framework that is both comprehensive and integrative. It defines the scope of environment statistics and offers a structured

¹ Details of the Expert Group are provided in Appendix-I of this report.

approach to guide their collection and compilation at the national level. By incorporating data from a wide range of subject areas and sources, it provides a broad and holistic perspective, addressing key environmental issues relevant to policy analysis and decision-making, including cross-cutting concerns like climate change.

The main objective of the FDES is to guide the formulation of environment statistics programmes by (i) clearly defining the scope and components of environment statistics; (ii) helping to evaluate data needs, sources, availability, and existing gaps; (iii) guiding the development of multipurpose data collection processes and databases; and (iv) facilitating the coordination and organization of environment statistics, recognizing the involvement of multiple institutions in this field.

The FDES encompasses the biophysical environment, human factors that affect environmental quality, and the effects of environmental changes on humans. It addresses the interactions between the environment, human activities, and natural events. Central to the framework are changes in environmental conditions, which reflect the combined impacts of human actions and natural processes over time. While some environmental changes are gradual or unaffected by human influence, others respond more rapidly. Direct cause-effect links are often hard to establish due to the complex and cumulative nature of these influences.

The FDES follows a multilevel framework. At the first level, it identifies six core components. Each of these components is further detailed into subcomponents at the second level and into statistical topics at the third level. These statistical topics capture the measurable dimensions of each component. Together, the components, subcomponents, statistical topics, and individual statistics outline the scope and limits of environment statistics. They serve as a structured framework for compiling and presenting data in a comprehensive, consistent, and coherent way. The final level consists of the specific individual environmental statistics.

The first level of the structure consisting of six fundamental components that follow the FDES conceptual framework are as given below:

- **Component 1: Environmental Conditions and Quality** focuses on statistics concerning the state and quality of the natural environment, as well as how these conditions change over time. The Component 1 form the core of the FDES, with the remaining five components structured around their connection to this central element.
- **Component 2: Environmental Resources and Their Use** encompasses statistics on the availability and utilization of environmental resources, such as ecosystem provisioning services, land, and subsoil resources.
- **Component 3: Residuals** covers statistics related to the use of regulating services of the environment

for the discharge of residuals from production and consumption processes.

- **Component 4: Extreme Events and Disasters** includes statistics on the occurrence and impact of both natural and technological disasters.
- **Component 5: Human Settlements and Environmental Health** brings together statistics that link environmental factors with living conditions and public health in human settlements.
- **Component 6: Environmental Protection, Management and Engagement** focuses on statistics that reflect societal responses, including economic and policy measures, aimed at environmental protection and sustainable resource management.

Table B.1 Components and Subcomponents of the FDES

Component	Subcomponent
1. Environmental Conditions and Quality	1.1: Physical Conditions
	1.2: Land Cover, Ecosystems and Biodiversity
	1.3: Environmental Quality
2. Environmental Resources and their Use	2.1: Mineral Resources
	2.2: Energy Resources
	2.3: Land
	2.4: Soil Resources
	2.5: Biological Resources
	2.6: Water Resources
3. Residuals	3.1: Emissions to Air
	3.2: Generation and Management of Wastewater
	3.3: Generation and Management of Waste
	3.4: Release of Chemical Substances
4. Extreme Events and Disasters	4.1: Natural Extreme Events and Disasters
	4.2: Technological Disasters
5. Human Settlements and Environmental Health	5.1: Human Settlements
	5.2: Environmental Health
6. Environmental Protection, Management and Engagement	6.1: Environmental Protection and Resource Management Expenditure
	6.2: Environmental Governance and Regulation
	6.3: Extreme Event Preparedness and Disaster Management
	6.4: Environmental Information and Awareness

DATA ANALYSIS & INTERPRETATION

The FDES 2013 sets out a comprehensive (though not exhaustive) list of statistics² that can be used to measure the statistical topics related to environment and to develop national environment statistics programmes. The Core Set of Environment Statistics (i.e. Tier 1) represents a broad consensus of opinion; as such, it is intended to foster collection, coordination and harmonization of environment statistics at the national, regional and global levels in the short-term. Consequently, depending on their priorities and resources, countries are encouraged to consider producing Tier 2 and Tier 3 statistics in the medium and in the long-term respectively. The distribution of indicators of EnviStats India 2025: Environment Statistics vis-à-vis FDES 2013 is given in Table B.2.

Table B.2: Distribution of Tier-wise Indicators of EnviStats India 2025: Environment Statistics vis-à-vis FDES 2013

Level of Tier	FDES/EnviStats 2025	Component 1	Component 2	Component 3	Component 4	Component 5	Component 6	Total
I	FDES 2013	32	30	19	4	12	3	100
	EnviStats 2025	25	25	10	4	11	1	76
II	FDES 2013	58	51	34	11	22	24	200
	EnviStats 2025	13	22	21	3	13	1	73
III	FDES 2013	51	43	5	16	20	23	158
	EnviStats 2025	1	5	0	0	4	2	12
Total	FDES 2013	141	124	58	31	54	50	458
	EnviStats 2025	39	52	31	7	28	4	161

- Component 1: Environmental Conditions and Quality**

- a. Annual Mean, Minimum, and Maximum Temperature**

The data presented in the report indicates that there have been a gradual increase in annual mean, minimum, and maximum temperatures from 2001 to 2024 suggesting an overall warming trend. The Annual mean temperature increased from 25.05° Celsius in 2001 to 25.74° Celsius in 2024.

- b. Annual Rainfall**

The Annual rainfall data from 2001 to 2024 highlight significant year-to-year variability influenced by monsoon patterns. The data for 2024 shows 1206.6 mm rainfall, consistent with a monsoon year.

- c. Faunal Species**

Globally there are 247605 marine Faunal Species, while India accounts for 20613.

- Component 2: Environmental Resources and Their Use**

The data is captured on production of minerals from 2017-18 to 2024-25 (provisional). Production trends vary across these time periods. For instance, Coal production generally shows a steady increase from 675.4 million tonnes to 1047.7 million tonnes in 2024-25 (provisional). Total inventory of Geological reserves of coal has also shown an increasing trend from 2012 to 2024. From the data in the report, it is observed that maximum inventory of coal is from non-coking type of coal.

The total primary supply of coal shows a generally increasing trend over the years and the total primary

supply of lignite appears relatively stable with some minor variations across the years.

There is a consistent growth in electricity generation from various sources, with thermal power (especially coal/lignite) dominating the electricity mix, while renewable energy sources have also shown significant growth in recent years. Generally, the electricity export is higher than its imports.

- Component 3: Residuals**

As per CPCB, only 10 states namely Andhra Pradesh, Bihar, Gujarat, J&K, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, and West Bengal, are involved in import and export of hazardous waste. The state-wise status of industrial wastewater treatment plants shows a significant variation across India.

² Refer the Basic Set of Environment Statistics: Appendix-II of this report.

• **Component 4: Extreme Events and Disasters**

This component compiles statistics on the occurrence of extreme events and disasters, focusing on their effects on human well-being and the infrastructure of human settlements. Covering natural disasters and technological disasters. The data reveals the extremity of deaths due to natural calamities and the cropped areas affected over the years.

• **Component 5: Human Settlements and Environmental Health**

This component presents statistics on the environment where people live and work, focusing on living conditions and environmental health. The statistics compiled in this component may provide indicators for the Sustainable Development Goals (SDGs).

• **Component 6: Environmental Protection, Management and Engagement**

This component compiles information on expenditures related to environmental protection and natural resource management, aimed at enhancing environmental quality and preserving ecosystem health. It also includes statistics on environmental governance, institutional capacity, regulatory enforcement, and preparedness for extreme events. The component also covers broad range of initiatives and action designed to raise awareness, such as environmental education, information dissemination, and community or private efforts focused on reducing environmental impact and improving local environmental conditions.

Interpretation

1. Thermal power generation rose from 7.92 lakh GWh (2013–14) to 13.26 lakh GWh (2023–24), while renewable energy jumped from 65,520 GWh to 2.25 lakh GWh in the same period.
2. Inland fish output surged from 61.36 lakh tonnes to 139.07 lakh tonnes, while marine fish production rose to 44.95 lakh tonnes (2013–2024).
3. Annual mean temperature increased from 25.05°C (2001) to 25.74°C (2024), with both minimum and maximum temperatures showing a similar upward trend.
4. Year-to-year rainfall variability continues without a definite long-term rising or falling trend, underscoring erratic monsoonal behaviour.
5. India hosts 1,04,561 faunal species, contributing significantly to global biodiversity, including 22,404 soil species, 9,436 freshwater species, and 5,023 mangrove species.

6. The Environment Sustainability Sector received the highest allocation at ₹2,433 crore (2021–22), while Agroforestry received the least.
7. In the year 2020, out of the total of 2968 industries, 2190 were complying with the norms, 650 were closed, and 128 were not complying. By 2024, the total number of grossly polluting industries increased to 3512. Among these, 2749 were complying, 669 were closed, and the number of non-complying industries decreased to 94.

MAJOR FINDINGS OF THE REPORT

1. The annual mean temperature increased from 25.05°C in 2001 to 25.74°C in 2024. The gradual increase in annual mean, minimum, and maximum temperatures from 2001 to 2024 highlights an overall warming climate, which is an alarming sign for the humanity.
2. There is variability observed in the annual rainfall from 2001 to 2024 with majority of rainfall occurring between June to September. There is no clear indication of upward or downward trend in future.
3. Globally, there are 247,605 marine faunal species, while India accounts for 20,613. This data underscores India's significant contribution to global faunal diversity across different habitats, and high number of soil species in India is also noteworthy.
4. The 2025 edition of EnviStats introduces fresh indicators covering access to electricity, sanitation, and transportation. It also includes an updated inventory of Ramsar sites, curated with expert inputs. The format of the publication has been redesigned to follow a component-based layout for better accessibility and user comprehension.
5. The structured dataset enhances evidence-based decision-making in climate action and biodiversity protection.
6. India's significant soil and aquatic biodiversity is well-highlighted, reinforcing its global environmental relevance.
7. Clear trends in the growth of renewables support climate resilience planning and international climate commitments (e.g., Paris Agreement).

CONCLUSION

EnviStats India 2025 strengthens India's environmental data landscape by aligning with global standards and tracking emerging trends. However, integrating granular insights and real-time data is essential to bridge the policy-practice gap. A robust, inclusive, and adaptive statistics ecosystem is vital for India's sustainable future. □



Handbook on Business Responsibility and Sustainability (Version 2.0)

Author:	The Institute of Company Secretaries of India
Publisher Name:	The Institute of Company Secretaries of India
Edition:	Second (2024)
Total Pages:	348
Price:	INR 1000



INTRODUCTION

The origins of sustainable reporting in India can be traced back to the formulation of 'Voluntary Guidelines on Corporate Social Responsibility' in 2009 by the Ministry of Corporate Affairs. These guidelines can be considered the beginning towards advancing the concept of business responsibility in India. While elaborating on the conceptual background of the Environment, Social and Governance (ESG), this handbook succinctly captures the process of Business Responsibility and Sustainability reporting and its regulatory environment in India. The global developments in its applications will be useful for the readers to understand future directions.

DETAILED REVIEW

Chapter One outlines the historical journey of ESG globally and depicts the various stages of its evolution and growth, beginning with the UN Conference on Human Environment in 1972 till the World Sustainable Development Summit, 2024. The SEBI, over the years, has issued various principles, guidelines, and circulars, benchmarking the best international standards on the ESG reporting framework in India.

Elaborating on the BRSR format, Chapter Two delves into a step-by-step guide to BRS Reporting in India. The guidance note issued by SEBI serves as a ready reckoner for the listed entities. The observations of the various applications received for the ICSI BRS awards, 2023 is a useful information for the readers to understand the extent of applicability of ESG practices in corporates.

Chapter Three on 'Business Responsibility and Sustainability: International Practice' emphasises the integration of ESG in global standards such as GRI, IIRC, SASB, amongst others.

The Indian Regulatory environment and policies supporting a responsible and sustainable development, and the best practices in Environment, Social and Governance, adopted by some of the leading corporates in India are discussed in chapters 4, 5, and 6. Chapter 7 enumerates Global trends in ESG Reporting. Chapter 8 is on the future directions in Corporate Sustainability.

CONCLUSION

The distinctive element of this handbook lies in its clear and accessible presentation of information, enhanced by the inclusion of pie charts, graphs, tables, diagrams, appendices, and citations. The chapters are well-organized and enriched with corporate case studies, offering the reader valuable perspectives. This book is especially beneficial for policymakers, corporate governance experts, and scholars. A future edition of this Handbook could delve deeper into the applications of Sustainability Audit and Sustainability indices within the corporate environment.

Printing Cell.



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। तृप्तये। अथैव।

Mission

"To develop high calibre professionals facilitating good corporate governance"

ICSI BLOOD Bank Portal



**Dedicated to
the Service
of the Nation**

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

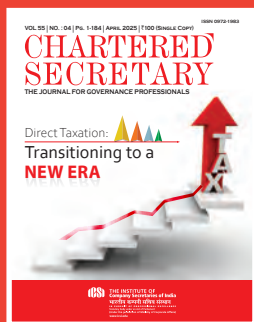
To find a donor near you or
to register as a donor visit
<https://www.icsi.in/bloodbank/>

Connect with ICSI

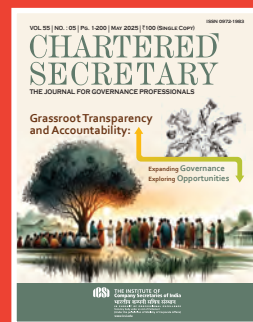
www.icsi.edu



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



Subscribe to India's No. 1 Journal for Governance Professionals



Chartered Secretary, a prestigious monthly corporate Journal having a readership of more than 100,000 per month is rated to be one of the best journals for the professionals. The Journal enjoys a revered position amongst its peer journals not only for its thought provoking articles contributed by leading professionals from the Corporate World and the Government, but also other information such as:

- ❖ Articles on **special issues of the Chartered Secretary** on current or contemporary topic like Governance from Grassroots to Global, Companies (Amendment) Act, 2020 & Recent Labour Reforms, Futuristic Governance, MSMEs and Role of Professionals in Self-Reliant India, Ease of doing Business, Revival of Economy and Role of Professionals, Governance from Ancient Indian Scriptures, Women Leadership etc.
- ❖ Articles from international author, recognised leader, eminent expert etc.
- ❖ Special article of Guest Author such as MD, CEO of top companies, chairman / members of NCLT / NCLAT, senior functionaries in MCA, Regulators, veterans etc.

- ❖ Gist of latest Corporate & related laws
- ❖ Important notifications, circulars and clarifications from the Government
- ❖ Economic, trade and related events of corporate relevance.
- ❖ Information/Events of the Institute
- ❖ International best practices, etc., as per the Code Manual
- ❖ Global Corporate Corner
- ❖ Quality research-based articles on global contemporary issues
- ❖ Corporate Governance
- ❖ Start-up India
- ❖ Ethics in Profession
- ❖ GST Corner
- ❖ Research Corner
- ❖ Important Announcement, Publications released etc.

YES I WISH TO SUBSCRIBE TO THE CHARTERED SECRETARY JOURNAL

(Please tick your subscription choice and send the form to Printing Cell, ICSI, C-36 Sector 62, Noida 201301 (Uttar Pradesh). The mega subscription for multiple years guarantee uninterrupted supply of journal at a discounted rate.

Annual Subscription (12 issues) From - January - December	Subscription for 3 years (36 issues)	Subscription for 4 years (48 issues)	Subscription for 5 years (60 issues)
Rs.1000/- by Ordinary Post, Plus Rs.500 for Registered/Speed Post	Rs.2400/- by Ordinary Post, Plus Rs.1500 for Registered/Speed Post	Rs.3200/- by Ordinary Post, Plus Rs.2000 for Registered/ Speed Post	Rs.4000/- by Ordinary Post, Plus Rs.2500 for Registered/ Speed Post

Subscription Form :

The Institute of Company Secretaries of India

I wish to subscribe Chartered Secretary for a period of years (tick the box /write for the years you wish to subscribe). Please send the journal at the address given below :

I enclose a cheque /Draft No..... dateddrawn on

For Rs.....Payable to the Institute of Company Secretaries of India

Date :

Signature.....

Place :

Name

Students and others can also subscribe to the journal by using ICSI online services at the following link (by filling the online form and selecting the payment mode/gateway) : <https://smash.icsi.in/Scripts/CSJ/Default/SubscribeCSJournal.aspx>

❖ Students Annual Subscription (12 issues) - Rs. 500/-by Ordinary Post, Plus Rs. 500 for Registered/Speed Post

Please rush your order to -

The Director (Printing) ICSI, C-36 Sector 62, Noida 201301 (Uttar Pradesh)

For more details, you may contact through below options :

☎ Phone : 0120-4082130, Fax : 011-24626727;

✉ Email: cs.journal@icsi.edu

Regn. No. 21778/1971
Postal Regn. No. DL(S)-17/3197/2024-26
Posting Date : 10th and 11th of Every Month
Date of Publication : 10th and 11th of Every Month

Posting at Patrika Channel Sorting Office,
Mumbai 400 001



Motto

सत्यं वद । धर्मं चर ।

इष्टकारं कुरु तृप्तये. अविद्वेष्टं कुरु त्रेष्टं कुरु.

Vision

"To be a global leader in promoting
good Corporate Governance"

Mission

"To develop high calibre professionals
facilitating good Corporate Governance"



**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)

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003

tel 011-4534 1000 email info@icsi.edu website www.icsi.edu