

CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS

Company Secretaries in Practice :
Acing Governance
Roles Synergistically

ICSI
PCS
DAY
15th JUNE, 2025



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

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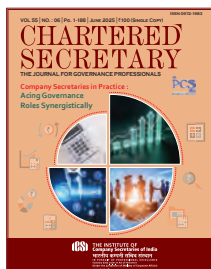


ISSN 0972-1983

CHARTERED SECRETARY

[Registered under Trade Marks Act, 1999]

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Mode of Citation: CSJ (2025)(06)--- (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

While India has made significant strides in liberalization and ease of doing business, its regulatory ecosystem over the years has been one of the strong pillars for its economic growth. With continuing education and professional development of its members, the ICSI is now equipped with a network of Company Secretaries who are working in alignment with the Government of India's vision of Viksit Bharat@2047 for sustainable growth. Since its inception, ICSI has been instrumental in enhancing the competencies of Practising Company Secretaries and facilitating opportunities for them to offer expert solutions to corporates across various domains.

As guardians of good governance and sustainability, Practising Company Secretaries serve as a vital link between the company, its board, shareholders and regulatory authorities. With their expertise, they act as advisors to the senior management on policy-level decisions, that have an impact on various stakeholders.

With the intent to acknowledge and recognise the significant contribution made by members in expanding the practicing side of CS profession, every year, as a tradition, the Institute observes June 15 as PCS Day. On this occasion, I congratulate practicing members and invite them to actively participate in the upcoming 26th National Conference of Practising Company Secretaries to be organised on June 14-15, 2025, at Guwahati on the theme, "Dynamic Regulatory Landscape: CS@ Excelling Strategies".

Extending this initiative further, the latest issue of the Chartered Secretary Journal is on the theme, "**Company Secretaries in Practice: Acing Governance Roles Synergistically**", covering articles and research papers encapsulating valuable and diverse insights on the existing areas of practice for Company Secretaries as well as opportunities to explore the uncharted territories for outstanding success.

The articles titled, '**Strategic Role of Practising Company Secretaries in Navigating FEMA Compliances for Cross-Border Transactions**', '**Shaping Responsible Governance: The Role of PCS in FEMA Compliance**', '**FEMA: Roles and Responsibilities of Governance Professionals**', '**Maritime Laws and India: Guarding Governance of Waters**', '**Taxation Laws and other Opportunities for Practising Company Secretaries (PCS) in India**', and '**Beyond Compliance: How PCS are Reshaping India's Boardrooms as Guardians of Independence**', aptly describe the widened role of Practising Company Secretaries as Governance Professionals and emerging opportunities for them in diversified areas like FEMA, Taxation, Maritime Laws etc.

The Journal also provides coverage on topics such as, '**Legal and Accounting Aspects of Interim Dividend**', '**Section 149 (11) of the Companies Act, 2013- Continuance of Independent Director in any capacity after Completion of Two Terms in Office during Mandatory Cool-off period-An Analysis of the Law**', and '**Decoding the Conundrum of Promoter Identification while Gearing up for IPO**', broadening the scope for readers with in-depth-insights in the area of Company Law and Securities Law.

The article titled '**The rise of GIFT-IFSC as a Gateway to Global Education in India**,' in the Global Connect section, throws light on the extent of possibilities for positioning GIFT-IFSC as the global education hub for enhancing the quality and diversity of the higher education ecosystem in India.

The Research Corner covers a systematic research on the topic, '**Legal Analysis of the Pari Passu Principle in Distribution of Assets to the Creditor under the Insolvency and Bankruptcy Code, 2016**', elaborating on the interpretation of the practical aspects of the Principle.

Happy Reading!

CS Asish Mohan
(Editor - Chartered Secretary)



CS Dhananjay Shukla, President, The ICSI & CS Asish Mohan, Secretary, The ICSI met with Shri Lakshman Prasad Acharya, Hon'ble Governor of Assam to apprise him about ICSI's initiatives aimed at Nation Building.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Hon'ble Minister of Food Processing Industries, Shri Chirag Paswan to apprise him about various initiatives of the ICSI aimed at Nation Building.



Shri Sudhir Gupta, Hon'ble Member of Parliament, with CS Dhananjay Shukla, President, The ICSI and CS Manish Gupta, Former President & Central Council Member, The ICSI at ICSI House, New Delhi.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Ms. Anuradha Thakur, OSD, Department of Economic Affairs to apprise her on the role of CS Professionals in the Taxation & Compliance regime among other areas.



Shri Yogesh D Brahmkankar, Innovation Director, Innovation Cell, Ministry of Education, Government of India and Dr. Vinod Shastri, Head-Centre for Innovation and Entrepreneurship, Bennett University met with CS Dhananjay Shukla, President, The ICSI to discuss areas of mutual cooperation.



Nashik Chapter of WIRC of The ICSI held a Full Day Conference on theme Celebrating Legacy, Inspiring Governance and Celebrated 29th Foundation Day of Nashik Chapter on May 11, 2025. CS Dhananjay Shukla, President, The ICSI was the Chief Guest and CS Pawan G Chandak, Vice President, The ICSI was the Guest of Honour at the conference.



NIRC of The ICSI organized the Gyan Vridhi meeting on May 3, 2025. The event was graced by CS Manish Gupta, Former President, The ICSI providing valuable insights and expertise on the subject.



SIRC of The ICSI commenced 11th Batch of 15 Days Corporate Leadership Development Programme (CLDP).



EIRC of The ICSI in co-ordination with Patna Chapter organised a Press Conference on May 17, 2025 at Patna addressed by President, Vice-President, and Secretary, The ICSI.



One-day On-the-Job Training of Indian Corporate Law Service (ICLS) Officer Trainees of 2023 Batch (14th PCP) conducted by ICSI. CS Manish Gupta, Former President, ICSI addressed the participants.



ICSI CCGRT, Mumbai organised a Two days Residential/ Non-Residential Workshop on 'Compliances under SEBI LODR' on May 24–25, 2025. CS Savithri Parekh, Company Secretary and Compliance Officer, Reliance Industries Limited and CS B. Narasimhan, Immediate Former President, The ICSI graced the occasion.



NIRC of The ICSI conducted a seminar on "Practical Aspects of Contract Drafting, Management & Negotiations" on May 17, 2025, at Hotel Holiday Inn, Mayur Vihar, Delhi.



SIRC of The ICSI conducted a Training Programme for Empanelment of Peer Reviewers on May 10, 2025 at ICSI-SIRC House, Chennai. The session, titled "Overview on Peer Review," was led by CS Mohan Kumar, Central Council Member, The ICSI and CS Nagendra D. Rao, Former President, The ICSI.



A workshop on 'Meditation and Breath" was organized on May 27-28, 2025 at Noida Office Auditorium for the well-being of employees through The Art of Living (AOL) Foundation.



Noida Chapter of NIRC of The ICSI organised a Debating Society programme on May 20, 2025. CS Sarabjeet Kaur was the Resource person for the programme.

Glimpses from ICSI CCGRTs



The ICSI-CCGRT, Hyderabad organized a two-day Research Conclave on SEBI Regulations from May 16-17, 2025 at Hyderabad. Shri Rajesh Dangeti, Chief General Manager, SEBI, CS Hari Surya, CS P S Rao, Practicing Company Secretary, CS B Pavan Kumar, Practicing Company Secretary and CS R. Venkata Ramana, Central Council Member, The ICSI & Convenor, ICSI-CCGRT, Hyderabad graced the Programme.



ICSI-CCGRT, Kolkata organized its 8th batch of the RCLDP programme. CS Sandip Kejriwal, Central Council Member, The ICSI graced the programme.



Valedictory Session of Non-Residential Corporate Leadership Development Program (CLDP) organised from May 5-21, 2025 at ICSI-CCGRT, Mumbai.



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

Motto

सत्यं वद। धर्मं चर। *इष्टवर्कं तेष्ट त्रुथे; ओवेदे ड्यु तेष्ट लेव्*

Mission

"To develop high calibre professionals
facilitating good corporate governance"

26th National Conference of Practicing Company Secretaries

June 14-15, 2025 (Saturday & Sunday), Vivanta Guwahati

8
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Hon'ble Governor of Assam

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Director (Arbitration & Conciliation)
Department of Legal Affairs
Govt. of India



Ms. Kamala K
Chief Regulatory Officer
BSE Ltd.



Ms. Saba Curtay
Chief Manager – Listing Compliance
NSE Ltd.



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Former President
The ICSI



CS Mahesh Athavale
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कामधेनुगुना विद्या ह्यकाले फलदायिनी।
प्रवासे मातृसदृशी विद्या गुप्तं धनं स्मृतम्॥

(Learning is like a cow of desire. It, like her, yields in all seasons. Like a mother, it feeds you on your journey. Therefore, learning is a hidden treasure.)

Chanakya niti: 4:5



Dear Professional Colleagues,

Each month, as I sit to pen my thoughts to be shared with you through the pages of this Journal, the first focus goes towards the fact as to what makes the months special – both – the one that is beginning and the one that passed us by. And while I have some beautiful moments to share with you as regards the happenings of the past month, I cannot help but be excited and yet tight lipped to save the surprise element of the initiatives yet to be launched – the new and upcoming ones.

The month of May, for me, truly began in its second week when I had the opportunity to meet and interact with the members at Pune Chapter during their Foundation Day celebrations and Nashik Chapter during the Conference organized for ‘Celebrating Legacy, Inspiring Governance’. It is truly heartwarming to witness members not only shower their love and adulation but also be excited and upbeat to explore opportunities and share their roles in the growth and development or the ‘Vikas’ journey of Bharat.

I believe that it is in the individual commitment of each one of us as professionals that will become a key role player in realizing our institutional vision and with that our collective goals, objectives and aspirations.

To each one of you who is ever diligent in participating in ICSI’s capacity building initiatives, my commendations and appreciations your way; for it is your dedication of showing up that keeps us going.

Another aspect that is a core characteristic or defining aspect of our knowledge updation attempts is that of shared learning for as the Sanskrit shloka goes:

आचार्यात् पादमादत्ते पादम् शिष्यः स्वमेधया।
कालेन पादमादत्ते पादम् सन्नहमचारिभिः॥

One learns a quarter from the teacher, a quarter from the student’s own intelligence, a quarter from time, and a quarter from fellow students.

- Mahabharata, Udyog Parv

CONVOCATION 2025: Welcoming The New Brigade

॥ अंतः अस्ति प्रारंभः ॥

The end is the beginning.

The phrase “The end is the beginning” carries a philosophical and symbolic meaning, suggesting a cyclical nature of life, time, and experiences – one that fits moments like that of ICSI Convocations quite perfectly.

The very first of first Bi-annual Convocation for the year 2025 was hosted for the Eastern Region at Patna. And while the enthusiasm of the students stepping into their member roles was quite palpable, what lent even more grandeur was the presence of our esteemed guests. Even though formal welcomes and vote of thanks have been extended amidst loud cheers, I feel this moment as tremendously opportune to extend our gratitude once again towards, Shri Samrat Choudhary, Hon'ble Deputy Chief Minister, Bihar who very kindly acceded to our request and presided over as the Chief Guest for the Ceremony. His appreciations of the professional roles in his words that "As guardians of governance, trust and transparency, the role of CS has become more critical than ever as India strives towards becoming *sone ka sher*", served as the perfect motivator for the new brigade of Governance Professionals. Our heartfelt thanks goes to our Special Guests Shri Jibesh Mishra, Hon'ble Minister of Urban Development & Housing, Govt. of Bihar; and Shri Mithilesh Tiwari, Former MLA, Bihar, who made the day all the more memorable for all of us.

The second Bi-annual Convocation brought us back to the Capital city of New Delhi. A packed hall of nearly 500 newly admitted members, their families and friends accompanying, was indeed a sight for the eyes. And it was this crowd that cheered the loudest as the procession entered the Convocation Hall with our esteemed Chief Guest, Smt. Smriti Zubin Irani, Union Cabinet Minister, Government of India. A woman who has adorned multiple hats – pursued multiple roles – and proved her mettle and worth in each one of them; but most importantly been a source of inspiration for a large number of women of this nation. Her words that "Company Secretaries are the ethical spine of the corporate world", will be resonating with us for a long time ahead.

It is indeed a matter of fact that their presence, appreciations and guidance has left an indelible mark on our minds and hearts.

As far as the newly enrolled professionals are concerned, I cannot help but share some words of advice with you. Often, we wonder as to what our roles in the profession, in the corporates and amidst the general economic ecosystem entail. We are not Regulators – we are not law makers – we are not Ministries or any legislation making bodies. But it is our responsibility that any law – enacted by any Ministry, Regulator or Law-making body is enforced in its true letter and in the right spirit.

The world is your stage. The kind of opportunities – the altering dynamics of this world are presenting, is tremendously humungous. All you have to do

is start. And when you do, don't be in a hurry to achieve – but ignite a fire of learning within you – one that doesn't satiate. More so, do not be bogged down by competition, or hurdles and setbacks that you might encounter. For as Ed Latimore puts it and I quote,

"Embarrassment is the cost of entry. If you aren't willing to look like a foolish beginner, you'll never become a graceful master."

On that note, wishing all the new entrants into the profession, a very happy and fulfilling journey ahead !!!

ICSI DTU CXO SUMMIT: Expanding ESG Outreach

At ICSI, our initiatives have been more governance centric that person centric. And it is a shared understanding that governance, and even so thoughts like ESG and Sustainability are way more expansive to fall within the bounds of the jobs of a single person. But rather, complying with ESG norms, having a sensitized approach and ensuring that the actions of corporates are sustainable for the future falls upon the shoulders of those manning the Boards and with them the senior managerial personnel.

In this regard, when the members of the Delhi Technological University approached us to host a joint CXO Summit on ESG Strategy and Implementation, we were more than elated. I am extremely gratuitous towards Dr. Rajneesh, Development Commissioner & Addl. Secretary, Ministry of MSME for presiding over as Chief Guest and Mr. Mahesh Gupta, Director Marketing, National Fertilizers Limited, the Guest of Honour, for lending magnanimity to the event.

And even further, we are heartened to the core towards Prof. Prateek Sharma, Hon'ble Vice Chancellor, DTU, for choosing ICSI as its partner in this novel attempt to steer the minds of leaders towards ESG and Sustainability.

Not only am I hopeful of many more such collaborations in the future, but I am affirmed of the fact that working together, we shall all be able to make this world a better place for the generations to follow.

NATIONAL PCS DAY : Reminiscing Recognitions and striving for more

"The moment your name becomes a solution, you've won. Build your personal brand."

Even though I had picked the above quote to share with our newly admitted members, it dawned upon me, that this quote in itself would place a huge burden of responsibility on their shoulders.

However, with our professional brigade continually striving to explore more, achieve more, and work harder more than ever before, the words seemed like a perfect mantra for our thousands of practising professionals.

It is not just the COP Number that distinguishes a practicing member from those in employment, but a host of other traits as well. As a practicing professional, the onus lies on each one of you to fortify the foundations of governance – strengthen the pillars of transparency, accountability and compliance – all while maintaining individual independence.

The Institute of Company Secretaries of India, as it hosts the two-day long celebration of learning, gaining knowledge, fostering bonds and friendships, by way of the National Conference of Practising Company Secretaries at Guwahati during June 14-15, 2025; intends to redefine the role of PCS as an all-rounder professional with a penchant for any and every new development in the corporate arena.

As I extend my best wishes to all of you of the upcoming PCS Day, I am sure the packings and preparations would be in order to join us in the land of Maa Kamakhya, as we under her blessings, aspire and endeavor to raise the flag masts of governance even higher...!

The City of Temples awaits you !!!

MEETINGS WITH DIGNITARIES : Fostering bonds

*"Don't make friends who are comfortable to be with.
Make friends who will force you to lever yourself up."*

- Thomas J. Watson

Often it is a feeling surreal when the ICSI is called upon by members of the politico, of the Regulatory side, or those involved in the legislative law-making. Not only does it accord the opportunity to share our initiatives and achievements but to understand their expectations from us and the ways and means to honour them.

I feel immensely delighted to have met with Shri Lakshman Prasad Acharya, Hon'ble Governor of Assam, Shri Chirag Paswan, Hon'ble Minister of Food Processing Industries, and Ms. Anuradha Thakur, OSD, Department of Economic Affairs, during the past month. At the same time, I am equally elated to have been accorded the opportunity to host Shri Sudhir Gupta, Hon'ble Member of Parliament at the ICSI Headquarters, New Delhi. His warmth and candor in approach has built a strong bond for the times to follow.

We are hopeful that both the Institute and its members will try their level best to live up to these expectations meted upon us.

ICSI 18TH IPDFP: Bonding with nations closer to home

Known as the 'Pearl of the Indian Ocean', the Sri Lankan territories have a significant bond to share with our nation – one that dates back generations. If Ram Rajya has been the cornerstone of good governance, this nation has been an equivalent participant in ensuring the same.

Given these bonds, we are thrilled to share that the 18th International Professional Development & Fellowship Programme (IPDFP) is being organized from June 20-27, 2025, in Sri Lanka, for ICSI members on the theme, "The Evolution of Corporate Governance in the Digital Age".

I could go on and on with the highlights of the event, press upon its significance, so as to motivate you to join us in the beautiful land, but all I am going to say is that, the future of growth, the future of governance lies in our togetherness. And what better way would it be than to foster ties with nations closest to home ?!

Looking forward to seeing you in Ceylon !!!

FUTURE PLANS : Scaling opportunities for times ahead

As excited I am to meet you at the upcoming events, I am even more earnest and optimistic to witness this profession spread and sprawl its presence in every corporate arena.

I am pleased to share that the Institute, in a novel attempt, has launched Capacity Building Programme on Direct Tax for its Members and Students to update their knowledge & skills enhancement in the domain of Direct Tax.

At ICSI, we will be launching a host of new initiatives, but we would be even more ecstatic if our members, our professionals were to utilise the existing opportunities to the fullest while exploring for a lot more...

To many more achievements and feats ahead !!!

Yours Sincerely



CS Dhananjay Shukla
President, ICSI

This Month That Year



Meeting of ICSI delegation with Union Minister for Finance, Corporate Affairs and I&B - Sitting from Left: Shri Arun Jaitley (Hon'ble Union Minister for Finance, Corporate Affairs and I&B), CS Mamta Binani and CS Sonia Baijal.



Meeting of ICSI delegation with Union Minister for Railways - Standing from Left: CS Mamta Binani, Shri Suresh Prabhu (Hon'ble Union Minister of Railways), CS Vineet K Chaudhary and CS Ranjeet Kumar Pandey.



NIRC - Seminar on Securities Law - Changing Landscape, Opportunities Galore - Sitting from Left: CS Pradeep Debnath, CS Ranjeet Pandey, Ashishkumar Chauhan (Managing Director & CEO, BSE Ltd.), CS Manish Gupta, Prasanta Mahapatra (GM, Corporate Finance Department, SEBI) and CS Rajiv Bajaj.



Inaugural Session of the Golden Jubilee Year National Conference of Practising Company Secretaries (19th Edition) held at Mumbai - Standing on the dais from Left: CS Dinesh Chandra Arora, CS Ashish Garg, CS Ashish C. Doshi, CS Makarand Lele, Dr. Satya Pal Singh (Hon'ble Minister of State for Human Resource Development; (Higher Education) Government of India), Ajay Tyagi (Chairman, SEBI), CS Ahalada Rao V., CS Vineet Chaudhary, CS Hitesh Kothari.



ICSI delegation led by CS Ranjeet Pandey met with Shri Piyush Goyal (Hon'ble Minister for Railways, Commerce and Industry).

Activity Highlights of May, 2025

MEETINGS WITH DIGNITARIES

- *Shri Lakshman Prasad Acharya, Hon'ble Governor of Assam*
- *Shri Chirag Paswan, Hon'ble Minister of Food Processing Industries*
- *Shri Sudhir Gupta, Hon'ble Member of Parliament*
- *Ms. Anuradha Thakur, OSD, Department of Economic Affairs*
- *Shri Yogesh D Brahmankar, Innovation Director, Innovation Cell, Ministry of Education, Government of India*
- *Dr. Vinod Shastri, Head-Centre for Innovation and Entrepreneurship, Bennett University*

ICSI 18TH INTERNATIONAL PROFESSIONAL DEVELOPMENT & FELLOWSHIP PROGRAMME

The Institute of Company Secretaries of India (ICSI) is organising its 18th International Professional Development & Fellowship Programme (IPDFP) from 20 June -27 June 2025, in Sri Lanka, for ICSI members. Being organized on the theme, “**The Evolution of Corporate Governance in the Digital Age**”, the programme will witness stimulating discussion during business breakfasts every day on topics of professional interest. The International Conference, during the programme, will be held on June 26, 2025 in Colombo, Sri Lanka.

ICSI-DTU CXO SUMMIT ON ESG STRATEGY

The ICSI and Delhi Technological University (DTU), jointly organized a CXO Summit on ESG Strategy on May 30, 2025 at India Habitat Centre, New Delhi. Organised on the theme “ESG Strategy and Implementation Challenges,” the summit featured panel discussions led by distinguished experts from the government, industry and academia.

The CXO summit was attended by more than 50 participants from industry, academia, senior professionals and executives which offered them opportunity to closely

interact with the panelists. As take away, the summit highlighted best practices in development of ESG strategy and its implementation, engaging value chain partners in ESG, optimum use of AI and digitization in driving ESG programs, governance of ESG policies etc.

26TH NATIONAL PCS CONFERENCE - REGISTRATIONS OPEN

The Institute is delighted to organise its 26th National Conference of Practising Company Secretaries during **June 14-15, 2025 (Saturday & Sunday)** at **Hotel Vivanta Guwahati** at **Guwahati, Assam** on the theme “**Dynamic Regulatory Landscape: CS@Excelling Strategies**”. The Conference shall seek to deliberate upon significant role of Company Secretaries and new opportunities for the CS Profession for the holistic development of the economy. We encourage you to register for the Conference using Link: <https://tinyurl.com/26NCPS> and be an integral part of this significant annual event.

ONE DAY PROGRAMME FOR ICLS OFFICERS TRAINEES

The Indian Corporate Law Service Academy (ICLSA) under Ministry of Corporate Affairs has communicated ICSI regarding On-the-Job Training of Indian Corporate Law Service (ICLS) Officer Trainees of 2023 Batch (14th PCP) with various arms of the Ministry in the National Capital Region. Accordingly, the ICSI organised One Day Programme for ICLS Officers Trainees at ICSI Headquarters, New Delhi on May 14, 2025. CS Manish Gupta, Former President, ICSI; Secretary, ICSI and ICSI Officials interacted with the Officer Trainees.

ICSI BI-ANNUAL CONVOCATION OF FY 2025-2026

The Institute organized the First bi-annual Convocation of FY 2025-2026 of the Northern and Eastern 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
May 17, 2025	Eastern	Chief Guest: Shri Samrat Choudhary, Hon'ble Deputy Chief Minister, Bihar Guests: Shri Jibesh Mishra, Hon'ble Minister of Urban Development & Housing, Govt. of Bihar, Shri Mithilesh Tiwari, Former MLA, Bihar	Patna	100 members were awarded with Associate and Fellow Membership Certificates
May 23, 2025	Northern	Smt. Smriti Zubin Irani, Hon'ble Union Cabinet Minister, Government of India	Delhi	450 members were awarded with Associate and Fellow Membership Certificates

REPRESENTATION SUBMITTED

Date	Particulars	Authority
May 05, 2025	Request to include the qualification of Company Secretary for recruitment of specialist cadre officers in public sector banks	IBA
May 26, 2025	Request to include the qualification of “Company Secretary” in the Procedure and Guidelines for Engagement of Senior Consultants /Consultants Grade-2/ Consultants Grade-1/ Young Professionals in NITI Aayog, 2023	NITI Aayog

VIEWS AND SUGGESTIONS SUBMITTED

Date	Particulars	Authority
May 30, 2025	Draft Circular on Modification to Chapter VII of the Master Circular for listing obligations and disclosure requirements for Non-Convertible Securities, Securitized Debt Instruments and Commercial Paper	SEBI

EEE 5.0: MASTER KNOWLEDGE SERIES

DATE	TOPIC	FACULTY	LINK
May 07, 2025	Intellectual Property Rights and Trademark: Concept to Protection	CS Nayan Rawal, Advocate, Patent and Trademark Attorney Moderator: CS Suresh Pandey, Central Council Member, The ICSI	youtube.com/live/DkMq84f-2gg
May 14, 2025	Practical Aspects of Prohibition of Insider Trading and Structured Digital Database	Mr. Sanjay Puro, CGM, SEBI Mr. Manish Deo, VP, NSE Mr. Vishnu Gupta, NSE CS Savithri Parekh, CS & Compliance Officer, RIL Moderator: CS Venkata Ramana R, Central Council Member, The ICSI	youtube.com/live/310fkb57TC0
May 21, 2025	Annual Secretarial Compliance Report	Ms. Raksha Jain, Senior Manager, Listing Compliance, NSE CS Devendra V Deshpande, Former President, The ICSI CS Vinay MA, Company Secretary, Marico Limited Moderator: CS Manoj Kumar Purbey, Central Council Member, The ICSI	youtube.com/live/KToTmsuJzDc
May 28, 2025	Prevention of Sexual Harassment at Workplace	Ms. Raavi Birbal, Advocate, Supreme Court of India and Delhi High Court Moderator: CS Rupanjana De, Central Council Member, The ICSI	youtube.com/live/kDp9FREv4iA

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 Professional Reboot: Returning to Company Secretarial Roles

PEER REVIEW CERTIFICATES ISSUED

During the month May 2025, Peer Review of around 106 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

E-LEARNING FACILITY

The E-learning services configured to facilitate E-TDOP. Online assessments configured and conducted for various courses including GST, Securities Law, POSH, IPR, FEMA. New Knowledge on Demand topics made live.

TRAINING PROGRAMMES FOR EMPANELMENT OF PEER REVIEWERS

A Training Programme for empanelment of Peer Reviewers was organized at SIRO on May 10, 2025. The participants will be empaneled as Peer Reviewer upon completion of necessary formalities in this regard. More such training programmes will be conducted across the length and breadth of the Country in the days to come for the benefit of our members.

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 May 2025 for the FY 2025-26 were as under:

WIRC	Sangli Study Circle of ICSI	Renewal
NIRC	Greater Noida West Study Circle of ICSI	Formation
SIRC	Hubli-Dharwad Study Circle of ICSI	Renewal

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.

(May 2025)

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Jobs on the ICSI Placement Portal	137
No. of Openings available on the ICSI Placement Portal	526

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

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on May 29, 2025)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
20,728	30,558	9,570	35,125

ICSI SECTION 8 COMPANIES

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

• WORKSHOPS

Date	Subject	Speaker(s)	YouTube link
May 03, 2025	Pre-existing Dispute & Tax Planning under IBC	CS and IP Vinit Nagar	youtube.com/watch?v=dyINLzLuczQ
		CS and IP Rajinder Kumar	youtube.com/watch?v=7A49vnfU2H4
May 17, 2025	Managing Hostile Stakeholders & Treatment of MSME under IBC	CS and IP Rajinder Kumar CS Barsha Dikshit CS Neha Malu	https://www.youtube.com/watch?v=jw-w0JE0LkW8
May 22-23, 2025	Rise of Pre-Packs: Emerging Trends in IBC Resolution	IP John Vincent A.	youtube.com/watch?v=a2IQzheZqjQ
	Implementation of Resolution Plan	CS & IP Suhasini Ashok B.	youtube.com/watch?v=vTc5AQaPXmo

• WEBINAR SERIES: REVIEWING REGULATIONS NOTIFIED UNDER IBC, 2016

Date	Subject	Speaker(s)	YouTube link
May 16, 2025	Reviewing Voluntary Liquidation Regulations	CS and IP Sucheta Gupta	youtube.com/watch?v=8_BhX7YQLpI
May 24, 2025	Reviewing IP Regulations, IPA regulations & Model Bye Laws Regulations		youtube.com/watch?v=TC7g8BR6_vI
May 26, 2025	Reviewing IBBI Inspection, Investigation and IUs (Amendment) Regulations		youtube.com/watch?v=4qwLZJVoWCg

- **ROUNDTABLE**

Date	Subject	Speaker(s)	YouTube link
May 10, 2025	Recent Supreme Court Judgement in Bhushan Power and Steel Case	CS and IP Dipti Atul Mehta	youtube.com/watch?v=xJUJwx07je0

- **Joint Programs**

ICSI IIP jointly with IBBI, IIIP ICAI and IPA ICAI conducted workshop for Insolvency Professionals on May 09, 2025.

ICSI REGISTERED VALUERS ORGANISATION

Date	Programme	Topic	Faculty
May 07, 2025	COP Training		CS Rajesh Mittal CS K. Chandra Sekhar
May 08-14, 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

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 CCGRTs

ICSI-CCGRT KOLKATA

- *8th batch of RCLDP concluded on May 13, 2025*

The 8th batch of Residential Corporate Leadership Development Programme of CCGRT Kolkata which commenced on April 29, 2025 concluded on 13th May 2025. 52 students from all across the country joined the training programme. During the valedictory session, CS Sandip Kejriwal, Council Member of ICSI and Convenor of CCGRT Kolkata, extended his

best wishes for a prosperous and successful career to all the participants. Dr. S. K. Jena, Director and Head of CCGRT Kolkata, was also present on this occasion, inspiring the students with his words of encouragement.

- *Virtual Meeting of Debating Society held on 17th May 2025*

The Debating Society of CCGRT Kolkata hosted a virtual debate Competition on the provocative topic, "War is means to peace," involving mentees of the society under the guidance of esteemed mentors. The event took place on May 17, 2025. Distinguished mentors, including CS Ketan Madia, Former Deputy Company Secretary of ITC Limited; CS Hansraj Jaria, Past Chairman, Hooghly Chapter; CS Anil Kumar Dubey, Past Chairman, EIRC of ICSI; and CS Davinder Kaur, PCS, actively guided and supported the participants throughout the session.

ICSI-CCGRT MUMBAI

- *Non-Residential CLDP organised from May 05-21, 2025*

ICSI-CCGRT, Mumbai organised Non-Residential CLDP from May 05 to 21, 2025 bringing together 33 participants from across the country. The inaugural session 5 was graced by CS (CA) Ranganayaki Rangachari, Visiting Professor. The Valedictory Session featured CS Divija Dave, Practicing Company Secretary from Navi Mumbai, as the special Guest. CS Ashik Karodia, Central Council Member and Convenor of ICSI-CCGRT, Mumbai, also addressed the participants via video conference.

- *2-days Residential/Non-Residential Workshop organised on 'Compliances under SEBI LODR' on May 24-25, 2025*

ICSI-CCGRT, Mumbai organized a comprehensive Two days Residential/Non-Residential Workshop on 'Compliances under SEBI LODR' on May 24-25, 2025. The workshop was well-received, with around 150 members in attendance.

CS Savithri Parekh	Related Party Transactions (RPTs), compliance requirements for High Value Debt Listed Entities (HVDLE), Integrated Filing, and Rumour Verification
CS Shailashri Bhaskar	Recent amendments, applicability thresholds, financial disclosures, reporting obligations, annual report requirements, and the terms of reference of board committees
CS Saurabh Agarwal	Material events and information, emphasizing timely and accurate communication with stakeholders
CS Anshul Kumar Jain	Corporate Governance under the LODR framework

- *9th sessions of Debating Society organised on 17th May 2025*

The ICSI-CCGRT, Mumbai Debating Society conducted its ninth debate session on May 17, 2025, on the topic 'AI usage in the profession and its impact'. The discussion emphasized the need for responsible use, proper training, and human oversight.

ICSI-CCGRT HYDERABAD

- *2-day Research Conclave on SEBI Regulations organized on May 16-17, 2025*

The ICSI-CCGRT, Hyderabad, successfully organized a two-day Research Conclave on SEBI Regulations on May 16th & 17th, 2025, at ICSI CCGRT. The program witnessed an overwhelming participation of 68 delegates from across the country. CS R. Venkata Ramana, Council Member, ICSI & Convenor, MC CCGRT, Hyderabad led the Programme.

Technical Session-I	Overview of IPO Mainframe (ICDR Regulations) - Regulatory Perspective	Shri Rajesh Dangeti, Chief General Manager, SEBI
Technical Session-II	SME - IPO Process and Critical aspects of Listing Process - Role of Merchant Banker	CS Hari Surya
Technical Session-III	Listing Compliances (LODR)	CS P S Rao, Practicing Company Secretary
Technical Session-IV	Takeover Regulations and Prohibition of Insider Trading Regulations	CS B Pavan Kumar, Practicing Company Secretary

ICSI REGIONAL OFFICES

ICSI-EIRO

- *IPO CONCLAVE:*

Conclave	Date	Speakers	Participants
IPO Conclave I	May 03, 2025	CS Pammy Jaiswal, CS Payal Agarwal, CS Pratik Kohli, CS Manoj Agarwal, CS Pritha Chaudhury	70
IPO Conclave II	May 04, 2025	CS Shikha Surana, Mr. S Ramakrishna Iyengar, CS Kashish Arora, CS Arpan Sengupta	60

- *May 18, 2025: Full Day Seminar organised on the theme "Sankalpa – Where Governance meets Determination". Speakers: CS Mohan Ram Goenka, CS Hansraj Jaria, CS Kaushik Mukherjee, Executive Director & CS, PCBL Chemical Ltd, CS Rajendra Chotia, & CS Priyanka Gathani, Executive Director & Global CFO, MetricsNumero. No. of Participants: 60.*
- *May 17, 2025: EIRC of the ICSI in co-ordination with Patna Chapter organised a Press Conference at Patna addressed by President, Vice-President, and Secretary, ICSI. CS Rupanjana De, Council Member, the ICSI also interacted in the Press Meet. 32 media persons attended the meet.*

- *STUDENT PROGRAMS*

- ◆ *May 08, 2025 : Valedictory Session of 29th EDP. No. of Participants: 44*
- ◆ *May 26-28, 2025: 3rd Three Days Orientation Programme.*
- ◆ *May 26-28, 2025: Full Day Workshop- Pratiti' for Students on Information Technology. No. of Participants: 11*

ICSI-SIRO

- **STUDENT PROGRAMS**
 - ◆ May 05-07, 2025: 1st Batch of Three Days Orientation programme organised
 - ◆ May 06-23, 2025: 11th Batch of CLDP (15 Days Classroom Mode) organised
 - ◆ May 14, 2025: Study Circle Meeting for Students-Smart Strategies to prepare for CS Exams. Speaker: CS Jinal Jain
- **ICSI DEBATING SOCIETY**

ICSI-SIRC conducted 2 sessions in the month of May 2025 as under:

07.05.2025	5 th Session of ICSI Debating Society
16.05.2025	6 th Session of ICSI Debating Society

ICSI WIRO

- May 04, 2025: Program on “Comprehensive Guide to Preparing Annual Reports: Compliance & Best Practices” organised.
- May 09, 2025: Program on “Critical issues in various modes of fund raising and recent adjudications orders on the same” organised.
- May 14, 2025: Program on “Data Privacy, Governance & CS-KMP: Regulations, Provisions & Prospects” organised.
- **STUDENT PROGRAMS**
 - ◆ May 27, 2025: 30th Batch of 15 days Classroom Mode Non-Residential CLDP commenced.
 - ◆ May 15-31, 2025: 9th Batch of 15 days CLDP Webinar Mode organized.
 - ◆ May 17, 2025: 58th Batch of 15 Days Classroom Mode EDP concluded.
 - ◆ May 23-25, 2025: 1st Batch of Three Days Orientation Program (TDOP) organized.
- **STUDY CIRCLE MEETINGS**

May 04, 2025	Kandivali Study Circle	CS-KMP V/S General Counsel V/S Compliance Officer Road Map-2030
May 08, 2025	Adani (Corporate) Study Circle	Board Governance & Business Sustainability
May 21, 2025	Aditya Birla Group (Corporate) Study Circle	Best Corporate Secretarial Practices across applicable laws for Listed Entities
May 30, 2025	Sangli Study Circle	The Role of AI in Transforming the Company Secretary Profession
May 30, 2025	H. T. Parekh Marg (Corporate) Study Circle	ESG - Guidance and Best Practices – BRSR

ICSI-NIRO

- May 09, 2025: Study Circle Meeting on the topic “Compliances to Conflict Resolution”. Speaker: CS Faizur Rehman
- May 17, 2025: Seminar on “Practical Aspects of Contract Drafting, Management & Negotiations”. Speakers : CS Kartik Jain, CS Aditya Tripathi, Mr. Amit Malik, CS Rashim Gupta
- **STUDENT PROGRAMS**
 - ◆ May 06-08, 2025 : 1st Batch of Three Day Orientation Programme (TDOP)
 - ◆ May 27-29, 2025 : 2nd Batch of Three Day Orientation Programme (TDOP)
 - ◆ May 13-29, 2025 : 55th Batch of 15 Days Classroom Executive Development Programme (EDP)
 - ◆ May 20, 2025 : 35th Batch of 15 Days Classroom Mode Non-Residential CLDP Commenced
 - ◆ May 02-20, 2025 : 16th Online CLDP Webinar Mode
 - ◆ May 22, 2025 : 17th Online CLDP Webinar Mode Commenced
- **GYAN VRIDHI** (ज्ञान वृद्धि)

Date	Topic	Speaker
May 03, 2025	Secretarial Audit: Recent Developments	CS Manish Gupta, Former President, ICSI
May 31, 2025	Goods & Services Tax	CS J.K. Mittal, Co-Chairman, National Council (Indirect Taxes), ASSOCHAM and Advocate, Supreme Court & Delhi High Court

ICSI EMPLOYEES

- Workshop on “Meditation and Breath” by The Art of Living Foundation

A workshop on ‘Meditation and Breath’ was organized on May 27-28, 2025 at Noida Office Auditorium for the well-being of employees through The Art of Living (AOL) Foundation. A total of 18 employees participated in the programme. Mr. Saket Gupta, a faculty from The Art of Living took the sessions. The Programme incorporated practical, simple yet highly effective methods, which draw upon ancient timeless and widely acclaimed wisdom. Besides Yoga Asana, Pranayama and Meditation, Sudarshan Kriya—a powerful breathing technique and a proprietary of The Art of Living, lay the foundation for the rest of the program. Further, interactive processes, games and discussions aimed at improving life skills, better response to work and life situations, achieving higher productivity, efficiency and commitment

management of emotions and dealing with negativity were included.

- *Webinar on “Low Back Pain and Ergonomics” by Dr Reddy’s Foundation*

A webinar was organized on May 28, 2025 on the topic “Low Back Pain and Ergonomics” by Dr Reddy’s Foundation for the benefit of ICSI employees and pensioners. All employees participated in the webinar presented by Dr. Rajdeep Saha, Orthopaedic.

ICSI STUDENTS

FACILITATION AND RELAXATION

- *CS Mitr Scheme:*

ICSI has introduced CS Mitr incentive Scheme wherein any person who is above 18 years of age is eligible to become CS Mitr under the scheme. Incentive @ ₹500 will be paid per student to the CS Mitr for each student registered in Executive Programme (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, 664 students registered in Professional Programme since May 2014. The detailed information is available at: icsi.edu/docs/Webmodules/REREGISTRATION.pdf

- *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 para-military forces.*
- ◆ *In Service/ Retired personnel of Indian Army, Indian Air Force, Indian Navy and all para military 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 para military 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 55th Samadhan Diwas, on Wednesday, May 14, 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, **04** Transcripts were issued.

Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, **03** 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/Executive_FAQ_SW_23022023.pdf*

JUNE 2025 EXAMINATIONS

• **Admit Card – Executive & Professional – Old & New Syllabus**

Admit Card released on 19th May 2025 for Executive (New Syllabus) and Professional – Old & New Syllabus for June 2025 Session of Examination. All information on this regard hosted on website www.icsi.edu and propagated via Bulk mail and SMS

• **Online Doubt clearing classes**

ICSI is conducting online doubt clearing classes for the students in the month of May 2025. These classes are being conducted for the students appearing in June 2025 examination, Classes are being conducted for Executive and Professional Programme for all subjects. The classes are being taken by renowned and distinguished faculties with enriched teaching experience. The students can submit their queries through Google link which is sent to them after registration. They can also interact 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.).

- **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, **12940** students registered in Professional Programme since August 2023.

- **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. Announcement hosted at: www.icsi.edu/media/webmodules/CumpolsorySwitchOver454241472154414584.pdf

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	130
No. of Training/Semi qualified Opportunities available on the ICSI Placement Portal	250

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

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

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

Company Secretary Executive Entrance Test (CSEET) was conducted on 03rd and 05th May, 2025 through Remote Proctored mode

- **Centralized online Classes of CSEET**

ICSI will be conducting online Centralized classes for the students registered for the upcoming Session of CSEET. Faculties with vast experience will be taking 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 **May, 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.	NIRC	Faith Academy	02-05-2025	New Delhi
2.	EIRC	Vidyanagar College, Maheshtala,	02-05-2025	Kolkata
3.	NIRC	OPG World School	05-05-2025	New Delhi
4.	NIRC	Bluebells School International	06-05-2025	New Delhi
5.	EIRC	The Crescent School, Park Circus	10-05-2025	Kolkata
6.	EIRC	St. Francis Xaviers School, Saltlake	14-05-2025	Kolkata
7.	EIRC	South Calcutta Girls College, Golpark	14-05-2025	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.

- **1.) 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.

- **Participation in Career Fairs**

Organiser	Date of Event	Venue
Moonstar Global School & Junior College	May 18, 2025	Sania Celebration Hall, Mumbra

DIGITAL ICSI

- Automation of System to implement :
 - ◆ 15 days CLDP in Classroom Mode on Weekends (Non-Residential) for Working Professionals.
 - ◆ 15 Days CLDP in Online Mode in Lieu of Classroom Mode (through LMS – anytime / anywhere basis).
- Implementation of :
 - ◆ "TCC – Part 'A' for the students eligible to apply for 15 days CLDP in Classroom mode" under the Training Module of the STIMULATE portal.
 - ◆ "TCC - Part 'B' for issuance of Associate Membership on the Last Day of CLDP" under the Training Module of the STIMULATE portal.
 - ◆ Changes Related to Amnesty Scheme of ECSIN and UDIN.
 - ◆ Refund Process in STIMULATE Portal.
- Development of :
 - ◆ MIS Requirements of the Directorate of Internal Audit.
 - ◆ MSME Startup and Catalyst Portal.
- Upgradation of PCS portal.

52nd Foundation Day of Pune Chapter held on May 10, 2025



ICSI - EIRC Convocation 2025 held on May 17, 2025 at Patna, Bihar

Chief Guest : Shri Samrat Choudhary, Hon'ble Deputy Chief Minister, Bihar

Guests : Shri Jibesh Mishra, Hon'ble Minister of Urban Development & Housing, Govt. of Bihar

Shri Mithilesh Tiwari, Former MLA, Bihar



ICSI - NIRC Convocation 2025 held on May 23, 2025 at New Delhi

Chief Guest : Smt. Smriti Zubin Irani, Hon'ble Former Union Cabinet Minister, Government of India



ICSI - DTU CXO Summit held on May 30, 2025 at India Habitat Centre, New Delhi

Chief Guest : Dr. Rajneesh, Development Commissioner & Addl. Secretary, Ministry of MSME

Guest of Honour : Mr. Mahesh Gupta, Director Marketing, NFL



Pan India Celebrations for Panchayat Governance Week 2025



April 20, 2025, Thane

Guest of Honour: Shri. Sanjay Kelkar
Hon'ble MLA, Thane

Speaker: Dr. Rajiv Nandan
Assistant General Manager, NABARD

Speaker: CS Jigar Shah



April 24, 2025, Nagpur

Guest: Shri Kapil Kalode
Deputy Chief Executive Officer (Panchayat)
Dept., Zilla Parishad, Nagpur (M.H.)

Speaker: CS Monica Bhattad



April 25, 2025, SIRC

Speakers: CS Gopal Krishna Raju, IP (IBBI), RV (IBBI & Income Tax) & Arbitrator, Chennai
Mr. S. Rajanbabu NRP (FI & Livelihood), National Rural Livelihood Mission, MoRD



April 26, 2025, Bhopal

Speaker: Mr. Jeetendra Ahirwar, (Executive Engineer (EE) Bhopal Division,
Rural Engineering Services, Government of Madhya Pradesh

Speaker: CS P. K. Rai, Practicing Company Secretary



April 26, 2025, **Faridabad**

Special Guest: Ms. Praveen Joshi, Mayor-Municipal Corporation Faridabad

Speaker: CS Ajay Garg, Former Chairman of the Faridabad Chapter



April 26, 2025, **Chhatrapati Sambhajinagar**

Chief Guests: Shri Sanjay Kenekar, Member of the Legislative Council and General Secretary of BJP, Maharashtra State

Padma Shri Dr. Popatrao Pawar, Former Sarpanch of Hiware Bazar, Ahilyanagar

Guests of Honour: Shri Dnyaneshwar Bhau Jadhav, President, All India Sarpanch Association (Marathwada), Maharashtra Executive Committee Member, and Former Sarpanch

Hon. Annasaheb Shinde, Former District Collector, Chhatrapati Sambhaji Nagar

Shri. Rajendra Jadhav, Adrian Health Care Private Limited

Speakers: CS Sagar Dev (Former Chairman) and **Prof. Praful Lele** (Maharashtra National Law University)



April 26, 2025, **Visakhapatnam**

Ms. M. Saraswathi, Panchayati Secretary at Panchayati Raj Department

Mr. Karri Jogi Naidu, Secretary of Sarada Valley Development Samithi



April 26, 2025, **Amravati**

Chief Guest: Shri. P. Gopalakrishnan, Chief Executive Officer, Sangam Milk Producer Company Limited

Guest of Honour: Shri. Samba Siva Rao Peddi, Chief Financial Officer,
Sangam Milk Producer Company Limited

Speakers: CS K Srinivasa Rao, Past Chairman, ICSI Amaravati Chapter
CS B. Sandeep, Company Secretary, Sangam Milk Producer Company Limited



April 26, 2025, **Chandigarh**

Guests of Honour: Smt. Deepmala Bagri, ICLS, Assistant Registrar of Companies &
Assistant Official Liquidator of Punjab & Haryana

Dr. Ajay Sharma, Principal, GGDSD College

Special Guest: CS Vikas Gupta

Speakers: Sh. J.S. Ahluwalia, B.A. LL.B. (H), Senior Law Officer
Department of Rural Development and Panchayats, Govt. of Punjab

Dr. Vibha Sharma, Former Head and Associate Professor, Dept of Public Administration, MCM College, Chandigarh



April 26, 2025, **Dombivli**

Chief Guest: Smt. Sulbhatai Ganpatshet Gaikwad, Member of the Legislative Assembly – Kalyan East

Speakers: CS Vivek Thakur

Mr. Vilas Patil, Sarpanch – Naren Gaon Shri Malang



April 26, 2025, Siliguri

Chief Guest: Shri Ananda Ghosh, Sabhapati, Naxalbari Panchayat Samiti

Special Guests: Smt. Rita Singha, Pradhan, Gossainpur Gram Panchayat

Smt. Mamata Barman, Pradhan, Lower Bagdogra Gram Panchayat

Guests of Honour: Prof. Tapas Kumar Sarkar Former Sabhadhipati, Siliguri Mahakuma Parishad

Sri Amrita Lal Sarkar, Upa-Pradhan, Gossainpur Gram Panchayat

Sri Biswajit Ghosh, Upa-Pradhan, Lower Bagdogra Gram Panchayat

Speakers: CS (Dr.) Pintu Prasad Jaiswal Chairman, Siliguri Chapter

CS Nitin Gupta, MC Member & Former Chairman, Siliguri Chapter

CS Saptasikha Jhampati, Vice-Chairperson, Siliguri Chapter



April 26, 2025, Bikaner

Guests: Dr. Saiyyad Shashin, Chairman, Bikaner Panchayat Samiti

Sh. Tolaram Kukana, Chairperson, Panchayat Sangh

Sh. Devnarayan Singh, Block Development Officer, Bajju Taluka

Speakers: CS Sudesh Balecha and CS Khushbu Kothari



April 26, 2025, **Bhubaneswar**

Chief Guest: CS Subha Prakash Kanungo,

Addl. Tahasildar, Bhubaneswar & I/c Sub-Registrar, Khandagiri, Bhubaneswar

Speakers: CS Uttam Kumar Mohallick and CS Nikita Snehil



May 03, 2025, **Indore**

Guest: Shri Siddharth Jain, IAS, CEO, Zila Panchayat, Indore & Additional Collector (Development), Indore

Speaker: CS Anmol Jha



May 09, 2025, **Coimbatore**

Chief Guest- Uyir K.B. Sasikumar, President, Mopperipalayam Town Panchayat, Vagarayampalayam, Coimbatore District

Speakers: CS P. Eswaramoorthy, PCS, Coimbatore

CS G. Vasudevan, PCS, Coimbatore

EEE 5.0: Master Knowledge Series

WEBINAR ON

**Intellectual Property Rights and Trademarks:
Concept to Protection held on May 7, 2025**



Faculty:
CS Nayan Rawal
Advocate, Patent and
Trademark Attorney



Moderator:
CS Suresh Pandey
Central Council Member,
The ICSI

WEBINAR ON

**Practical Aspects of Prohibition of Insider Trading and
Structured Digital Database held on May 14, 2025**



Faculty:
Mr. Sanjay Purao
CGM, SEBI



Faculty:
Mr. Manish Deo
VP, NSE



Faculty:
Mr. Vishnu Gupta
NSE



Faculty:
CS Savithri Parekh
Company Secretary and
Compliance Officer,
Reliance Industries Limited



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

WEBINAR ON

Annual Secretarial Compliance Report held on May 21, 2025



Faculty:
Ms. Raksha Jain
Senior Manager,
Listing Compliance, NSE



Faculty:
CS Devendra V Deshpande
Former President,
The ICSI



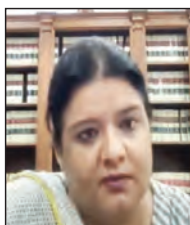
Faculty:
CS Vinay MA
Company Secretary,
Marico Limited



Moderator:
CS Manoj Kumar Purbey
Central Council Member,
The ICSI

WEBINAR ON

Prevention of Sexual Harassment at Workplace held on May 28, 2025



Faculty:
Ms. Raavi Birbal
Advocate, Supreme Court of India
and Delhi High Court



Moderator:
CS Rupanjana De
Central Council Member,
The ICSI



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(Under the jurisdiction of Ministry of Corporate Affairs)

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

Motto

सत्यं वद। धर्मं चर। इष्टं कुरु। तृप्तये। श्रेष्ठं कुरु। श्रेष्ठं कुरु।

Mission

"To develop high calibre
professionals facilitating
good corporate governance"



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or write to seft@icsi.edu

To download the SEFT Form click here :

https://www.icsi.edu/media/webmodules/SEFT_ApplicationForm.pdf

CS B Narasimhan
President, The ICSI

CS Dhananjay Shukla
Vice-President, The ICSI

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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.
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2. I affirm that:
 - a) the article titled "....." is my original contribution and no portion of it has been adopted from any other source;
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 - c) the copyright in respect of this article, if published in ICSI Journal, shall vest with the Institute.
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 - 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.
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(Signature)

The Rise of GIFT-IFSC as a Gateway to Global Education in India

Building on the historical development of the education sector and analysing India's present educational landscape, this article expresses the Government of India's vision to establish GIFT-IFSC as the centre for Global Education in India, aiming to achieve a leading role in the global Education sector.



Sathyaraj CM

General Manager,
Division of Foreign University
IFSCA, GIFT City, Gujarat
sathyaraj.cm@ifsc.gov.in

INTRODUCTION

India has a long and rich history of education, stretching back centuries and eras, with excellent world-class universities flourishing when many Western countries were still exploring the field. This tradition evolved through various periods, including the Vedic, Buddhist, Mughal, and British eras. This historical journey provides a crucial backdrop to understanding India's current educational landscape and its aspirations for global leadership in education, exemplified by initiatives like National Education Policy of 2020 and International Financial Services Centres Authority (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022.

WHY THIS TOPIC

India stands at a pivotal juncture in its higher education landscape, characterized by high outbound student mobility and a gradually increasing inflow of foreign students. With over 1.3 million Indian students studying abroad and contributing an estimated \$47 billion in annual foreign expenditure which is projected to rise to \$70 billion by 2025. There is an urgent economic and strategic imperative to re-evaluate domestic educational capacity. Permitting more foreign universities to establish campuses in GIFT-IFSC can address this challenge by offering globally competitive education within national borders, thus reducing financial outflow and meeting the rising aspirations of Indian students. Additionally, such a move would bolster GIFT-IFSC's position as an international

education hub, complementing initiatives like the Study in India portal and enhancing the quality and diversity of its higher education ecosystem. It would also facilitate cross-cultural exchange, stimulate academic innovation, and generate local employment. In a globalized world, inviting reputed foreign institutions to set up campuses in GIFT City is not just a policy choice, it is a forward-looking investment in the country's intellectual capital and economic resilience.

HISTORICAL ROOTS OF INDIAN EDUCATION

The Vedic period followed the Gurukul system, where education was completely controlled by the guru (teacher). Disciples lived in the guru's ashram, following instructions and acquiring knowledge and skills irrespective of social status. The curriculum included religious-spiritual and materialistic education, covering philosophy, literature, history, war, medicine, and arts, often taught by a single guru. Teaching methods included oral instruction, thinking, and reflection, with epics like Mahabharata and Ramayana used to explain society, relationships, and dharma. The system emphasized self-realization, all-round personality development, cultural promotion, and societal duties, imposing strict discipline, though mass education, women's education, and worldly life were somewhat less prevalent. Gurukuls did not have a fixed source of income from the state, depending instead on the generosity of kings, emperors, and rich people. Specialization in higher education began in this period, initially based on student abilities, but later becoming tied to Varna in the Later Vedic period. Education was divided into primary and higher levels. (University, n.d.)

The Buddhist period shifted focus to the actual problems in the life of the common man, emphasizing healthy life and human welfare. Teaching methods included lectures, question-answer sessions, conferences, and activity-based learning through demonstration and experimentation. Monasteries and Buddha viharas served as the main educational centers. Education covered both religious and secular types, including physical, mental, and moral development, and saw significant institutional development. Primary education focused on read-write-arithmetic skills, while higher education included literature, arts, crafts, surgery, ayurveda, religion, and warfare. Apprentice training in crafts was introduced after theoretical completion. State governments and emperors provided financing for educational institutions, offering land allocations, appointing trained teachers, and

introducing scholarships and subsidies. This period saw the development of ancient higher learning institutions like Nalanda, Vikramshila, Taxila, Pushpagiri, and Kanchipuram, attracting scholars from around the world. Nalanda, for instance, accommodated about 10,000 students and 2,000 professors, handling all branches of education, while Taxila specialized in Medicine. Free primary education was a feature of the Buddhist system, with fees charged for higher education based on merit. The relationship between teachers and students was close, based on monastic discipline.

During the Mughal period, the curriculum was divided into worldly and religious categories. Islamic religious education, including Arabic, Urdu, and Persian, was offered at Maktab & Madrasa, which also taught grammar, literature, philosophy, politics, medicine, and agriculture. The primary focus was the propagation of Islam, Muslim culture, and political administration. Hindu religious education and literature were not much encouraged during this period. State financing for institutions was reduced, with many relying on endowment funds and private philanthropy. The concept of mass education was not widely conceived in this period.

The British period is considered significant for designing modern and mass education in pre-independent India. Western science and literature progressed rapidly through the medium of English, often supplanting traditional systems. Christian missionaries also played a remarkable role in education. Key developments were driven by various acts, minutes, and reports.

The Charter Act of 1813 allocated Rupees One Lakh annually for education, though debates arose over the medium of instruction (oriental vs. western literature). Mountstuart Elphinstone's minutes (1823) favored English education and grafting a western curriculum onto India's heritage. (Srimathi H & Krishnamoorthy A, 2020)

Lord Macaulay's minutes (1835) heavily emphasized English education and the "Downward Filtration" theory, aiming to educate an elite class fluent in English, who would then disseminate knowledge to the masses. This approach aimed to create "a class of persons who are Indian in blood and colour, but English in taste, opinions, morals and intellect, who would always cooperate with British rules". Macaulay is criticized for fostering a slavery attitude.

Wood's Despatch (1854), considered the "Magna Carta of English Education in India," vested education responsibility with the British Government, supported useful education for the public, introduced scholarships, teacher training schools, and paid attention to women's and vocational education. It recommended establishing universities in Calcutta, Bombay, and Madras (Kolkata, Mumbai, and Chennai) modelled after London University.

Hunter's Commission (1882) studied primary, secondary, and higher education, grant-in-aid, and education for underprivileged groups, recommending free education

and inspection systems. The Sadler (Calcutta) University Commission (1917-19) recommended a twelve-year school course before university, a three-year degree course, expansion of women's education, teacher training, and science/technology education. Other initiatives included the Indian University Act, 1904, Gokhale resolution of 1913, Hartog Committee (1929), Wardha Scheme of Education (1937), Sapru Committee (1934), Abbot-Wood Report (1936-37), and Sargent Report (1944), which proposed schemes from pre-primary to degree level, advocating for public libraries, adult literacy, teacher training, and employment bureaus.

EDUCATION IN POST-INDEPENDENCE INDIA (UP TO 2020)

Following independence in 1947, India focused on rapidly expanding education and making it accessible to all sections of society. The Government prioritized revamping the education system, leading to the establishment of several committees and councils. The Radhakrishnan Commission (1948-49), the first education commission in independent India, focused on professional and women's education, administration, and all aspects of higher education, laying the foundation for modern higher education.

The Mudaliar Commission (Secondary Education Commission, 1952-53) suggested multipurpose secondary schools and training for intermediate leadership.

The Kothari Education Commission (1964-66) significantly contributed to establishing professional technical education. The first National Education Policy was based on the Kothari report.

Subsequent policies like the National Policy on Education (NPE) 1986 and its revision in 1992 aimed at universal enrolment, eradicating illiteracy, modernizing curricula, and including marginalized communities, focusing on quality and equality.

The Right of Children to Free and Compulsory Education Act 2009 provided legal support for universal elementary education for children aged 6-14 years. While the post-independence period saw incredible expansion, including in higher technical, professional, distance, and online education, challenges in achieving inclusive growth and quality for the huge population remain.

THE NATIONAL EDUCATION POLICY 2020: A FORWARD LOOK

The National Education Policy 2020 (NEP 2020) is the first education policy of the 21st century in India, aiming to address developmental imperatives and revamp the entire education structure. Rooted in Indian ethos, its vision is to transform India into an equitable and vibrant knowledge society by providing high-quality education to all and making India a global knowledge superpower.

The policy emphasizes developing the creative potential of individuals, focusing on cognitive, social, ethical, and emotional capacities, and draws inspiration from India's

ancient heritage of knowledge and institutions. It replaces the 10+2 school structure with a new 5+3+3+4 pedagogical and curricular framework covering ages 3-18.

Key objectives include ensuring universal access, equity, quality, affordability, and accountability across all levels. NEP 2020 advocates for a holistic and multidisciplinary education, promoting critical thinking, creativity, and lifelong learning. It also emphasizes the promotion of Indian languages, arts, and culture, the effective use and integration of technology, and envisions India being promoted as a global study destination providing premium education at affordable costs. The policy encourages high-performing Indian universities to set up campuses abroad and facilitates selected top global universities to operate in India through a legislative framework providing special dispensations. (National Education Policy 2020 Ministry of Human Resource Development Government of India, n.d.).

SETTING UP FOREIGN UNIVERSITIES AND EDUCATIONAL INSTITUTIONS IN GIFT IFSC: AN OVERVIEW OF IFSCA REGULATIONS

India's Two-Way Student Mobility: Outflow and Inflow

India is a significant player in the global landscape of student mobility, witnessing both a large number of students pursuing education abroad and a growing number of foreign students choosing India as their study destination.

Indian Students Studying Abroad

The number of Indian students going abroad for studies has seen a substantial surge in recent years. According to official statements, student migration abroad had surpassed 5 lakh in 2018, reaching 5.86 lakh in 2019, before a decline due to the Covid-19 pandemic. Despite this drop, over 2.5 lakh students migrated abroad for studies in 2020. The mobility quickly rebounded to 4.4 lakh in 2021. In 2022, the number increased by nearly 70% compared to 2021, reaching over 7.5 lakh. The total number of Indian students currently studying abroad is estimated at around 13.2 lakh. India is recognized as the second-largest source of international students globally, after China.

This outward migration represents a considerable financial outflow. The estimated direct expenditure for Indian students studying abroad in 2022 was around **\$47 billion**, covering tuition fees, accommodation, and other living costs. Projections indicate this amount is expected to rise further, potentially reaching **\$70 billion by 2025**. This highlights the substantial expenses incurred by Indian students pursuing their academic goals internationally.

The most chosen destinations for Indian students in recent years include the United States, Canada, the United Kingdom, and Australia. In 2022, the USA hosted the highest number of Indian students at 1.9 lakh, followed

closely by Canada with 1.85 lakh, and the UK with 1.32 lakh. Other significant destinations in 2022 included Germany (20600), Russia (19700), Singapore (17000), and Bangladesh (17000). While North America (USA and Canada) accounts for nearly half of Indian students abroad, Gulf countries collectively represent almost a quarter, followed by the UK and Australia combining for another fifth.

Several factors contribute to the increasing number of Indian students seeking education abroad, including the appeal of leveraging the latest technology, research opportunities, and top-notch faculty available in international institutions, offering a broader range of subjects and courses. Attractive post-study work opportunities in many countries, along with the easy availability of educational loans and scholarship options, also play a role. The pent-up demand following the pandemic and the reopening of international borders have also contributed to the recent surge.

The significant expenditure by Indian students abroad represents a notable financial outflow from the Indian economy. This spending, covering tuition, housing, and living costs, benefits the economies of the host countries.

Foreign Students Studying in India

Concurrently, India is gradually emerging as a preferred destination for foreign students, particularly from the South Asian region. Data from 2011-12 showed India receiving 32,760 foreign students, an increase of nearly 20.43% from the previous year. These students came from a growing number of countries, totalling 153 in 2011. Historical data shows foreign

student numbers rising from 16,410 in 2011-12 to 34,774 in 2014-15, 47,575 in 2016-17, and over 49,000 pre-Covid in 2019-20, before declining due to the pandemic.

More recent data highlights a significant rebound. The Study in India (SII) Portal, a centralized platform launched in August 2023, received a record **72,218 registrations from 200 countries** for the academic year 2024-25. This initiative is part of a multi-pronged approach by the Indian government towards the internationalization of education, aiming to position India as a global knowledge leader.

In 2011-12, the highest percentage of foreign students in India came from Nepal (nearly 19%), followed by Bhutan, Iran, Afghanistan, Malaysia, Sudan, and Iraq. Students from the top ten countries constituted 62% of the total foreign students in India at that time. India is becoming an educational hub in the SAARC region due to its relatively large higher education system and capacity to absorb students from neighbouring countries.

The majority of foreign students in India pursue undergraduate studies (77% in 2011-12), followed by post-graduate (18%) and doctoral levels (3%). Popular subjects among under-graduate foreign students in 2011-12

included Bachelor of Technology (B.Tech), Bachelor of Science (B.Sc), Bachelor of Commerce (B.Com), Bachelor of Arts (B.A), Bachelor of Business Administration (BBA), and Bachelor of Computer Applications (BCA). Specific disciplines like MBBS, Nursing, Pharmacy, and Dental Surgery received over 80% of their foreign students from the top ten source countries. At the post-graduate level, Master of Science (M.Sc), Master of Arts (M.A), and Master of Business Administration (MBA) were popular fields.

The inflow of foreign students contributes value to the Indian economy in several ways. Firstly, they bring **financial contributions** to the country. While specific overall financial contributions from foreign students studying in India are the expenditure on tuition fees, accommodation, and living costs represents revenue for Indian educational institutions and the broader economy. Secondly, foreign students bring their socio-cultural values, which can help in creating harmony between countries. The increasing number of foreign students also indicates the quality of education offered by some universities in India compared to neighbouring countries. Efforts through initiatives like the Study in India portal, allowing foreign universities to establish campuses in India, and fostering collaborations aim to further enhance India's appeal as a global education destination.

In this background, with the following objectives, a significant policy initiative was announced in the Union Budget 2022-23 by the Hon'ble Finance Minister to permit "World Class Foreign University and Institutions" to establish a presence in GIFT IFSC. The mandate is to enable these institutions to offer courses, including research programmes, in Financial Management, FinTech, Science, Technology, Engineering and Mathematics. These institutions would operate largely free from domestic regulations, except those specifically laid down by the IFSCA with the aim of facilitating the availability of high-end human resources for financial services and technology sectors. This initiative seeks to bring world-class education and research facilities to GIFT IFSC and provide high-end manpower for institutions operating there.

- i. To enable Foreign Universities to establish International Branch Campuses in GIFT International Financial Services Centre (GIFT IFSC) either on stand-alone basis, or in such other form as may be permitted by the Authority.
- ii. To enable a Foreign Educational Institution other than a Foreign University to establish an Offshore Educational Centre in the GIFT IFSC.
- iii. To make the GIFT IFSC an international educational centre catering to both Indian and foreign students in the specified disciplines.
- iv. To encourage research in Banking, Insurance, Capital Market, Funds Management, FinTech, Longevity Finance, Sustainable Finance, Quantum Computing, etc., to provide high-end human resources in finance, technology and related fields.

- v. To encourage executive education in the specified disciplines and related areas.
- vi. To ensure world-class education in GIFT IFSC.
- vii. To safeguard the interests of the student community pursuing such courses in GIFT IFSC.
- viii. To put in place an objective and transparent process for registration of a Foreign University/ Foreign Educational Institution for offering courses including research programmes in the permissible subject areas and executive education programmes, that are accredited in their respective home jurisdiction, and duly recognized by the Authority for being offered in the GIFT-IFSC.

To implement this policy, the Central Government took key decisive steps. A notification, S.O. 2374(E) dated 23rd May 2022, was issued under Section 3 of the IFSCA Act 2019, formally notifying the specified courses offered by foreign universities/institutions in IFSCs as "Financial Services". Concurrently, a notification under Section 31 of the IFSCA Act was prepared and tabled before Parliament for approval to disapply provisions of several central acts, specifically the University Grants Commission Act, 1956, and the All-India Council for Technical Education Act, 1987, as they relate to such foreign universities and institutions operating in the IFSC in India.

Following these foundational steps, the IFSCA developed the regulatory framework. A Consultation Paper was issued on June 30, 2022, on the proposed IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022. These regulations were subsequently notified on October 11, 2022. (Ifsca-Ibc-and-Oec-Regulations-202213102022113639, n.d.; Sec-3-Gazette-Notification16102023084414, n.d.).

SALIENT FEATURES OF THE IFSCA REGULATIONS

The IFSCA Regulations lay down the framework for establishing and operating International Branch Campuses (IBCs) by Foreign Universities and Offshore Educational Centres (OECs) by Foreign Educational Institutions in GIFT IFSC. The objectives include making GIFT IFSC an international educational centre for specified disciplines, encouraging research in relevant fields like finance and technology, providing high-end human resources, ensuring world-class education quality, safeguarding student interests, and establishing a transparent registration process.

Eligible Institutions: The regulations apply to International Branch Campuses (IBCs) of Foreign Universities and Offshore Educational Centres (OECs) of Foreign Educational Institutions seeking registration.

Location: Operation is specifically permitted within the GIFT International Financial Services Centre (GIFT IFSC).

Permissible Subject Areas: The permitted courses and research programmes are restricted to Financial Management, FinTech, Science, Technology, Engineering and Mathematics.

Eligibility Criteria:

For a Foreign University applying to set up an IBC, it must be ranked within the Top 500 globally, either overall or in the subject ranking, according to the latest QS World Universities ranking.

A Foreign Educational Institution (other than a university) applying for an OEC must be a reputed institution in its home jurisdiction.

Applicants must also demonstrate their financial capability to establish and sustain operations for continuity of activities.

A commitment to providing suitable infrastructure and facilities is required.

Application and Registration Process: Applicants meeting the eligibility criteria must apply to the IFSCA in a specified format. The application requires comprehensive details, including a resolution from the applicant's governing body, specifics on infrastructure, faculty, fees, academic plan, curriculum, and funding for a minimum of five years. Details of alternative arrangements for students in case of course discontinuation must also be provided.

Undertaking on Recognition: A crucial requirement is an undertaking from the applicant stating that the degrees, diplomas, or certificates issued to students in GIFT IFSC will be recognized and treated as equivalent in the Parent Entity's home jurisdiction.

Course Equivalence and Recognition: Any course or programme offered by the registered entity must be identical or similar to the one conducted by the Parent Entity in its home jurisdiction. Degrees, diplomas, or certificates must be issued directly by the Parent Entity and possess the same recognition and status as if completed in the home jurisdiction. Curriculum modifications must be initiated by changes in the Parent Entity's course or require prior approval from the Parent Entity's competent body and intimation to the Authority.

Operational Standards: IBCs/OECs should generally use the same or a similar name as the Applicant. They must adhere to student and faculty selection processes that are identical or similar to those of the Parent Entity, with any deviation requiring prior approval. Student complaint and grievance redressal policies must align with the Applicant's approved policy. Quality assurance audits are mandatory, with reports submitted at registration renewal. All activities must be consistent with the Applicant's mission and objectives. Marketing

communications must be factual and non-misleading. Adherence to the Authority's dispute resolution policy is required.

Financial Conduct: All transactions conducted by the IBC or OEC must be in freely convertible foreign currency. However, administrative expenses in Indian Rupees (INR) can be defrayed using a separate Special Non-Resident Rupee Account. Books of accounts must be maintained in a foreign currency declared at the time of application. An annual report detailing admissions, programmes, fees, repatriation, investment, and degrees awarded is required. Specific fees, including application (US\$ 1,000), initial registration (US\$ 25,000), annual (US\$ 10,000), and processing fees for relaxation requests (US\$ 10,000), are prescribed in US dollars. The Parent Entity is permitted to repatriate profit without restriction.

Regulatory Oversight and Enforcement: The IFSCA has the right to inspect IBCs/OECs at any time, including before registration, to verify infrastructure, quality, and suitability. Failure to comply with the regulations can lead to enforcement actions, including suspension, cancellation of registration, and/or penalties.

Student Safeguards: IBCs/OECs are prohibited from discontinuing or suspending approved courses without the Authority's prior written approval. In case a course is disrupted or discontinued, the Parent Entity is responsible for providing alternative arrangements for affected students, such as reallocation to a course offered by the Parent Entity. Safeguarding student interests is explicitly stated as one of the regulation's objectives.

A Way Forward:

Based on its outcome, objectives, experiences from its implementation, its relevance to changed environment, probably, the next step would be in exploring potential collaboration between Foreign and Indian Universities and to allow eligible Indian Universities (specifically those accredited by NAAC with a minimum score or ranking within the top in the National Institutional Ranking Framework - NIRF) to set up Overseas Centres or engage in Joint Ventures with foreign universities in GIFT IFSC to deliver the specified courses. The rationale behind this consideration includes providing a level playing field for Indian institutions and fostering the internationalization of the Indian education system especially for foreign students. This move aligns with the broader vision of India becoming a global knowledge superpower, as articulated in NEP 2020.

In essence, the IFSCA regulations create a distinct, largely de-regulated environment within GIFT IFSC for select, high-quality foreign educational institutions focusing on specific, high-demand fields, while maintaining regulatory oversight to ensure quality, transparency, and financial soundness.

Mutual Recognition of Degrees:

Mutual recognition of degrees in India refers to formal agreements between India and other countries to accept each other's educational qualifications for academic and professional purposes. These agreements are established through bilateral or multilateral arrangements and are facilitated by bodies such as the University Grants Commission (UGC) and the Ministry of Education. The aim is to ensure that degrees earned in India are recognized abroad and that foreign degrees are valid in India for further education or employment.

Such recognition enhances student mobility, eases admission and visa processes, and increases global job opportunities for graduates. Notable examples include India's agreements with the UK and Australia, which cover a wide range of degrees including undergraduate and postgraduate programs. However, professional degrees like medicine or law may be subject to separate regulations, and recognition can vary depending on institutional and national standards.

CONCLUSION

India's educational journey, from the ancient Gurukula system to the ambitious reforms of NEP 2020, demonstrates a continuous evolution shaped by diverse influences and a persistent pursuit of knowledge and development. Initiatives like establishing GIFT-IFSC as a hub for global education, by inviting world-class foreign universities, represent a significant step towards integrating Indian education with the global landscape and fostering high-quality learning and research in critical fields.

At present, two Australian Universities, namely Deakin University and University of Wollongong have established their International Branch Campuses in GIFT IFSC. The Deakin University commenced its academic programme in the year 2024-25 with two courses, namely, M.Sc(Business Analytics) with 30 students and M.Sc(Cyber Security) with 12 students. Similarly, University of Wollongong had commenced its academic programme from 2024-25 with Masters of FinTech with 9 students. Both these universities have started admission process for second academic year.

Further, two UK based universities, namely, Queens University Belfast and Coventry University have received in-principle approval and they are at advanced stage of starting their campus operations in GIFT-IFSC. The Coventry University has launched two courses, namely, B.Sc(Hons) in International Business Management and B.Sc(Hons.) in Business and Finance. The Queens university of Belfast has launched five Master degree courses in the areas of Leadership and Sustainable Finance, Construction and Project Management, Business Analytics, Artificial Intelligence in Business and Artificial Intelligence.

As highlighted by our Hon'ble Prime Minister Shri Narendra Modi that "Education is not only the foundation upon which our civilization has been built, but it is also the architect of humanity's future". He emphasizes that the objective must be to "provide quality education with better governance" and stresses the importance of combining foundational literacy with technology and using new e-learning innovatively. He also underscores that investing in education and skilling is "investing in the progress of humanity" and that "Education must transcend geopolitical boundaries". The rise of GIFT-IFSC as a gateway for global education aligns with this vision, aiming to equip future generations with 21st century skills and contribute to a more equitable and prosperous world. (Ministry of Education Prime Minister Addresses the G20 Education Ministers' Meet through Video Message, n.d.)

Disclaimer: The author expressed his own perspective in the article for academic purposes, which is distinct from any official or institutional position.

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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)

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

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Mission

"To develop high calibre professionals
facilitating good corporate governance"

#IntlGovCon

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 Partner



ABOUT THE CONFERENCE

In today's dynamic business environment, effective corporate governance requires not only established practices but also the integration of new ideas and technologies. Embracing innovation allows organizations to enhance transparency, improve decision-making, and build stakeholder trust, positioning them better to address current challenges and anticipate future needs.

Imagine a business world where transparency shines brightly, accountability is paramount, and risks are managed with unwavering diligence. As we navigate the complexities of ESG reporting and explore the governance implications of AI, we recognize the critical role of human capital, championing diversity, equity, and inclusion as cornerstones of responsible corporate practice. This is not simply about corporate compliance; it's about forging a collaborative path towards a more sustainable and equitable future. The Institute of Company Secretaries of India (ICSI) is catalyzing another opportunity for knowledge sharing by organizing its 4th International Conference in Sydney, Australia on 3-4-5 September, 2025.

The theme of the conference, **"Embracing Innovation, Enhancing Good Governance,"** is set to bring forth a channel of discussions, that will equip Company Secretaries with the know-how to help organizations find innovative solutions. With good corporate governance at the centre of all deliberations, the sessions are set to pan across integration of AI-driven compliance systems, adoption of blockchain for enhanced supply chain transparency, implementation of advanced data analytics for risk management, and leveraging digital platforms for stakeholder engagement.



Focusing on India-Australia bilateral relationship, the Conference will unlock mutually beneficial investment opportunities that would drive economic growth, create jobs, and foster a more sustainable future for both countries. In alignment with the theme, the three-day Conference will hold Power Packed Sessions on:

- Driving Transparency and Accountability in businesses
- Managing Risk Oversight through Stewardship,
- Navigating the Landscape of ESG Reporting,
- Evaluating the Efficacy of Governance in Generative AI
- Leveraging Human Capital by Steering Diversity, Equity, and Inclusion (DE&I).

The 4th International Conference will be a platform for networking with thought leaders, industry pioneers, and prospective investors, the Conference would bring forth an opportunity of Learning and Resource Enhancement for business growth and propel recognition among the global community of governance professionals.



WHO SHOULD ATTEND



PROGRAMME HIGHLIGHTS



PROGRAMME SCHEDULE*

Day 1: Wednesday 3 September 2025

Registration and Networking Tea	1100-1200 hrs
Opening Plenary	1200-1300 hrs
Networking Lunch	1300-1400 hrs
Plenary II	1400-1515 hrs
Plenary III	1515-1630 hrs
Tea/ Coffee	1630 -1700 hrs
Networking	1700 hrs onwards

Day 2: Thursday 4 September 2025

Plenary IV	1000-1100 hrs
Plenary V	1100-1145 hrs
Tea/Coffee	1145-1215 hrs
Plenary VI	1215-1315 hrs
Networking Lunch	1315-1415 hrs
Plenary VII	1415-1530 hrs
Tea/Coffee	1530-1630 hrs
Panoramic Tour of Sydney City	1730-2000 hrs



Day 3: Friday 5 September 2025

Study Tour	0900-1200 hrs
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**Subject to modifications*



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**

For Sponsorship queries contact Ms. Pooja Sharma
☎ +91 11 4534 1087/ 96256 55045 ✉ **pooja.sharma@icsi.edu**

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Articles Part - I

Strategic Role of Practising Company Secretaries in Navigating FEMA Compliances for Cross-Border Transactions

56

CS Kanchan Maheswari

The article elucidates the core principles of cross-border transactions involving capital flows, services, goods, and intellectual property, and the role of Practising Company Secretaries in adhering to the FEMA regulations and other laws. These transactions have increased in volume and complexity as India's economic connectivity with the rest of the world continues, posing both compliance challenges and advisory opportunities for practising company secretaries.

Maritime Laws and India: Guarding Governance of Waters

63

Dr. Naresh Kumar

The significance of protecting the governance of waters for India is underscored by its extensive maritime gateways that stretch across the Indian Ocean. This article engages in an in-depth analysis of the historical development of Maritime Laws in India. Grounded in essential concepts such as the principle of freedom of the seas, sovereign control over maritime zones, accountability of flag states, and stewardship of marine environments, the study outlines India's proactive alignment with the United Nations Convention on the Law of the Sea (UNCLOS) and related international agreements, including SOLAS, MARPOL, and the Maritime Labour Convention (MLC). The article concludes by highlighting the emergent challenges and the strategic role of Governance professionals, including Company Secretaries, in shaping a detailed compliance landscape characterized by intricate statutory frameworks.

Shaping Responsible Governance: The Role of PCS in FEMA Compliance

68

CS Suparn Sekhri

Facilitating foreign investments requires addressing the challenges of global business expansion while promoting responsible governance by following the regulations related to foreign exchange transactions for ease of doing business. With a strong foundation in ethics, compliance awareness, and business acumen, Practising Company Secretaries are well-equipped to support start-ups engaged in cross-border activities within the digital economy and offer pathways for sustainable investments. They also act as statutory advisors to large corporations looking to grow and thrive in international markets. In this article, the author discusses the comprehensive and contemporary role of Practising Company Secretaries in FEMA.

Beyond Compliance: How PCS are Reshaping India's Boardrooms as Guardians of Independence?

73

CS Mantasha Habib

This article outlines the progression of Practising Company Secretaries from their conventional role as Compliance Officers to their new status as Governance Specialists as recognised in the Companies Act, 2013, and SEBI regulations. This historical transformation has paved the way for PCS to take on more strategic positions, including roles on the board, while ensuring the autonomy and efficiency of corporate boards. The author, with the help of case studies, clearly articulates the connection between the work of PCS and their responsibilities as directors.

Taxation Laws and other Opportunities for Practising Company Secretaries (PCS) in India

79

CS Charu Vinayak

The role of Practising Company Secretaries (PCS) in India is becoming more crucial as the country navigates complex taxation laws and regulatory systems. The forecasts for growth in GDP of India's economy by 2030, is fuelled by advancements in sectors such as technology, manufacturing, and services. The changing regulatory environment, demands greater transparency and responsibility. Consequently, the need for PCS is expected to increase, as businesses rely more on their knowledge of corporate laws, taxation, and compliance. PCS are equipped to provide a broad spectrum of services that extend beyond standard compliance, including advisory functions in areas like mergers and acquisitions, corporate restructuring, and tax strategy. Against the backdrop of digital transformation, the use of digital tools for compliance is transforming PCS operations, allowing them to deliver more efficient services, especially in taxation, where these tools can improve accuracy and reduce mistakes.

FEMA: Roles and Responsibilities of Governance Professionals

82

CS Sheetal Patodia

The article enumerates the statutory recognition given to Practising Company Secretaries and their evolving role as Governance professionals under FEMA. Statutory provisions under Inbound and Outbound Investments (FDI & ODI), Foreign Contribution and Remittance Regulations, External Commercial Borrowings (ECBs), Current and Capital Account Transactions, and NRI Investments and Repatriation Rules are some of the key FEMA compliance areas for governance professionals, as accentuated in the article.

Articles Part - II

Legal and Accounting Aspects of Interim Dividend

89

CS (Dr.) K R Chandatre, CA CS Pramod Jain

Beginning with the statutory framework on dividend, including interim dividend under Section 2(35) of the Companies Act, 2013, the author evaluates conditions and circumstances under which interim dividend can be declared and paid to shareholders. A company can declare interim dividend any number of times during a financial year. A company can declare at an annual general meeting a further dividend which is called 'final dividend'. A company can declare an interim dividend one or more times during a financial year and also declare a final dividend at the annual general meeting held in that financial year. Interim dividend does not require any confirmation or ratification at an annual general meeting.

Section 149(11) of the Companies Act, 2013 - Continuance of Independent Director in any Capacity after Completion of Two Terms in Office during Mandatory Cool-off period -An Analysis of the Law

99

CS Ramaswami Kalidas

The article explicates the provisions under Section 149(11) of the Companies Act, 2013. Supported with appropriate case laws, the author expresses his views on the various elements related to length of office of an Independent Director, Tenure of appointment of Independent Director, and disassociation of Independent Director with the company directly or indirectly during the 'Cool-Off' period. Further, the interpretation of Section 149(11) in consonance with SEBI (LODR) provisions and the views of Proxy Advisories on Cool-Off period, SES, and IiAS are captured in the article.

Decoding the Conundrum of Promoter Identification while Gearing up for IPO

103

CS Neha Malik

This article analyses and interprets the various provisions related to promoter and promoter group under Companies Act, 2013 and SEBI laws. The author discusses in detail provisions related to Liability for misstatement in the prospectus under Companies Act, 2013, Minimum Promoters' Contribution (Reg 14-22) under SEBI (ICDR) regulations. Further conditions for Freezing of promoter/promoter group holding and Reclassification as non-promoter under SEBI (LODR) regulations are discussed.

Research Corner

P-113

Legal Analysis of the Pari Passu Principle in Distribution of Assets to the Creditor under the Insolvency and Bankruptcy Code, 2016

114

CS Pratiti Nayak, Ankita Kumari, Swanand Gharpure

Under the IBC, the 'Pari Passu' principle operates as a guiding norm during the resolution or liquidation process. It is particularly relevant in the distribution of proceeds to creditors after the realization of a debtor's assets. This research study analyses the legal framework of 'Pari Passu' in Asset Distribution and its application in Insolvency Proceedings. Quoting the relevant literature, the author illustrates the application of 'Pari Passu' principle that governs the distribution of liquidation proceeds among unsecured creditors by mandating proportionate and non-discriminatory treatment. Evolving judicial decisions related to Judicial Clarifications on Set-Offs, and Recent trends on Differential Treatment of Creditors, Priority of Secured Creditors, and Anti-Deprivation Rule, have prompted a shift from a rigid application to a more nuanced and pragmatic approach.

Legal World

P-121

- **LMJ 06:06:2025** In this case the appellant is admittedly a secured creditor. It sues on a mortgage by deposit of title deeds. Such a suit is not likely to involve a long drawn out trial. Without intending to lay down the law broadly but confining only to the facts of this case, we feel that the order of transfer of the suits to the High Court of Bombay cannot be supported. [SC]
- **LW 41:06:2025** After examining above, we are not in position to convince ourselves that sufficient case has been made out by the Appellant to cross hurdles of Rule 26 of NCLAT Rules, 2016. [NCLAT]
- **LW 42:06:2025** Since the appellant companies are closely held family concerns, the valuation and share swap ratio is worked out by expert IBBI registered Valuers, the shareholders of both the companies have given their unequivocal consent to the Scheme, we hold that NCLT has erred in dismissing the application for first motion seeking demerger of one unit of Appellant No. 1 company and its merger in the resulting company, Appellant No. 2. [NCLAT]
- **LW 43:06:2025** Since there is no clarity with respect to the actual date of publication/ adoption/ usage of the new trade dress by the plaintiff, at this stage, this Court is not satisfied to pass a decree under Order VIII rule 10 of the CPC. [Del]
- **LW 44:06:2025** The sketchy cross-examination coupled with the fact that no witness was examined

by the Management clearly goes on to indicate that learned Labour Court was left with no option but to give Award in favour of the respondent herein.[Del]

- **LW 45:06:2025** The only question is whether the petitioner is entitled to imposition of a lower penalty on grounds of parity with him. Suffice it to say, the petitioner's case was materially different on many counts, including the merits of the allegations found against him.[Del]
- **LW 46:06:2025** The purpose of the policy is to require transfer of persons in sensitive posts upon completion of a maximum of four years, not to prevent earlier transfer.[Del]
- **LW 47:06:2025** The Commission notes that any bank under the provisions of the SARFAESI Act, has a right of enforcement of its security interest if the borrower defaults in the repayment of loan or any instalment. [CCI]
- **LW 48:06:2025** Even otherwise, deficiency in services or non-adherence of prescribed norms for banking operation cannot be given colour of competition concern.[CCI]

From The Government P-131

- The Companies (Accounts) Amendment Rules, 2025
- The Companies (Indian Accounting Standards) Amendment Rules, 2025
- Measures for Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives
- Final Settlement Day (Expiry Day) for Equity Derivatives Contracts
 - i. Process for appointment, re-appointment, termination or acceptance of resignation of specific Key Management Personnel (KMPs) of a Market Infrastructure Institution (MII); and
 - ii. Cooling-off period for KMPs of an MII joining a competing MII
 - iii. Provision relating to re-appointment of Public Interest Directors (PIDs)
- Accessibility and Inclusiveness of Digital KYC to Persons with Disabilities
- Norms for Internal Audit Mechanism and composition of the Audit Committee of Market Infrastructure Institutions
- Review of provisions pertaining to Electronic Book Provider (EBP) platform to increase its efficacy and utility
- Extension of timeline for implementation of provisions of SEBI circular dated December 17, 2024 on Measures to address regulatory arbitrage with respect to Offshore Derivative Instruments (ODIs) and FPIs with segregated portfolios vis-à-vis FPIs
- Rating of Municipal Bonds on the Expected Loss (EL) based Rating Scale

- Investor Charter for Registrars to an Issue and Share Transfer Agents (RTAs)
- Composition of the Internal Audit team for CRAs
- Simplification of operational process and clarifying regarding the cash flow disclosure in Corporate Bond Database pursuant to review of Request for Quote (RFQ) Platform framework.
- Extension of timeline for complying with the certification requirement for the key investment team of the Manager of AIF
- Review of - (a) disclosure of financial information in offer document, and (b) continuous disclosures and compliances by Real Estate Investment Trusts (REITs)
- Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Infrastructure Investment Trusts (InvITs)
- Publishing Investor Charter for KYC (Know Your Client) Registration Agencies (KRAs) on their Websites
- Measure for Ease of Doing Business – Facilitation to SEBI registered Stock Brokers to undertake securities market related activities in Gujarat International Finance Tech-city – International Financial Services Centre (GIFT-IFSC) under a Separate Business Unit (SBU)
- Inclusion of “The Vishweshwar Sahakari Bank Ltd., Pune” in the Second Schedule of the Reserve Bank of India Act, 1934
- Reporting on FIRMS portal – Issuance of Partly Paid Units by Investment Vehicles
- Withdrawal of Master Circular on Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM) and related circulars
- Alteration in the name of “North East Small Finance Bank Limited” to “slice Small Finance Bank Limited” in the Second Schedule to the Reserve Bank of India Act, 1934
- Exim Bank's GOI-supported Line of Credit (LOC) for USD 700 million to the Govt. of Mongolia (GO-MNG), for financing construction of Crude Oil Refinery Plant in Mongolia
- Reserve Bank of India (Digital Lending) Directions, 2025
- Investments by Foreign Portfolio Investors in Corporate Debt Securities through the General Route – Relaxations
- Amendments to Directions - Compounding of Contraventions under FEMA, 1999

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

Call For ARTICLES

Call For Articles in CS Journal – July 2025 Issue



GST & OPPORTUNITIES UNDER AUDIT

July has always been considered as a game-changer month since 2017, for introduction of the Goods & Services Tax – a Tax which not only simplified the processing and operations for corporates, but also served the larger interests of promoting ease of doing business.

Amidst that, as Governance Professionals, there is a bigger commitment to honour – of strengthening compliance and transparency within the entities – one that is next to impossible without regular and timely checks in the form of audits.

Company Secretaries – both in employment and in practice are undertaking these activities with great ease and élan.

With the aim of upgrading and updating their knowledge and understanding of the finer nuances of these arenas, we are pleased to inform you that the July 2025 issue of Chartered Secretary Journal will be devoted to the theme **GST & OPPORTUNITIES UNDER AUDIT** covering *inter alia* the following aspects:

PART-I : GST

- ❖ GST Legislations and Amendments : A journey down the memory lane
- ❖ GST Regime : Strengthening the idea of co-operative federalism
- ❖ Good and Simple Tax : Challenges, Hiccups and Solutions
- ❖ GST Audit : Means to compliance and governance

PART-II : OPPORTUNITIES UNDER AUDIT

- ❖ Internal and External Audits : Fortifying corporate governance
- ❖ Audits and AI : Holding the hand of technology
- ❖ ESG Audit : Placing Sustainability at the centre
- ❖ Forensic Audit : Unearthing non-compliance
- ❖ Auditing and Assurance : Differences and Similarities
- ❖ Auditing Standards and Tools : Ways and means to do things right

And many more...

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

Members and other readers desirous of contributing articles may send the same latest by Wednesday, June 25, 2025 at cs.journal@icsi.edu for July 2025 issue of Chartered Secretary Journal.

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Regards,
Team ICSI

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2. The article must be original contribution of the author.
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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.
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ARTICLES



Articles Part - I

- STRATEGIC ROLE OF PRACTISING COMPANY SECRETARIES IN NAVIGATING FEMA COMPLIANCES FOR CROSS-BORDER TRANSACTIONS
- MARITIME LAWS AND INDIA: GUARDING GOVERNANCE OF WATERS
- SHAPING RESPONSIBLE GOVERNANCE: THE ROLE OF PCS IN FEMA COMPLIANCE
- BEYOND COMPLIANCE: HOW PCS ARE RESHAPING INDIA'S BOARDROOMS AS GUARDIANS OF INDEPENDENCE?
- TAXATION LAWS AND OTHER OPPORTUNITIES FOR PRACTISING COMPANY SECRETARIES (PCS) IN INDIA
- FEMA: ROLES AND RESPONSIBILITIES OF GOVERNANCE PROFESSIONALS

Articles Part - II

- LEGAL AND ACCOUNTING ASPECTS OF INTERIM DIVIDEND
- SECTION 149(11) OF THE COMPANIES ACT, 2013- CONTINUANCE OF INDEPENDENT DIRECTOR IN ANY CAPACITY AFTER COMPLETION OF TWO TERMS IN OFFICE DURING MANDATORY COOL-OFF PERIOD-AN ANALYSIS OF THE LAW
- DECODING THE CONUNDRUM OF PROMOTER IDENTIFICATION WHILE GEARING UP FOR IPO

Strategic Role of Practising Company Secretaries in Navigating FEMA Compliances for Cross-Border Transactions

In the dynamic landscape of international trade and investment, compliance with the Foreign Exchange Management Act (FEMA), 1999, is paramount for businesses that are engaging in cross-border transactions. This article delves into the pivotal role that Practising Company Secretary (PCS) can play in ensuring adherence to FEMA regulations, thereby facilitating seamless international operations. Drawing from over eight years of professional experience, the discussion encompasses advisory functions, compliance management, case studies, and the strategic value PCS brings to businesses navigating the complexities of FEMA.



CS Kanchan Maheswari, FCS

Practising Company Secretary,
Belur, Howrah
kanchan8211@gmail.com

INTRODUCTION

India's growing integration into the global economy has brought increased emphasis on cross-border trade, foreign investment, and remittances. These transactions are regulated under the Foreign Exchange Management Act (FEMA), 1999, which replaces the earlier FERA regime. In this regulatory landscape, PCS have emerged as vital advisors and compliance facilitators. This article examines the roles Practising Company Secretaries (PCSs) can play in FEMA compliance, particularly in the domain of cross-border transactions, which include Foreign Direct Investment (FDI), External Commercial Borrowings (ECB), Overseas Direct Investment (ODI), and Cross-Border services.

UNDERSTANDING FEMA IN THE CONTEXT OF CROSS-BORDER TRANSACTIONS

The Foreign Exchange Management Act, 1999 (FEMA) was enacted to facilitate external trade and payments and ensure the orderly development of India's foreign exchange market. Replacing the restrictive FERA, FEMA ushered in a more liberal and facilitative framework aligned with India's economic liberalization.

• *Philosophy and Scope of FEMA*

FEMA views foreign exchange as a national asset and mandates that all forex transactions serve India's broader economic interests. It empowers the Reserve Bank of India (RBI) and the Central Government to regulate these transactions, providing a structured legal regime for dealings such as foreign investments, remittances, borrowings, and asset transfers.

• *Transaction Classification*

FEMA classifies transactions into:

- ♦ **Current Account Transactions:** Day-to-day transactions like trade payments, remittances for travel, education, or medical needs, and interest payments. These are generally permitted under Section 5 unless expressly restricted.
- ♦ **Capital Account Transactions:** Transactions that affect the assets or liabilities of residents or non-residents, such as Foreign Direct Investment (FDI), Overseas Direct Investment (ODI), External Commercial Borrowings (ECBs), and property transactions. These are regulated more strictly and permitted only as specified under Section 6.

• *Core Principles for Cross-Border Transactions*

Key FEMA principles include:

- ♦ Transactions must go through RBI-authorized channels.
- ♦ Bona fide purpose and documentation are essential.
- ♦ Sectoral caps, entry routes (automatic/approval), and pricing norms must be followed for capital flows.
- ♦ Outbound remittances must comply with the Liberalised Remittance Scheme or relevant RBI regulations.
- ♦ Timely filing of forms like FC-GPR, FC-TRS, ODI, and FLA is vital for compliance.

- **Importance of FEMA Compliance**

Non-compliance can lead to heavy penalties, including fines and, in extreme cases, imprisonment under Section 13. In practice, companies that neglect initial FEMA requirements—such as during foreign funding—face delays and compliance costs later. Maintaining FEMA compliance builds investor trust, supports future fundraising, and demonstrates sound governance.

- **FEMA in a Globalized Economy**

As India grows into a global business destination, FEMA's relevance is increasing. Initiatives like online compliance portals (e.g., FIRMS for foreign investment filings) reflect a forward-looking regulatory approach. For companies expanding globally, FEMA compliance is not just a legal requirement but a strategic imperative.

- **Role of PCS**

FEMA is the cornerstone of India's legal framework for cross-border financial dealings. While facilitative, it requires strict compliance to protect forex reserves and ensure economic stability. For PCS, this offers a vital advisory role—helping businesses navigate FEMA complexities with clarity, strategy, and diligence.

THE EXPANDING SCOPE OF CROSS-BORDER TRANSACTIONS

The Foreign Exchange Management Act, 1999 (FEMA) governs a wide range of cross-border transactions involving capital flows, services, goods, and intellectual property. As India deepens its integration with the global economy, these transactions have grown in both volume and complexity, presenting compliance challenges and advisory opportunities for PCS.

- **Foreign Direct Investment (FDI):**

FDI involves equity capital inflows into Indian companies, governed by sectoral caps and automatic or government routes. PCS must ensure correct filing of Form FC-GPR, downstream investment compliance, and reporting via the FIRMS portal.

- **Foreign Portfolio Investment (FPI):**

FPI covers investments in listed securities by registered foreign entities. It involves compliance with SEBI and RBI norms, sector-specific limits, and registration under the unified FPI framework.

- **External Commercial Borrowings (ECBs):**

ECBs allow Indian entities to borrow in foreign currency from non-resident lenders. Compliance includes adhering to borrowing limits, maturity periods, and permitted end-use norms, along with mandatory reporting through Form ECB-2.

- **Overseas Direct Investment (ODI):**

ODI enables Indian businesses to invest in foreign subsidiaries or JVs. The 2022 rules require filing of Form FC, Annual Performance Reports (APR), and adherence to financial commitment limits.

- **Import and Export of Goods and Services:**

Cross-border trade in goods and services, including SaaS and consulting, falls under FEMA. Proper documentation—such as invoices, shipping bills, and customs clearances—is essential.

- **Immovable Property Transactions:**

Property dealings between residents and non-residents are subject to restrictions based on nationality and source of funds. Non-compliance can trigger penalties under FEMA.

- **Liberalised Remittance Scheme (LRS):**

Resident individuals may remit up to USD 2,50,000 annually for various purposes. PAN-based tracking, Form A2 declarations, and adherence to prescribed usage norms are required.

- **Cross-Border Mergers and Acquisitions:**

These are regulated under the FEMA (Cross Border Merger) Regulations, 2018, and involve multiple approvals. PCS play a crucial role in structuring and navigating compliance across FEMA, Companies Act, 2013, and sectoral laws.

- **Royalty and IP Payments:**

Payments for intellectual property use must align with FEMA, transfer pricing, and RBI guidelines. Some transactions may require prior approvals depending on the quantum or nature of the payment.

- ♦ **Technology and the Digital Economy:**

The rise of digital services has broadened FEMA's applicability. Payments to foreign SaaS providers, freelancers, or platforms must comply with FEMA and potentially GST/OIDAR rules, based on the provider's location and nature of the transaction.

- ♦ **Sector-Specific Trends:**

Sectors like IT, Pharma, Fintech, and Edtech experience high cross-border activity. Each has unique compliance requirements, such as SEZ provisions, IEC registration, or approvals from regulators like DPIIT and SEBI.

- ♦ **Role of PCS:**

PCS is responsible to ensure compliance through correct structuring, documentation, and filings. They also help clients to avoid common pitfalls like sectoral cap violations or non-disclosure of foreign holdings.

REGULATORY FRAMEWORK AND COMPLIANCE LANDSCAPE

India's cross-border transaction framework is primarily governed by the Foreign Exchange Management Act, 1999 (FEMA), supplemented by RBI regulations, government rules, and sector-specific circulars. This evolving regulatory landscape presents compliance challenges and significant opportunities for PCSs.

• **Key Regulatory Authorities:**

- ♦ **RBI:** Oversees foreign exchange operations, issues directions, and supervises Authorized Dealers.
- ♦ **Ministry of Finance (DEA):** Frames FEMA rules and foreign investment policies.
- ♦ **Directorate of Enforcement (DoE):** Enforces FEMA and handles penalties/ compounding.
- ♦ **MCA:** Regulates corporate transactions like cross-border mergers.
- ♦ **SEBI:** Governs foreign portfolio investments.
- ♦ **Others:** IRDAI, DPIIT, DGFT, and CCI also impact cross-border compliance.
- ♦ **ADbanks** act as intermediaries, ensuring that transactions conform to FEMA provisions.

• **Regulatory Instruments:**

FEMA compliance is enforced via Notifications, RBI Master Directions, Circulars, and FAQs. Notable rules include the **Non-Debt Instruments Rules, 2019**, and **Overseas Investment Rules, 2022**.

• **Digital Compliance Infrastructure:**

- ♦ **FIRMS Portal:** For FDI filings (FC-GPR, FC-TRS).
- ♦ **ODI Portal:** For outward investments (Form FC, APR, FLA).
- ♦ **RBI COSMOS:** Digital compounding applications.
- ♦ **AD Bank Portals:** For remittances and regulatory filings.

• **Key FEMA Compliances:**

- ♦ **FC-GPR:** Report equity allotment to non-residents within 30 days.
- ♦ **FC-TRS:** Filed for transfer of securities between residents and non-residents.
- ♦ **Form ODI / APR / FLA:** For overseas investments and returns.

- ♦ **Form ECB / ECB-2:** For foreign borrowings.
- ♦ **LRS Declarations:** For individual foreign remittances.

• **Penalties and Compounding:**

FEMA violations can attract penalties up to thrice the amount involved. Compounding offers a route to regularize defaults. PCS professionals play a pivotal role in preparing applications and coordinating with RBI and AD banks.

Case Example: A startup missed its FC-GPR deadline post-FDI. PCS assistance helped secure compounding approval within 60 days, protecting valuation and investor confidence.

• **Role of PCS:**

PCS responsibilities go beyond filings to include:

- ♦ Advisory on transaction routes and structuring.
- ♦ Due diligence and investor vetting.
- ♦ Issuance of compliance certificates.
- ♦ Regulatory coordination.
- ♦ Client training on systems and reporting.

Expert guidance from PCSs can simplify complex regulatory processes and boost investor confidence. Whether facilitating FDI, handling outbound ODI, or managing compliance lapses, PCS professionals play a crucial role in aligning legal mandates with business goals.

THE MULTIFACETED ROLE OF PCS IN FEMA COMPLIANCE

Cross-border transactions under FEMA are complex and risk-laden. PCS, with their legal, governance, and financial acumen, are well-equipped to guide businesses through this regulatory terrain.

• **Legal Interpretation & Advisory**

PCS interpret FEMA provisions—advising on routes (automatic vs. approval), instrument types, and compliance timelines. They assist in structuring transactions, drafting legal opinions, and securing RBI approvals.

Case Example: For an SME investing in Dubai, PCS guided compliance under the automatic route, covering valuation, filings, and documentation.

• **Due Diligence & Audits**

PCS conduct due diligence for foreign investments, M&A, and Restructuring—assessing filings, sector caps, remittances, and identifying violations, aiding informed business decisions.

• **Certification & Attestation**

PCS issue certificates for FC-GPR, ODI, ECB, and valuations—ensuring regulatory accuracy through thorough review and documentation.

- **Documentation Support**

PCS prepares and vets FEMA-compliant documents: resolutions, agreements, KYC, valuation reports, etc., collaborating with clients, CAs, AD banks, and legal advisors.

- **Reporting & Regulatory Liaison**

PCS handle filings on FIRMS, ODI, ECB, and LRS portals and liaise with RBI, AD banks, and regulators to resolve queries and filing errors.

Case Example: A startup delayed FC-TRS filing. PCS managed compounding, restored compliance, and preserved investor trust.

- **Compounding Advisory**

PCS assist in identifying contraventions, drafting applications, compiling annexures, and negotiating penalty settlements—ensuring timely regularization.

- **Training & Capacity Building**

PCS conduct workshops, develop SOPs, and help clients understand FDI policies and FEMA obligations—especially valuable for foreign entrants and startups.

- **Cross-Domain Integration**

FEMA intersects with Company Law, Taxation, and Sectoral regulations. PCS collaborate with CAs, lawyers, and consultants to provide integrated advisory solutions.

- **Business Opportunities**

PCS can tap into high-growth sectors like startups, fintech, exporters, and HNIs. Specialized FEMA services enable sustained client engagement and practice expansion.

CASE STUDY: FACILITATING INBOUND INVESTMENT IN INDIAN STARTUPS

In India's booming startup ecosystem, Foreign Direct Investment (FDI) is a key growth driver. A Bengaluru-based health-tech startup, developing an AI-powered remote diagnostics platform, that attracted a USD 2 million investment offer from a Singapore-based Venture Capital (VC) Fund. While the founders excelled technically, they were unfamiliar with the regulatory complexities of cross-border funding under FEMA. They faced uncertainty about permissible investment instruments, pricing norms, and RBI reporting obligations—non-compliance risked penalties, investor distrust, and funding delays.

Though the author's firm was not the appointed professionals on this case, the engagement illustrates critical steps involved in such transactions:

Strategic Structuring of Investment Instrument:

A PCS typically assesses the business model, investor exit preferences, and future funding plans. The recommended instrument often is Compulsorily Convertible Preference Shares (CCPS) under the automatic route, as CCPS qualify as "equity instruments" under FEMA's Non-Debt Instrument Rules. This instrument provides preferential investor rights, aligns with provisions of Companies Act, 2013, and supports valuation-linked conversion in compliance with RBI pricing guidelines. Key documents such as the Share Subscription Agreement (SSA) and Shareholders Agreement (SHA) are reviewed and amended to include FEMA-compliant clauses on conversion and exit.

Coordination with AD Bank and KYC Compliance:

The PCS would liaise closely with the Authorised Dealer (AD) Category-I Bank to ensure correct classification and documentation of the inward remittance. This includes advising the startup to open a designated bank account for FDI receipt, ensuring remitter KYC completion, and obtaining the Foreign Inward Remittance Certificate (FIRC) and KYC report—critical for FC-GPR filing. Effective coordination with the bank helps secure timely fund reporting and remittance documentation.

FEMA Compliance and FC-GPR Filing:

An essential compliance step is filing Form FC-GPR on the RBI FIRMS portal within 30 days of securities allotment. The PCS's role includes preparing the Entity Master Data, registering users on FIRMS, vetting the merchant banker's valuation certificate, drafting board resolutions and MGT-14 filings, and submitting the FC-GPR form along with declarations and certification of compliance. Timely submission avoids penalties and ensures a clean compliance record.

Sectoral Cap Review and Documentation Support:

The health-tech sector falls under the automatic route for FDI, but due diligence involves verifying the startup's business classification against NIC codes and reviewing recent government policy updates related to digital health and AI diagnostics. The PCS confirms no government approvals are required and ensures that foreign investment thresholds are not breached. Review of charter documents safeguards against foreign investor rights that might trigger mandatory government approvals.

Outcome and Reflections:

With thorough compliance management, the startup received the full investment, filed FC-GPR timely, and met all legal requirements. The foreign investor's confidence grew due to the transparent and efficient process, paving the way for a successful second funding round six months later at a 3x valuation.

This case underscores how PCS involvement bridges the gap between regulatory compliance and business needs,

protecting startups' reputation and facilitating smooth foreign investment. For startups entering the complex FDI landscape, having CS as their trusted FEMA advisory partners is invaluable for sustaining growth and investor trust.

CASE STUDY: MANAGING ODI COMPLIANCES FOR INDIAN ENTERPRISES

As Indian companies increasingly expand globally, Overseas Direct Investment (ODI) under FEMA has become critical for strategic growth. A mid-sized IT services company in Hyderabad planned to establish a wholly-owned subsidiary in the UK to access the European market and improve client engagement. While the business opportunity was clear, the company faced regulatory challenges related to ODI compliance under FEMA and RBI guidelines.

Although the author's firm was not the appointed PCS, the case highlights essential steps for successful ODI compliance:

Eligibility Assessment and Route Determination:

The initial task was to confirm eligibility under the automatic route, generally available to IT companies. This involved reviewing the company's ownership, business activities, and financials to ensure adherence to RBI ODI policies and FEMA notifications. The UK subsidiary's planned activities were also checked against sectoral restrictions and Foreign Trade Policy conditions to avoid the need for prior government approval.

Documentation and Board Approvals:

Key corporate approvals and documentation were prepared to formalize the investment, including:

- Board resolutions specifying the investment's amount, purpose, and nature.
- A Letter of Commitment affirming compliance with RBI reporting and FEMA guidelines.
- Review of the Share Subscription Agreement and ancillary documents for regulatory alignment.
- These documents served both compliance and internal governance needs.

Form ODI Filing and UIN Acquisition:

One of the critical compliance requirements is filing Form ODI with RBI via the FIRMS portal to obtain a Unique Identification Number (UIN). The process involves:

- Verifying company KYC and compliance history.
- Registering on the FIRMS portal and setting up user access.
- Accurately completing and submitting Form ODI detailing the investment amount, recipient entity, sector classification, and purpose.

- Following up with RBI to secure the UIN, permitting the legal fund transfer to the overseas subsidiary.

Annual Performance Report (APR) Submission:

Post-investment, RBI requires submission of an APR to monitor fund utilization and subsidiary operations for ODI exceeding USD 1,00,000. The PCS coordinated:

- Data collection from the UK subsidiary for financial and operational metrics.
- Preparation and electronic filing of the APR within deadlines to avoid penalties.
- Implementation of a compliance process ensuring ongoing regulatory adherence.

Outcome:

The IT company successfully established its UK subsidiary, meeting all FEMA and RBI requirements smoothly and on time. Effective advisory instilled confidence in managing foreign investments and freed management to focus on growth. The compliance framework also positioned the company well for future overseas investments with regulatory peace of mind.

Reflections:

This case illustrates the vital role of PCS in guiding outbound investments under FEMA. By providing end-to-end advisory—from eligibility checks and corporate approvals to filings and post-investment reporting—PCS ensure regulatory compliance, minimize risk, and support sustainable international expansion. For Indian enterprises venturing into new markets, engaging PCS with FEMA expertise is essential to avoid pitfalls and maximize the benefits of global business opportunities.

ADDRESSING COMMON CHALLENGES THROUGH PCS EXPERTISE

Cross-border transactions under the Foreign Exchange Management Act, 1999 (FEMA) pose a variety of regulatory and operational challenges for Indian businesses. Whether startups or large corporates, companies often face ambiguities, strict deadlines, complex documentation, and coordination hurdles that can delay projects and damage compliance records.

PCSs bring critical value to this landscape by combining legal expertise, governance knowledge, and procedural efficiency. Drawing from industry experience, here are key challenges and ways in which PCS interventions add value:

1. Ambiguity in FEMA Regulations

FEMA is frequently updated and overlaps with other laws, leading to confusion—for example, in classifying investment instruments or choosing between automatic and government routes.

PCS Intervention:

PCS offer clarity through legal interpretation aligned with business context. Tailored opinions help clients structure transactions that comply with RBI norms, pricing guidelines, and sectoral limits.

2. Delayed or Incorrect Filings

Forms like FC-GPR, FC-TRS, ODI, and ECB returns are time-sensitive. Delays can lead to penalties and scrutiny.

PCS Intervention:

PCS maintain strict compliance calendars, ensure timely submissions via RBI's digital portals (FIRMS, ODI), and provide accurate certifications to avoid rejections and queries.

3. Complex Documentation

Cross-border deals require multiple supporting documents—board resolutions, pricing certificates, FIRCs, KYC, and declarations. Incomplete or inconsistent paperwork can delay or derail transactions.

PCS Intervention:

PCS prepares and vets documents to ensure consistency, regulatory compliance, and audit readiness. This reduces risks during regulatory reviews or due diligence.

4. Handling Contraventions

Unintentional FEMA breaches, such as missed filings, require compounding applications to the RBI—a process that can be technical and overwhelming.

PCS Intervention:

A PCS identifies contraventions, compiles evidence, and prepares detailed compounding applications. They act as a liaison with RBI, easing the resolution process and minimizing penalties.

5. Coordinating with Multiple Stakeholders

Foreign investments involve banks, investors, lawyers, auditors, and regulators. Miscommunication can lead to non-compliance or delays.

PCS Intervention:

PCS acts as a central coordinator, ensuring seamless communication, efficient documentation flow, and timely actions across all parties involved.

6. Sectoral Compliance Monitoring

Staying compliant with sector-specific FDI caps, prohibited activities, and evolving policies is crucial but often overlooked.

PCS Intervention:

PCS regularly track policy updates, interpret DPIIT press notes, and guide clients on sector-specific rules, reducing the risk of inadvertent violations.

7. Supporting Startups and MSMEs

Many startups lack the internal capacity for regulatory compliance and view FEMA as complex or cost-heavy.

PCS Intervention:

PCS offer cost-effective solutions tailored for emerging businesses, simplifying FEMA obligations and embedding compliance in day-to-day operations.

8. Adapting to Digital Compliance

With RBI and government systems becoming increasingly digitized, companies must keep pace with digital filing and record-keeping.

PCS Intervention:

PCS stay updated with e-filing protocols and help clients transition to digital workflows, improving transparency and efficiency.

RECENT DEVELOPMENTS AND EMERGING OPPORTUNITIES

FEMA regulations are evolving with liberal reforms, digitization, and global trends. For PCS, this creates both challenges and strategic advisory opportunities.

- Liberalization of FEMA Norms**

RBI has expanded the automatic route, simplified reporting, and allowed flexible pricing norms—making cross-border investments easier.

PCS Role: Guide clients in leveraging liberalized rules for efficient structuring and compliance.

- Digital Transformation**

Platforms like FIRMS and ODI portals enable real-time, streamlined reporting.

PCS Role: Ensure accurate digital filings, offer compliance audits, and enhance client systems.

- Strengthened AML/KYC Requirements**

Tighter due diligence norms under PMLA and RBI call for robust internal controls.

PCS Role: Build AML/KYC frameworks, conduct risk reviews, and ensure FATF alignment.

- New Investment Tools**

Convertible notes, SAFEs, SPVs, and digital assets are gaining popularity.

PCS Role: Advise on legal structuring and compliance for innovative financial instruments.

- **Startup & MSME Focus**

Schemes like Startup India and PLI boost foreign investment in early-stage ventures.

PCS Role: Support FEMA compliance in funding, sectoral cap management, and incentive usage.

- **ESG Compliance**

ESG factors now influence foreign investment decisions.

PCS Role: Combine FEMA and ESG advisory for sustainable, investor-aligned strategies.

- **Cross-Border M&A**

Rising M&A activity requires regulatory expertise from planning to post-deal execution.

PCS Role: Act as strategic partners in transaction structuring and integration compliance.

CONCLUSION

As India's global economic engagement evolves, so does FEMA. PCS are uniquely positioned to provide strategic guidance and ensure seamless compliance, transforming regulatory complexity into advisory opportunity. FEMA compliance is integral to India's global business strategy. PCS professionals bring legal and procedural expertise to guide startups, MSMEs, and corporates through the regulatory maze effectively.

FEMA compliance is a strategic business imperative. PCS professionals, with their legal insight and execution skills, ensure smooth cross-border operations and unlock new advisory opportunities as India's global engagement grows.

FEMA compliance is intricate, but PCS serve as strategic advisors who turn regulatory hurdles into opportunities for resilience and growth. By ensuring clarity, accuracy, and alignment with evolving norms, PCS help businesses manage cross-border operations with confidence.

FEMA's dynamic landscape demands more than regulatory knowledge—it calls for strategic foresight. PCS professionals who embrace innovation and specialize in cross-border advisory are poised to become key contributors to global business success.

FEMA compliance is no longer just a legal requirement—it's a strategic necessity for businesses engaged in cross-border transactions. In today's interconnected economy, timely and accurate compliance enhances credibility, mitigates risk, and unlocks global growth opportunities.

Expert guidance from PCSs can simplify complex regulatory processes and boost investor confidence. Whether facilitating FDI, handling outbound ODI, or managing compliance lapses, PCS professionals play a crucial role in aligning legal mandates with business goals.

As India continues to liberalize FEMA norms and embrace digital platforms, the scope of PCS is evolving. They are no longer just compliance enablers—but are strategic advisors helping businesses navigate global finance with confidence. If your organization is exploring international transactions, partnering with an experienced PCS can ensure not just compliance, but also strategic alignment with your global ambitions. By turning regulatory complexity into a competitive edge, PCS professionals can help lay a strong foundation for sustainable international growth.

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Maritime Laws and India: Guarding Governance of Waters

The Maritime Amrit Kaal Vision 2047 delineates an aspirational maritime renaissance—tripling port throughput, decarbonizing maritime logistics and operationalizing transcontinental corridors such as the India-Middle East-Europe Economic Corridor (IMEC). Within this trajectory, the role of Company Secretaries and corporate legal professionals becomes increasingly indispensable. As custodians of compliance and strategic legal stewardship across the maritime value chain, their erudition in maritime law will be cardinal to actualizing India's ascent as a preeminent maritime power in the 21st century global order.



Dr. Naresh Kumar

Certified Credit and Risk Professional- IIBF & FIMMDA,
Haryana
naresh.aasat@gmail.com

INTRODUCTION

India, endowed with an expansive littoral stretch spanning 7,517 kilometers, augmented by twelve principal maritime gateways [comprise the major ports of Chennai, Cochin, Deendayal (Kandla), Jawaharlal Nehru Port (JNPT), Paradip, Syama Prasad Mookerjee Port (Kolkata), Mormugao, Mumbai, New Mangalore, Visakhapatnam, and V.O. Chidambaranar Port (Tuticorin)], commands a geostrategic fulcrum at the confluence of vital transoceanic corridors in the Indian Ocean Region. This maritime dominion, which facilitates over 95% of the nation's trade volume, constitutes not merely commercial thoroughfares but also geostrategic theatres and ecological sanctuaries. The edifice of maritime law—a complex synthesis of multilateral conventions, sovereign legislative enactments, and entrenched customary norms—forms the jurisprudential framework regulating these aqueous expanses. It meticulously calibrates the interplay between mercantile pursuits, sovereign prerogatives, and ecological stewardship. This treatise interrogates the historical evolution, jurisprudential substrata, and contemporary exigencies of maritime legal regimes, while illuminating India's instrumental agency in sculpting and fortifying the architecture of maritime governance on both regional and global fronts.

THE GENESIS OF MARITIME LAW: A GLOBAL AND INDIAN ODYSSEY

Admiralty jurisprudence, the legal regime governing navigable waters and maritime enterprise, is an archaic

yet enduring corpus of law whose origin predates most modern legal systems. Its inception is widely attributed to the *Lex Rhodia de Iactu* (circa 800 BCE), a codified system of norms promulgated by the maritime polity of Rhodes. This ancient legal framework delineated rules for resolving disputes emanating from marine exigencies such as jettison, salvage, and collision—establishing foundational precedents for equitable risk distribution among seafarers. Throughout the medieval epoch, this jurisprudential legacy evolved into more structured compilations, including the *Consolato del Mare* and the *Laws of Oleron*, which synthesized maritime mercantile customs across Mediterranean and Atlantic Europe into enforceable legal codes. These instruments harmonized heterogeneous seafaring practices, thereby catalyzing the uniformization of maritime commercial law across sovereignties.

Simultaneously, the Indian subcontinent manifested a robust and autonomous maritime tradition. Under the aegis of the Chola dynasty (9th-13th centuries CE), India wielded formidable naval supremacy, effectuating expansive thalassocratic dominion across the Bay of Bengal and Southeast Asia. Their meticulously organized maritime infrastructure, port administration, and mercantile expansion prefigured the subcontinent's enduring significance in Indo-Pacific geopolitics. The early modern era bore witness to a paradigmatic shift with the publication of Hugo Grotius's seminal treatise *Mare Liberum* (1609), which posited the high seas as a global commons immune to unilateral appropriation. Grotius's articulation of maritime libertarianism laid the



jurisprudential cornerstone for the doctrine of *freedom of navigation*, which would gain hegemonic acceptance in public international law for centuries.

The 19th century inaugurated an era of codification and multilateral harmonization. Statutory instruments and international conventions-driven by burgeoning transoceanic trade-standardized maritime liabilities, carriage norms, and safety protocols. This culminated in the promulgation of the **United Nations Convention on the Law of the Sea (UNCLOS)** in 1982, widely venerated as the *Magna Carta* of oceanic governance. UNCLOS institutionalized an exhaustive legal framework encompassing territorial waters, contiguous zones, exclusive economic zones (EEZ), continental shelves, and the high seas-thereby codifying sovereign entitlements and delimiting jurisdictional boundaries.

CARDINAL TENETS OF MARITIME LAW AND INDIA'S PARADIGM

Maritime law, an intricate and sui generis branch of jurisprudence, is anchored in fundamental doctrines that reflect the unique, fluidic, and transnational nature of oceanic domains. These foundational principles serve as the normative compass for regulating state conduct, vessel behavior, and marine resource stewardship in a milieu where sovereignty is both asserted and shared. India's maritime praxis exemplifies the nuanced application of these doctrines within the global legal regime. The cardinal tenets include:

1. Freedom of the Seas

This age-old doctrine, reinvigorated under *UNCLOS*, sanctifies uninhibited navigation and equitable access to the high seas for all states. It repudiates unilateral dominion and promotes collective usage of oceanic commons. India staunchly upholds this principle through its endorsement of open and rules-based maritime order in the Indo-Pacific, underscored by its constructive engagement in *Freedom of Navigation Operations (FONOPs)* and multilateral maritime dialogues.

2. Sovereign Maritime Jurisdiction

Pursuant to *UNCLOS*, coastal states possess plenary sovereignty over their **Territorial Sea** (up to 12 nautical miles), regulatory competence in the **Contiguous Zone** (up to 24 nautical miles), and exclusive sovereign rights over exploration and exploitation within the **Exclusive Economic Zone (EEZ)** (up to 200 nautical miles). India's EEZ-spanning approximately **2.3 million square kilometers**-constitutes a vital repository of living and non-living marine wealth, including piscatorial resources, hydrocarbons, polymetallic nodules, and sub-sea energy reserves. Through mechanisms like

By harmonizing domestic legal instruments with international conventions, reinforcing maritime security frameworks, and upholding ecological stewardship, India fortifies its jurisdictional integrity while shaping the contours of global maritime governance.

the *Deep Ocean Mission*, India operationalizes its sovereign rights while adhering to ecological and legal constraints.

3. Flag State Jurisdiction and Accountability

Under International Maritime law, ships are legally domiciled in the state whose flag they bear and are thereby subject to its regulatory framework. India maintains a robust flag state apparatus through rigorous implementation of registration protocols, inspection regimes, and safety certifications under the **Merchant Shipping Act, 1958**. Nevertheless, it confronts the perennial challenge of “**flags of convenience**,” wherein vessels are registered in states with lax oversight to circumvent legal stringency-raising issues of accountability, labor standards, and environmental compliance.

4. Humanitarian Obligation to Render Assistance at Sea

Embedded in *UNCLOS* and operationalized through instruments like the **International Convention for the Safety of Life at Sea (SOLAS)**, this doctrine imposes an inalienable obligation upon vessels and coastal states to extend immediate aid to individuals in distress at sea. India discharges this mandate through the Indian Navy and Indian Coast Guard, which routinely undertake complex **Search and Rescue (SAR)** operations across the Indian Ocean Region (IOR), thereby reinforcing its stature as a net security provider and humanitarian actor in regional maritime governance.

5. Marine Environmental Stewardship

In the era of the Anthropocene, maritime law accords preeminent importance to **marine environmental protection** and the mitigation of anthropogenic degradation. India's legal and policy edifice-anchored in adherence to the **International Convention for the Prevention of Pollution from Ships (MARPOL)** and domestic statutes such as the **Environment (Protection) Act, 1986**-reflects its commitment to sustainable maritime development. Initiatives such as coastal zone management plans, ballast water regulations, and port reception facilities underscore India's compliance with global ecological mandates while fostering a **blue economy** paradigm grounded in intergenerational equity.

INDIA'S INTEGRATION OF MARITIME TENETS: TOWARDS A STRATEGIC MARITIME COLOSSUS

India adroitly integrates cardinal maritime doctrines into its legislative and policy architecture, orchestrating a delicate equilibrium between economic dynamism,

strategic imperatives, and ecological stewardship. The *Maritime India Vision 2030*, promulgated by the Ministry of Ports, Shipping and Waterways, delineates an ambitious blueprint to fortify port infrastructure, catalyze indigenous shipbuilding, and synchronize with international maritime norms—thus positioning India as a formidable maritime leviathan.

INDIA'S ASCENDANCY IN THE GLOBAL MARITIME CONSTELLATION

The *United Nations Convention on the Law of the Sea* (UNCLOS) forms the foundational substratum of global maritime jurisprudence, and India's proactive participation significantly enhances its operational efficacy. Key provisions salient to India include:

- **Territorial Sea and EEZ:** India exercises plenary sovereignty within its territorial sea (12 nautical miles) and asserts sovereign rights over its Exclusive Economic Zone (EEZ), spanning 2.3 million square kilometers, for the purpose of marine resource exploitation and environmental conservation.
- **Continental Shelf:** India has submitted substantiated claims before the *Commission on the Limits of the Continental Shelf* (CLCS) to extend its sovereign prerogatives beyond 200 nautical miles, thereby unlocking untapped polymetallic and hydrocarbon reserves.
- **High Seas and the Area:** Endorsing the high seas as *res communis omnium*, India, as an active member of the *International Seabed Authority* (ISA), participates in norm-setting for deep-sea mining in "the Area," beyond national jurisdiction.

India's commitment is further evidenced by ratification and implementation of pivotal ancillary conventions:

- **SOLAS:** The *International Convention for the Safety of Life at Sea* establishes rigorous safety standards for Indian-flagged vessels and port infrastructure.
- **MARPOL:** India aligns with the *International Convention for the Prevention of Pollution from Ships* through initiatives such as the Swachh Sagar Portal.
- **Maritime Labour Convention (MLC):** India safeguards the rights and welfare of over 150,000 Indian seafarers under the aegis of this seminal ILO instrument.
- **Hague-Visby Rules:** Governing carriage of goods by sea, these rules bolster India's robust and export-intensive maritime logistics ecosystem.

India's engagement with the *International Maritime Organization* (IMO)—as a Category C member—positions it as a fulcrum of global maritime discourse on decarbonization, maritime safety, and regulatory convergence. Its participatory zeal within the *Marine Environment Protection Committee* (MEPC) underscores its unwavering commitment to sustainable maritime governance.

INDIA'S DOMESTIC MARITIME JURISPRUDENCE AND ADJUDICATORY CHALLENGES

India's domestic maritime edifice is undergirded by a constellation of statutes and regulatory frameworks:

- **Merchant Shipping Act, 1958:** A foundational statute that regulates vessel registration, safety norms, crew welfare, and maritime labor standards.
- **Indian Ports Act, 1908:** Governs port administration and infrastructural augmentation, albeit undergoing phased modernization.
- **Coast Guard Act, 1978:** Confers expansive enforcement powers upon the Indian Coast Guard to interdict maritime crimes and protect marine ecosystems.
- **Major Port Authorities Act, 2021:** Reinforces decentralization and managerial autonomy in major ports, aligning with the Sagarmala Programme's industrial vision.

Judicial intervention constitutes a robust dimension of India's maritime regime. High Courts in coastal jurisdictions—Bombay, Gujarat, Madras—exercise admiralty jurisdiction over maritime claims, ship arrests, and salvage disputes under the *Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017*, which harmonizes Indian admiralty law with international best practices. Nonetheless, jurisdictional lacunae persist, especially within India's EEZ where transgressions such as Illegal, Unreported, and Unregulated (IUU) fishing and smuggling abound. The *Maritime Zones of India (Regulation of Fishing by Foreign Vessels) Act, 1981* offers statutory recourse, yet operational efficacy demands intensified surveillance, inter-agency synergy, and regional cooperation.

India's geostrategic emplacement within the Indian Ocean Region (IOR) compounds its susceptibility to maritime boundary disputes. The 1974 Indo-Sri Lankan accord regarding Katchatheevu marked a diplomatic milestone, yet latent discord persists with Bangladesh and Pakistan over EEZ delineations. India's recourse to UNCLOS dispute resolution mechanisms, particularly the *International Tribunal for the Law of the Sea* (ITLOS), attests to its jurisprudential maturity and commitment to rule-based order.

MARITIME SECURITY ARCHITECTURE: INDIA'S SENTINELS IN TROUBLED WATERS

India's maritime security paradigm is anchored in its strategic imperatives within the Indo-Pacific theatre. Key security challenges include piracy, maritime terrorism, trafficking, and regional hegemonic assertions.

PIRACY AND TRANSNATIONAL CRIMINALITY

Piracy in choke points such as the Gulf of Aden and the Strait of Malacca imperils Indian mercantile routes. Since 2008, the Indian Navy has undertaken over 3,500 escort missions, garnering international plaudits. The *Anti-Maritime Piracy Act, 2022*, empowers India to prosecute pirates on the high seas in consonance with Article 105 of UNCLOS, thereby asserting universal jurisdiction. India also confronts maritime transgressions such as drug trafficking and arms smuggling via the *Narcotic Drugs and Psychotropic Substances Act, 1985*, and collaborates through regional coalitions like the *Colombo Security Conclave*. The establishment of the *Information Fusion Centre- Indian Ocean Region* (IFC-IOR) augments maritime situational awareness via real-time intelligence fusion.

GEOSTRATEGIC CONTENTION

India's strategic calculus is shaped by the encroachment of China's *Belt and Road Initiative* (BRI) and its infrastructural entrenchments in Gwadar and Hambantota. India's *Indo-Pacific Oceans Initiative* (IPOI), launched in 2019, underscores adherence to UNCLOS, freedom of navigation, and multilateralism. India's pivotal role in the *Quad*-a strategic quadrilateral with the United States, Japan, and Australia-further bolsters its deterrence posture in the South China Sea. Protracted disputes, such as the Sir Creek impasse with Pakistan, obfuscate EEZ demarcation. India's submissions to the CLCS and its calibrated diplomacy exemplify its commitment to juridical resolution over military escalation.

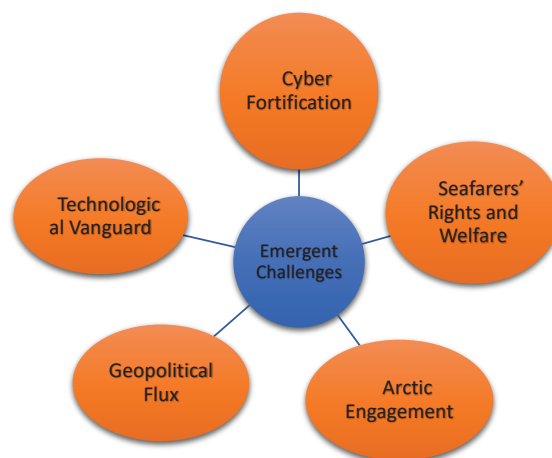
DISPUTE ADJUDICATION: INDIA'S JURIDICAL AND DIPLOMATIC ACUMEN

Maritime disputes-spanning commercial, environmental, and geostrategic domains—demand nuanced resolution mechanisms underpinned by international law and principled diplomacy. India exemplifies judicious engagement with both multilateral legal forums and bilateral negotiation channels, reinforcing its stature as a conscientious maritime power.

- **International Recourse:** India has constructively invoked dispute settlement mechanisms under UNCLOS, most notably in the **India-Bangladesh maritime boundary dispute**. The 2014 award by the *Permanent Court of Arbitration* not only resolved overlapping EEZ claims but also reinforced India's commitment to peaceful adjudication and legalism in maritime affairs. India has also engaged with the *International Tribunal for the Law of the Sea (ITLOS)* in consonance with its obligations under UNCLOS Part XV.
- **Bilateral Diplomacy:** India has historically preferred diplomatic settlements for maritime delimitations, as evidenced by its maritime boundary agreements with **Sri Lanka (1974 and 1976)** and the **Maldives (1976)**. These accords, grounded in equity and international legal norms, reflect India's commitment to regional concord and negotiated dispute resolution.

- **Domestic Jurisprudence:** India's admiralty courts, empowered under the *Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017*, adjudicate commercial disputes involving ship arrests, maritime liens, salvage, and cargo claims. This legislation modernized India's admiralty framework, aligning domestic jurisprudence with international practices and enhancing procedural efficiency.

India's calibrated amalgam of juridical prudence and diplomatic foresight projects its identity as a maritime nation anchored in legal integrity and normative leadership.



INDIA'S MARITIME AMRIT KAAL VISION 2047

Building upon the operational blueprint of the *Maritime India Vision 2030*, India's **Maritime Amrit Kaal Vision 2047** envisions a transformative leap toward maritime preeminence, undergirded by sustainability, digitalization, and strategic connectivity. Its key aspirations include:

- **Tripling port capacity** to over 10 billion metric tonnes per annum.
- **Operationalizing 10,000 kilometers** of coastal and inland waterway shipping corridors.
- **Achieving net-zero carbon emissions** from the shipping sector by 2047, in alignment with the IMO's decarbonization agenda.

India's leadership in multilateral ventures such as the **India-Middle East-Europe Economic Corridor (IMEC)** further consolidates its role as a maritime fulcrum linking Asia, Europe, and Africa. Strategic investments in port-led industrialization, green maritime infrastructure, and digital port ecosystems will not only bolster India's blue economy but also affirm its stature as a rule-oriented and environmentally responsible maritime power in the emerging global oceanic order.

THE STRATEGIC ROLE OF GOVERNANCE PROFESSIONALS

The contemporary maritime sector transcends the traditional confines of navigation and logistics—it is intrinsically linked to corporate governance, regulatory adherence, risk oversight, and sustainable development. Within this multifaceted domain, Company Secretaries serve as pivotal stewards of legal integrity and governance excellence. Their strategic acumen is indispensable as maritime enterprises—spanning port authorities, shipping conglomerates, and offshore service entities—operate under intricate domestic and international regulatory regimes. Company Secretaries contribute through:

- Ensuring meticulous compliance with complex statutory frameworks and maritime conventions at both national and international levels.
- Counselling boards and executive leadership on legal exposure, fiduciary duties, and the implementation of robust governance architectures.
- Institutionalizing ESG (Environmental, Social, and Governance) principles into maritime infrastructure, operational protocols, and strategic initiatives.
- Administering regulatory disclosures and statutory filings pertaining to capital investments, corporate actions, and stakeholder engagement.
- Facilitating alternative dispute resolution mechanisms, including arbitration and mediation, in cross-jurisdictional maritime conflicts.

In essence, governance professionals fortify the maritime sector's legal scaffolding, enabling sustainable expansion, regulatory resilience, and strategic foresight.

CONCLUSION

Maritime law constitutes the fulcrum of India's ascendancy as a pivotal maritime power. By harmonizing domestic legal instruments with international conventions, reinforcing maritime security frameworks, and upholding ecological stewardship, India fortifies its jurisdictional integrity while shaping the contours of global maritime governance. In an era marked by climate volatility, technological disruption, and intensifying geostrategic rivalries, India's sagacious engagement—through diplomacy, jurisprudential reform, and innovation—ensures that its maritime domain remains a beacon of stability, sustainability, and economic vitality. For Company Secretaries and corporate legal professionals, proficiency in maritime law is no longer ancillary but essential. As custodians of legal compliance and strategic advisory in sectors spanning shipping, international trade, logistics, and port infrastructure, their role is central to navigating the complexities of India's evolving maritime jurisprudence. Empowered with this legal acumen, they will be instrumental in anchoring India's leadership in the blue economy of the 21st century.

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Shaping Responsible Governance: The Role of PCS in FEMA Compliance

The article highlights the pivotal role of Practising Company Secretaries (PCS) in ensuring robust foreign exchange compliance under the Foreign Exchange Management Act, 1999 (FEMA). Tracing the evolution from the restrictive FERA regime to the liberal FEMA framework, it underscores how PCS have transformed from mere form filers to strategic governance advisors, facilitating inbound and outbound investments, ECBs, compounding applications and cross-border structuring. The article explores practical challenges, technological advancements like AI and emerging opportunities in startups, digital transactions and green finance.



CS Suparn Sekhri, ACS

Practising Company Secretary
Prop. Suparn Sekhri & Associates,
Jalandhar, Punjab
suparnsekhri455@gmail.com

INTRODUCTION

India is rising, confidently marching ahead as a vibrant economy rooted in principles of *Atmanirbhar Bharat* (self-reliance), yet strongly integrated with the global financial and business ecosystem. In this dynamic journey, foreign exchange governance under FEMA (Foreign Exchange Management Act, 1999) has become a cornerstone of responsible, compliant global interaction.

Practising Company Secretaries (PCS) today are among the foremost torchbearers of FEMA compliance, advisory, and governance. Their role is not limited to filing forms or ticking checklists. They are guardians of India's regulatory credibility, especially when it comes to handling foreign inflows, outbound investments, and cross-border transactions.

THE PHILOSOPHICAL SHIFT: FROM CONTROL TO STRATEGIC MANAGEMENT

The story of India's foreign exchange regulation is also the story of its economic transformation. The **Foreign Exchange Regulation Act, 1973 (FERA)**, enacted during a time of low reserves and a protectionist outlook, was a legislation based on **control, suspicion and restriction**. Under FERA, all dealings in foreign exchange were prohibited unless specifically permitted—and even minor non-compliance could lead to severe criminal

prosecution. It was reflective of a time when India was still grappling with economic self-reliance in a closed global order.

However, the **post-1991 economic liberalization** era brought with it a shift in ideology. With increased foreign investments, liberalized trade, and expanding global integration, India needed a new legal framework that supported economic engagement rather than hindering it.

That change came with the introduction of the Foreign Exchange Management Act (FEMA), 1999. FEMA replaced FERA not just in letter, but in spirit. It marked a pivotal shift in India's financial and legal thinking — **from “control” to “management,” from “prohibition” to “permission,” and from “criminal enforcement” to “civil regulation.”**

This transformative legislative philosophy opened up new avenues for professionals — particularly Practising Company Secretaries (PCS) — to actively participate in India's cross-border governance framework.

As India moved from being a conservative economy to a confident global player, the importance of a trust-based, structured, and transparent foreign exchange regime became non-negotiable. PCS, with their knowledge of corporate law, regulatory filings, and documentation skills, naturally evolved into FEMA compliance partners and governance advisors.

With the increasing complexity of global transactions, PCS now plays a dual role:

- First, as compliance professionals, ensures that businesses remain within the legal parameters of India's foreign exchange laws.
- Second, as governance stewards, enables corporates to align their global vision with the nation's economic and regulatory ethos.

In essence, FEMA didn't just liberalize India's financial markets — it also redefined the scope of governance, and with it, the relevance and responsibility of the Practising Company Secretary.

THE FEMA ECOSYSTEM: AN EXPANDING FRAMEWORK OF GOVERNANCE

The **Foreign Exchange Management Act, 1999 (FEMA)** is not a standalone law — it is a dynamic, evolving regulatory ecosystem managed by the Reserve Bank of India (RBI) in collaboration with the Ministry of Finance, Department for Promotion of Industry and Internal Trade (DPIIT), Directorate General of Foreign Trade (DGFT), Enforcement Directorate (ED), and other sector-specific regulators.

Over time, FEMA has expanded its wings — from simply regulating capital flows to overseeing complex cross-border transactions, ensuring macroeconomic stability, and promoting India as an attractive destination for foreign investment. The FEMA ecosystem is now shaped by a robust network of legal instruments and regulatory documents, including:

- FDI Policy, issued by DPIIT — providing the guiding principles for sector-specific caps, investment routes, and prohibited sectors;
- Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (NDI Rules) — regulating equity and quasi-equity capital inflows;
- Overseas Investment Rules and Regulations, 2022 — laying down a liberalized yet monitored framework for outbound investments;
- ECB Framework — governing external commercial borrowings by Indian entities;
- RBI Master Directions and A.P. (DIR Series) Circulars, which offer subject-wise, operational guidance.

Filing and disclosure under FEMA have also undergone a **digital transformation**. The **Single Master Form (SMF)** and the **FIRMS Portal** have made the reporting process streamlined but also rigorous and time-bound. A PCS, is expected not just to file, but to validate compliance with pricing guidelines, sectoral entry norms, KYC conditions, FDI-linked performance requirements, round-tripping provisions, and downstream investment obligations.

UPDATED COMPOUNDING FRAMEWORK – APRIL 2025 RBI CIRCULAR

As per **RBI Circular dated April 24, 2025**, read with the **RBI Master Direction on Compounding of Contraventions**, the RBI has introduced a conditional monetary cap of Rs. 2,00,000/- per regulation/rule for certain procedural contraventions covered under Row 5 of the compounding matrix.

Importantly, this cap:

- Is **not automatic** or universally applicable;
- Applies **only if the compounding authority is satisfied** about the nature of contravention;

- Can be invoked only where **exceptional circumstances** or **public interest considerations** are involved.

This nuanced provision signals a shift toward a more compassionate and discretionary regime — especially for startups, SMEs, or first-time defaulters — but it also underlines the importance of accurate classification and advisory support from professionals like PCS during the application process.

EXPANDED SCOPE OF 100% FDI UNDER AUTOMATIC ROUTE

Simultaneously, India's FDI regime has seen major liberalization. As of now, 100% FDI under the automatic route is permitted in several strategic and high-growth sectors, including, some sectors of manufacturing, Industrial parks and warehousing, Ed-tech and online education, Healthcare and diagnostics etc.

This liberalization opens up new frontiers for advisory, due diligence, compliance structuring, and entry strategy formulation — areas where PCS are increasingly becoming key partners to businesses and foreign investors.

Our ability to blend legal interpretation with financial sensibility, while adhering to a code of professional ethics, makes the PCS community uniquely positioned to help India navigate foreign capital flows with confidence and compliance.

PCS AND FEMA: THE SYMBIOSIS OF PRACTICE AND GOVERNANCE

Over the last few years, I have had the privilege of working closely with a wide spectrum of clients — from promising **startups** and resilient **MSMEs** to globalizing **manufacturing firms** and **technology-driven service enterprises**. All of them, at some point, have required guidance under the Foreign Exchange Management Act (FEMA), 1999, and this is where the real test of governance begins.

The role of a Practising Company Secretary (PCS) under FEMA goes far beyond drafting and filing. It's a 360-degree governance function, rooted in ethics, compliance consciousness, and business sensitivity. PCS don't just ensure adherence to rules — they enable ease of doing business in a compliant and structured manner. And in doing so, they bridge law and practice.

1. Inbound Investments (FDI): From Structuring to Reporting

FDI in India is governed by **NDI Rules, 2019**, read with the **Consolidated FDI Policy**, RBI's Master Directions, and sectoral guidelines. Each investment must be checked against:

- **Sectoral caps** (e.g., 74%, 100% etc.)
- **Entry routes** (Automatic or Government)

- **Pricing guidelines** (valuation as per internationally accepted pricing methodology)
- **Timely and accurate reporting**

PCS play a multi-layered role, including:

- Advising clients on the right instrument structuring — equity vs CCPS vs CCDs;
- Liaising with Authorised Dealer Banks for smooth FC-GPR and FC-TRS filings;
- Drafting legally robust declarations, certificates, and share subscription agreements;
- Ensuring compliance with downstream investment and beneficial ownership norms.

Case in Point: A health-tech startup that was raising its first round of foreign funding from a Singapore-based investor. From determining whether the investment was under the automatic route to advising on valuation benchmarks, number of tranches, deciding dates, and coordinating with the AD Bank for reporting, every step involved not just compliance, but strategic handholding. This wasn't merely a transaction — it was a compliance-backed capital enablement.

2. Outbound Investments (ODI): Facilitating India's Global Footprint

The introduction of the **Overseas Investment Rules and Regulations, 2022** was a watershed moment in liberalising India's ODI landscape. While it offered new flexibility, it also brought with it a **deeper set of compliance expectations** — from clarity on financial commitment to reporting rigor.

PCS are now key stakeholders in ODI governance by:

- Structuring overseas subsidiaries, JVs, acquisitions, or SPVs;
- Assisting in Form ODI filings — Part I (Equity), Part II (Debt), Part III (Annual Performance Report);
- Tracking adherence to net worth eligibility, financial commitment ceilings, and disinvestment obligations;
- Advising clients on the use of the Liberalised Remittance Scheme (LRS) for individual investments.

3. ECB (External Commercial Borrowings):

ECB remains one of the most strategic avenues for Indian entities to access **foreign debt capital**. FEMA governs ECB through a complex framework involving:

- Selecting the appropriate Track I, II, or III route;
- Ensuring compliance with eligible borrower-lender combinations;
- Applying for and obtaining a Loan Registration Number (LRN) from RBI;
- Filing ECB-2 returns with monthly regularity and precision.

PRACTICAL AREAS WHERE PCS EXCEL UNDER FEMA

i. Compounding of Offences

Non-compliance under FEMA is compoundable under Section 13(1) and the RBI Master Direction on compounding. A PCS can:

- Identify whether a contravention is compoundable.
- Prepare a detailed compounding application.
- Assist clients through the hearing and penalty determination process.

Compounding of delays in FDI and ECB filings, is one of the most underrated yet impactful services that PCS can provide. It protects the client while strengthening the nation's financial discipline.

ii. Due Diligence and FEMA Risk Mapping

Today, no M&A or funding transaction is complete without a **FEMA compliance audit**. PCS are increasingly being asked to:

- Verify past foreign investment filings.
- Identify gaps in equity allotments, pricing, or reporting.
- Issue certificates or advisory notes as part of diligence reports.

iii. LO/BO/PO Approvals and Closures

Whether it is setting up or closing a Liaison Office (LO), Branch Office (BO), or Project Office (PO) in India, the RBI's guidelines require proper documentation and certification — a natural space for PCS to lead with competence and governance mindset.

EMERGING AVENUES: FEMA AND THE NEW ECONOMY

A. FEMA and Startups

With India's booming startup ecosystem and global investor interest, PCS are critical in:

- Structuring safe, compliant equity rounds.

Over time, FEMA has expanded its wings — from simply regulating capital flows to overseeing complex cross-border transactions, ensuring macroeconomic stability, and promoting India as an attractive destination for foreign investment.



- Issuing reports under FEMA for due diligence.
- Advising on hybrid instruments and convertible notes.

Startups may not always understand FEMA intricacies — but PCS does. And that's where the role of PCS is invaluable.

B. Digital Economy and Cross-Border Transactions

The digital economy has brought in new challenges like:

- Cross-border SaaS payments.
- Foreign service contracts.
- Royalty and IP-related transactions.

PCS can help clients to navigate these complexities, ensuring proper classification (current vs capital account), AD Bank documentation, and FEMA alignment.

C. Sustainability & Green Finance

New instruments such as **green bonds**, **sustainability-linked ECB**, and **ESG-aligned investments** are creating opportunities where PCS can merge FEMA expertise with sustainability frameworks — a future-facing governance approach.

THE ROLE OF AI IN ENHANCING FEMA COMPLIANCE

Artificial Intelligence (AI) is rapidly transforming the landscape of legal and compliance practices, and **FEMA compliance** is no exception. AI's capabilities in **data processing, pattern recognition, and predictive analysis** have opened new doors for efficiency, accuracy, and real-time compliance monitoring.

1. **Automating Routine Tasks:** One of the primary ways AI can aid FEMA compliance by automating routine

tasks such as filing of reports, updating compliance records, and monitoring foreign exchange transactions. By leveraging machine learning algorithms and RPA (Robotic Process Automation), companies can reduce the manual workload, ensuring that every transaction and filing is completed on time without errors. This not only saves valuable time but also mitigates human error in complex documentation tasks.

2. **Real-Time Monitoring and Alerts:** AI-powered tools can monitor cross-border financial transactions and identify anomalies in real time, such as breaches of sectoral caps, excessive remittances, or violations of pricing norms. For example, AI can track and flag irregularities in Foreign Direct Investment (FDI) filings or External Commercial Borrowing (ECB) records, sending automatic alerts to professionals to take corrective action before any regulatory breaches occur.
3. **Data Analytics for Strategic Decision Making:** AI's ability to process and analyze vast amounts of data can help in assessing cross-border investment trends, predicting sectoral compliance risks, and recommending optimal investment structures. It can provide data-driven insights into regulatory changes, keeping professionals informed of the latest amendments in FEMA and related foreign exchange rules.

In this context, PCS and legal professionals can use AI tools to not only ensure real-time FEMA compliance but also to **streamline reporting processes** and maintain accurate audit trails for future scrutiny.

YOUNG COMPANY SECRETARIES: BECOMING EXPERTS IN FEMA COMPLIANCE

In today's rapidly evolving economic environment, young Company Secretaries (CS) have the potential to be at the forefront of **FEMA compliance expertise**. With globalization and the increasing complexity of cross-

border investments, a **CS role in FEMA compliance** is expanding, requiring not just an understanding of legal provisions but also of **strategic compliance management**.

1. **Embracing Technology and AI:** The first step for young CS to master FEMA compliance is to embrace technology. AI, data analytics, and blockchain are transforming the legal landscape, and CS professionals must understand how these tools can be used to enhance compliance processes. Gaining proficiency in these emerging technologies will enable young professionals to automate compliance tasks, manage cross-border transactions with ease, and stay ahead of regulatory changes.
2. **Constant Learning and Upgradation:** With regular amendments and updates to FEMA-related policies, young CS need to adopt a continuous learning mindset. This involves staying updated on the latest FDI policies, RBI Master Directions, and foreign exchange regulations. Young professionals can leverage online resources, attend webinars, and participate in FEMA-specific training to deepen their understanding of evolving regulations.
3. **Building Strong Advisory Roles:** To truly excel in FEMA compliance, young CS can position themselves as trusted advisors to businesses. This involves gaining a thorough understanding of international trade laws, foreign investments, and cross-border financial instruments. By blending legal knowledge with practical experience, a young CS can advise clients on optimal ways to structure their foreign investments, overseas remittances, and cross-border financial transactions.
4. **Developing Expertise in Cross-Border Transactions:** With India's foreign exchange policy becoming more nuanced and global, young CS must focus on building expertise in structuring international deals, ensuring compliance with FDI regulations, and navigating ECB guidelines. Hands-on experience in working with foreign investors, understanding sectoral caps, and managing pricing compliance will help them stand out as subject-matter experts in the FEMA domain.

CHALLENGES AND SUGGESTIONS FOR FUTURE GROWTH

While the scope of FEMA compliance is vast, it is important to recognize the practical challenges that Practising Company Secretaries (PCS) face in this domain:

- **Dynamic Regulatory Changes:** The continuous flow of circulars and updates from the RBI, DPIIT, and DEA requires PCS to stay constantly alert.
- **Technical Issues on FIRMS/SMF Portal:** Delays or technical glitches on reporting portals

can disrupt timelines and compliance filings. PCS often play a crucial role in mediating between clients and AD Banks to resolve these issues swiftly and effectively.

- **Awareness Gaps Among MSMEs and Startups:** Many startups and MSMEs remain unaware of the complexities of FEMA compliance until it's too late.
- **Formal Recognition of PCS Before RBI:**

PCS should receive formal recognition for representing clients before the RBI in FEMA matters.

CONCLUSION

As India continues to expand its global footprint, the role of Practising Company Secretaries (PCS) in navigating the intricacies of FEMA has never been more crucial. PCS stand at the intersection of law, governance, and international trade, ensuring that India remains a trusted and transparent partner on the global stage. With the increasing complexity of cross-border transactions and the rapid technological advancements reshaping compliance, PCS professionals have the opportunity to become not just compliance enforcers but strategic advisors guiding businesses through the dynamic landscape of foreign exchange management.

In this evolving ecosystem, the fusion of traditional expertise with emerging tools like AI present a promising future for young Company Secretaries. By embracing these technologies, maintaining a mindset of continuous learning, and positioning themselves as trusted advisors, young CS professionals will not only safeguard their clients' interests but will also contribute to India's larger vision of self-reliance and global leadership.

PCS, are not just guardians of compliance but are active architects of India's economic and regulatory destiny, ensuring that the country's cross-border engagements are structured, sustainable, and aligned with the principles of global governance. In this mission, every step PCS will take is a step towards making India a more open, vibrant, and responsible player on the world stage.

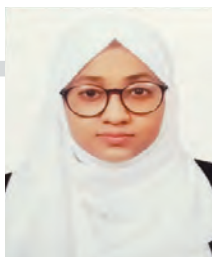
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Beyond Compliance: How PCS are Reshaping India's Boardrooms as Guardians of Independence?

The Companies Act, 2013, along with rules and regulations prescribed by regulatory bodies like the Securities and Exchange Board of India (SEBI), has significantly enhanced the role of Company Secretaries. In particular, their potential contribution to board effectiveness and independence has gained prominence. This article explores how PCS in India are increasingly taking on directorial roles while simultaneously acting as guardians of board independence, thereby strengthening the corporate governance framework.



CS Mantasha Habib, ACS

Company Secretary & Compliance Officer
Clenon Enterprises Limited
(formerly known as G.R.Cables Limited)
Hyderabad, Telangana
mantashahabib770@gmail.com

INTRODUCTION

The Corporate Governance landscape in India has witnessed significant evolution over the past decade. With regulatory frameworks becoming increasingly complex and stakeholder expectations rising, the role of Practising Company Secretaries (PCS) has expanded far beyond statutory compliance. As governance professionals, PCS are now viewed as custodians of corporate ethics and integrity, playing a pivotal role in ensuring that companies operate within both the letter and spirit of the law.

The Companies Act, 2013, along with rules and regulations prescribed by regulatory bodies like the Securities and Exchange Board of India (SEBI), has significantly enhanced the role of Company Secretaries. In particular, their potential contribution to board effectiveness and independence has gained prominence. This article explores how PCS in India are increasingly taking on directorial roles while simultaneously acting as guardians of board independence, thereby strengthening the corporate governance framework.

As the ICSI is celebrating PCS Day on June 15th, 2025, it is appropriate to reflect on how Practising Company Secretaries have expanded their professional horizons

through dedication, commitment, and ethical conduct. Their journey from compliance officers to governance professionals has been marked by a continuous pursuit of excellence and adaptation to emerging corporate challenges.

HISTORICAL EVOLUTION OF THE PCS ROLE IN INDIA

The enactment of the Companies Act, 2013, represented a watershed moment for the profession. This Act explicitly recognized Company Secretaries as "Key Managerial Personnel" and significantly broadened their statutory duties. This legislative recognition affirmed the critical role that Company Secretaries play in corporate governance.

The journey of PCS from mere compliance professionals to governance experts has been driven by several factors:

1. **Regulatory Complexity:** The increasing complexity of corporate laws, regulations, and disclosure requirements has necessitated specialized expertise that PCS are uniquely positioned to provide.
2. **Stakeholder Activism:** Growing stakeholder activism has put boards under greater scrutiny by the investors and other stakeholders, creating demand for governance professionals who can help to navigate these challenges.
3. **Global Integration:** As Indian companies become more integrated with global markets, adherence to international governance standards has become imperative, expanding the advisory role of PCS.
4. **Corporate Scandals:** High-profile corporate scandals have underscored the importance of effective governance mechanisms, elevating the strategic importance of PCS in preventing governance failures.

This historical evolution has set the stage for PCS to assume more strategic roles, including directorships, while simultaneously safeguarding the independence and effectiveness of corporate boards.

REGULATORY FRAMEWORK SUPPORTING PCS TO SERVE DIRECTORS

The Companies Act, 2013, along with various SEBI regulations, has created a conducive framework for PCS to serve Directors, particularly independent or non-Executive non Independent Directors, on corporate boards. This section examines the key provisions that facilitate and regulate such roles.

- **Companies Act, 2013**

Section 149 of the Companies Act, 2013, outlines the qualifications and requirements for Independent Directors. Notably, the Act does not disqualify Company Secretaries whether in employment or in practise from serving as Independent Directors, provided they meet the independence criteria specified in Section 149(6) or non-Executive non-Independent Director. The Act's provisions regarding Independent Directors emphasize:

1. **Professional Expertise:** Section 149(11) mandates that Independent Directors possess "appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business." PCS, with their expertise in law, compliance, and governance, naturally fulfill this requirement.
2. **Fiduciary Duties:** Schedule IV of the Companies Act, 2013 (Code for Independent Directors) delineates the fiduciary duties of Independent Directors, many of which align with the core competencies of PCS, such as ensuring legal compliance, safeguarding stakeholder interests, and monitoring governance practices.
3. **Liability Protection:** Section 149(12) provides protection to Independent Directors from certain liabilities, making the role more accessible to professionals like PCS who might otherwise be deterred by liability concerns.

- **SEBI Regulations**

SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015 further strengthen the framework for Independent Directors:

1. **Regulation 16(1)(b)** defines independence criteria, which many experienced PCS can satisfy, particularly those who have not had prior associations with the companies in question.
2. **Regulation 25** mandates that Independent Directors play an active role in various committees, including the crucial audit committee, where the governance expertise of PCS can be particularly valuable.

3. **SEBI's Corporate Governance Committee Report (2017)** specifically acknowledged the value that professionals with governance expertise bring to boards, implicitly recognizing the potential contribution of PCS as Directors.

THE DUAL ROLE: PCS AS GOVERNANCE PROFESSIONALS AND DIRECTORS

The unique position of PCS in the corporate ecosystem enables them to serve effectively in dual capacities—as practising professionals providing governance services and as Directors contributing to board effectiveness. This duality presents both opportunities and challenges.

Synergies between PCS work and Directorship

The professional expertise of PCS creates natural synergies with directorial responsibilities:

1. **Compliance Knowledge:** PCS possess in-depth understanding of compliance requirements, enabling them to guide boards on regulatory adherence and risk management.
2. **Procedural Expertise:** Their familiarity with corporate procedures and documentation helps to ensure that board processes adhere to best practices and legal requirements.
3. **Stakeholder Understanding:** Through their professional practice, PCS develop insights into stakeholder expectations and concerns, which can inform board decision-making.
4. **Ethics and Governance:** Their professional training emphasizes ethical conduct and governance principles, making them natural guardians of corporate ethics at the board level.
5. **Independent Perspective:** As external professionals, PCS bring independence of thought and perspective, crucial for effective board functioning.

Managing Potential Conflicts

While the dual role offers advantages, it also necessitates careful management of potential conflicts:

1. **Professional Services vs. Board Role:** Clear separation must be maintained between any professional services provided to a company and responsibilities as a Director of the same entity. At any given time, PCS has to meet the eligibility requirement of independence to serve as an Independent Director or non-Executive non-Independent Director of a company.
2. **Client Relationships:** PCS serving as Directors must navigate relationships with companies that might be competitors or have business relationships with their professional clients.

3. **Time Management:** Balancing the demands of a professional practice with directorial responsibilities requires effective time management and prioritisation.
4. **Confidentiality Barriers:** Information firewalls must be established to ensure that confidential information from one role does not inappropriately influence decisions in the other.
3. **Documentation Discipline:** Their emphasis on proper documentation ensures that board decisions and dissenting views are accurately recorded, strengthening accountability.
4. **Risk Awareness:** Their compliance background makes them particularly attuned to governance risks, including those that might compromise independence.

SAFEGUARDING BOARD INDEPENDENCE: THE PCS ADVANTAGE

One of the most significant contributions that PCS can make as Directors is enhancing and safeguarding Board independence. Their professional background and training position them uniquely to strengthen governance mechanisms that protect independence.

Expertise in Governance Structures

PCS bring specialized knowledge about governance structures that support independence:

1. **Committee Composition:** They understand the importance of properly constituted committees, particularly audit, nomination, and remuneration committees, CSR Committee, which serve as crucial checks and balances.
2. **Board Evaluation Processes:** Their expertise in designing and implementing effective board evaluation mechanisms helps in identify independence concerns and governance weaknesses.
3. **Succession Planning:** PCS can contribute to robust succession planning frameworks that ensure the continuous renewal of independent perspectives on the board.
4. **Information Flow:** Their procedural knowledge helps to establish systems that ensure directors receive timely, comprehensive, and unfiltered information necessary for independent decision-making.

CS impact on governance frameworks, board processes, and independence mechanisms demonstrates the unique value they bring to boardrooms.

Implementing Best Practices

PCS as Directors can champion the implementation of governance best practices that protect independence:

1. **Director Induction Programs:** Designing comprehensive induction programs that emphasize independence and fiduciary responsibilities.
2. **Conflict of Interest Policies:** Developing robust policies and procedures for identifying and managing conflicts of interest among Directors and Executives.
3. **Related Party Transactions:** Establishing stringent protocols for reviewing and approving related party transactions, an area where independence is particularly critical.
4. **Whistleblower Mechanisms:** Creating effective whistleblower policies that provide an independent channel for reporting governance concerns.

Through these contributions, PCS serving as Directors can significantly enhance the structural and cultural dimensions of board independence, strengthening overall corporate governance.

PRACTICAL CHALLENGES FACED BY COMPANY SECRETARIES

1. **Time Constraints:** Balancing a professional practice with directorial responsibilities presents significant time management challenges.
2. **Liability Concerns:** Despite statutory protections, concerns about personal liability can affect decision-making and willingness to challenge management.
3. **Information Asymmetry:** As outsiders to the organization, PCS Directors may face information disadvantages compared to Executive Directors and management.
4. **Remuneration Disparities:** The compensation for non-Executive-non Independent Directors or independent directors often does not adequately reflect the time commitment and liability exposure, creating disincentives for PCS to take on these roles.

Enhancing Board Dynamics

Beyond formal structures, PCS contribute to board dynamics that foster independence:

1. **Constructive Challenge:** Their professional training encourages them to ask probing questions and challenge assumptions, behaviours essential for effective Independent Directors.
2. **Balancing Stakeholder Interests:** PCS are trained to consider the interests of all stakeholders, not just shareholders, bringing a balanced perspective to board deliberations.

Professional Challenges

1. **Continuous Learning Requirements:** Directorial roles require familiarity with industry dynamics and business strategies beyond governance and compliance, necessitating continuous learning.
2. **Practice Management during Board Service:** Managing a professional practice while fulfilling directorial responsibilities requires robust delegation and management systems.
3. **Conflict Management:** Navigating potential conflicts between professional activities and board responsibilities requires constant vigilance and ethical judgment.

STRATEGIES FOR EFFECTIVE CONTRIBUTION AND INDEPENDENCE

To maximize their effectiveness as Directors while safeguarding independence, PCS can employ several strategies that leverage their unique skills while addressing the challenges identified above.

Professional Development Strategies

1. **Beyond Compliance Knowledge:** PCS aspiring to the directorship role should proactively develop knowledge in areas such as strategy, finance, risk management, and industry dynamics to complement their governance expertise.
2. **Industry Specialization:** Developing expertise in specific industries can make PCS more valuable as Directors and help overcome perception challenges regarding their strategic contribution.
3. **Networking and Visibility:** Active participation in professional forums, industry associations, and governance conferences can expand networks and increase visibility among those making director appointments.

Practice Management Strategies

1. **Structured Delegation:** Establishing robust systems for delegating practice responsibilities during board commitments helps to manage time constraints.
2. **Technology Utilization:** Leveraging technology for practice management can create efficiencies that free up time for directorial responsibilities.
3. **Practice Collaboration:** Forming collaborative arrangements with other PCS can provide backup during intensive Board periods and ensure continuity in client service.
4. **Client Communication:** Transparent communication with clients about directorial commitments helps to manage expectations and prevent conflicts.

Boardroom Strategies

1. **Preparation Discipline:** Thorough preparation for board meetings compensates for information asymmetry and enables meaningful contribution.
2. **Committee Leadership:** Seeking leadership roles in committees where governance expertise is particularly valuable, such as audit or corporate social responsibility committees, leverages PCS strengths.
3. **Independent Information Channels:** Developing independent sources of information about the company and its industry reduces reliance on management-filtered information.
4. **Documentation Advocacy:** Championing comprehensive documentation of board deliberations and decisions enhances accountability and transparency.

Independence Safeguards

1. **Ethical Frameworks:** Developing personal ethical frameworks that guide decision-making in potential conflict situations strengthens independence.
2. **Regular Self-Assessment:** Periodically reassessing independence against both statutory criteria and personal standards helps in identify and address emerging concerns.
3. **Financial Independence:** Ensuring that Director remuneration represents a manageable portion of total income reduces financial dependence on any single directorship.
4. **Term Discipline:** Adhering to recommended tenure limits even when not statutorily required helps to maintain fresh perspectives and independence.

By implementing these strategies, PCS can enhance their effectiveness as directors while robustly safeguarding their independence, thereby making a meaningful contribution to corporate governance.

CASE STUDIES: SUCCESS STORIES FROM INDIAN CORPORATE LANDSCAPE

The contribution of PCS as Directors has been demonstrated in numerous Indian companies. This section presents anonymous case studies that illustrate their impact on board independence and governance effectiveness.

Case Study 1: Manufacturing Sector

Background: A mid-sized manufacturing company appointed a senior PCS with 15 years of practice experience as an Independent Director in 2020, following governance concerns raised by institutional investors.

Contribution:

- Led a comprehensive revision of the company's related party transaction policy, introducing stricter review mechanisms and enhanced disclosure requirements.

- Restructured the whistle-blower mechanism to ensure direct access to the audit committee, bypassing management filters.
- Championed the implementation of a structured board evaluation process that included peer assessment and specific independence metrics.

Outcome: The company's governance rating improved significantly within two years, and institutional investor concerns were effectively addressed. The related party transaction framework was later recognized as an industry best practice.

Case Study 2: Financial Services Sector

Background: A growing non-banking financial company (NBFC) appointed a PCS specializing in financial sector compliance as an independent director during its preparation for public listing.

Contribution:

- Guided the development of a comprehensive corporate governance framework aligned with SEBI LODR requirements and international best practices.
- Implemented a robust director induction program with specific modules on independence, fiduciary duties, and sectoral regulations.
- Instituted a quarterly compliance and risk review mechanism that significantly enhanced the board's risk oversight capabilities.

Outcome: The company's IPO was oversubscribed, with analysts specifically noting the strength of its governance framework. Post-listing, the company consistently received positive governance reviews from proxy advisory firms.

Case Study 3: Technology Sector

Background: A technology company facing rapid growth and global expansion appointed a PCS with international exposure as an Independent Director to strengthen its governance practices for global markets.

Contribution:

- Facilitated the development of a global compliance framework that addressed regulatory requirements across multiple jurisdictions.
- Introduced structured succession planning for both board and senior management positions, emphasizing skills diversity and independence.
- Led the implementation of a stakeholder engagement framework that significantly improved transparency and communication.

Outcome: The company successfully navigated regulatory challenges in international markets and was recognized for its governance practices in an industry often criticized for governance deficiencies.

Case Study 4: Family-Owned Business

Background: A large family-owned business transitioning to professional management appointed a PCS with experience in family business governance as an Independent Director.

Contribution:

- Helped in develop a family constitution and governance framework that clearly separated ownership, board, and management roles.
- Facilitated the creation of a nomination process for family and Independent Directors that emphasized skills and independence.
- Instituted robust conflict of interest policies specifically addressing family-related transactions and decisions.

Outcome: The business achieved a smooth transition to professional management while maintaining family involvement at appropriate levels. The governance framework enabled the business to attract professional talent and external investment.

These case studies illustrate how PCS, when serving as Directors, can leverage their unique governance expertise to strengthen board independence and effectiveness across diverse sectors and corporate structures.

FUTURE PROSPECTS: EXPANDING HORIZONS FOR PCS AS DIRECTORS

As corporate governance continues to evolve in India, the role of PCS as directors is likely to expand and deepen. Several trends and developments point to growing opportunities and responsibilities in this domain.

Emerging Opportunities

1. **ESG Governance:** With Environmental, Social, and Governance (ESG) considerations becoming central to corporate strategy, PCS, with expertise in sustainability governance and reporting, can provide a valuable contribution as Directors who can guide ESG integration into board oversight.
2. **Technology Governance:** As digital transformation accelerates, Boards need Directors who can oversee technology governance, data privacy, and cybersecurity—areas where PCS with relevant specializations can make a significant contribution.
3. **Startup Governance:** India's vibrant startup ecosystem presents opportunities for PCS to serve as Independent Directors who can help to young companies establish governance frameworks that support sustainable growth and investor confidence.
4. **Global Governance Alignment:** As Indian companies become more integrated with global markets, Directors with knowledge of international governance standards are highly valued, creating opportunities for PCS with global exposure or certifications.

Regulatory Trends

1. **Enhanced Independence Requirements:** Regulatory trends suggest further strengthening of independence requirements for boards, potentially creating more demand for qualified Independent Directors with governance expertise.
2. **Specialized Committee Requirements:** Emerging regulations are likely to mandate more specialized board committees (e.g., for ESG, technology risks, stakeholder relationships), creating opportunities for PCS with relevant expertise.
3. **Board Diversity Mandates:** Growing emphasis on board diversity—beyond gender to include skills, experience, and background—may create openings for PCS who bring distinctive governance perspectives.
4. **Stricter Liability Framework:** As liability frameworks for Directors become more defined, the risk management expertise of PCS becomes increasingly valuable for Boards.

Professional Development Imperatives

To capitalize on these opportunities, PCS will need to focus on:

1. **Specialized Knowledge Areas:** Developing expertise in emerging governance areas such as ESG, technology governance, stakeholder capitalism, and sector-specific regulatory frameworks.
2. **Global Governance Perspectives:** Gaining familiarity with international governance standards and practices to serve on boards of companies with global aspirations.
3. **Strategic Thinking Skills:** Enhancing abilities to contribute to strategic discussions beyond compliance and procedural matters.
4. **Board Leadership Capabilities:** Developing skills to lead specialized committees or potentially serve as board chairs, positions where governance expertise is particularly valuable.

CONCLUSION

The evolution of PCS from compliance officers to governance professionals and increasingly to board Directors represents a natural progression that leverages their unique expertise for the benefit of corporate India. As this article has explored, PCS serving as Directors bring distinctive value to boards while simultaneously facing specific challenges that must be addressed strategically.

The regulatory framework in India increasingly recognizes the importance of governance expertise on Boards, creating opportunities for PCS to serve as Directors, particularly in independent capacities. Their professional training and experience position them well to safeguard Board independence—a cornerstone of effective corporate governance.

The case studies presented illustrate that PCS can make a meaningful contribution as Directors across diverse sectors and corporate structures. Their impact on governance frameworks, board processes, and independence mechanisms demonstrates the unique value they bring to Boardrooms.

Looking ahead, emerging governance challenges—from ESG integration to technology governance—are likely to create new opportunities for PCS with specialized expertise to serve as Directors. Preparing for these opportunities requires continued professional development, strategic networking, and practice management innovations. For individual PCS considering directorial roles, the path forward involves balancing professional practice with board service, developing expertise beyond traditional compliance areas, and vigilantly safeguarding independence.

Ultimately, the increasing presence of PCS in boardrooms strengthens India's corporate governance ecosystem, benefiting companies, investors, and the broader economy. By bringing their unique perspective and expertise to directorial roles while safeguarding board independence, PCS are indeed "*acing governance roles synergistically*".

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Taxation Laws and other Opportunities for Practising Company Secretaries (PCS) in India

This article explores the traditional and emerging opportunities for PCS in the context of taxation laws, highlighting the challenges and potential strategies for success. By examining case studies and industry trends, it aims to provide a comprehensive overview of the evolving role of PCS in India's dynamic economic landscape. As the profession adapts to meet the demands of a rapidly changing environment, PCS will continue to play a crucial role in supporting India's growth and ensuring that businesses thrive within the regulatory framework.



CS Charu Vinayak, FCS

Practising Company Secretary,
Jalandhar, Punjab
vinayak.charu@gmail.com

INTRODUCTION

The role of Practising Company Secretaries (PCS) in India is becoming increasingly significant as the country navigates through complex taxation laws and regulatory frameworks. As India positions itself as a major global economic player, the intricacies of its legal and regulatory environment have expanded, necessitating the expertise of PCS to guide businesses through these challenges. The PCS profession, traditionally focused on corporate governance and compliance, is now at the forefront of ensuring that companies not only adhere to statutory requirements but also optimize their operations within the legal framework.

India's economic trajectory is set to reach a USD 7 trillion economy by 2030, driven by robust growth across various sectors, including technology, manufacturing, and services. This growth is accompanied by an evolving regulatory landscape, characterized by reforms aimed at enhancing transparency, accountability, and ease of doing business. In this context, the demand for PCS is expected to surge, as businesses increasingly rely on their expertise to navigate the complexities of corporate law, taxation, and compliance.

The PCS profession is uniquely positioned to capitalise on this demand, offering a wide range of services that extend beyond traditional compliance roles. These include strategic advisory on mergers and acquisitions, corporate restructuring, and tax planning. As businesses seek to optimize their tax strategies and ensure compliance with both domestic and international regulations, PCS are becoming indispensable partners in achieving these objectives.

Moreover, the digital transformation of the regulatory environment presents both challenges and opportunities for PCS. The adoption of digital tools and platforms for compliance and reporting is reshaping the way PCS operate, enabling them to offer more efficient and value-added services. This shift is particularly relevant in the context of taxation, where digital compliance tools can significantly enhance accuracy and reduce the risk of errors.

This article explores the traditional and emerging opportunities for PCS in the context of taxation laws, highlighting the challenges and potential strategies for success. By examining case studies and industry trends, it aims to provide a comprehensive overview of the evolving role of PCS in India's dynamic economic landscape. As the profession adapts to meet the demands of a rapidly changing environment, PCS will continue to play a crucial role in supporting India's growth and ensuring that businesses thrive within the regulatory framework.

THE EXPANDING ROLE OF PCS IN INDIA

The role of PCS in India is undergoing a significant transformation, driven by the increasing complexity of corporate governance and regulatory compliance. Several factors contribute to the rising demand for PCS in India. The growing emphasis on corporate governance and compliance is a primary driver. As businesses expand and diversify, the need for robust governance structures becomes more pronounced. PCS professionals are uniquely equipped to provide the necessary oversight and guidance, ensuring that companies operate within the legal and regulatory boundaries set by authorities such as the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI).

The Companies Act, 2013 has further reinforced the role of PCS by mandating compliance with a wide array of statutory requirements. This legislation has expanded the scope of responsibilities for PCS, encompassing areas such as corporate restructuring, mergers and acquisitions, and financial reporting. As a result, PCS are increasingly involved in strategic decision-making processes, advising companies on how to align their operations with regulatory expectations while optimizing their business strategies.

THE STRATEGIC ROLE OF PCS

Beyond compliance, PCS are increasingly seen as strategic partners in business operations. Their expertise in corporate law and governance positions them as valuable advisors in areas such as risk management, corporate social responsibility,

and sustainability. As companies navigate the challenges of globalization and digital transformation, PCS provide critical insights that help businesses adapt to changing market conditions and regulatory environments.

In summary, the expanding role of PCS in India reflects the growing complexity of the business environment and the increasing importance of regulatory compliance. As the demand for qualified professionals continues to rise, PCS will play a pivotal role in shaping the future of corporate governance and ensuring that businesses operate with integrity and transparency. The initiatives undertaken by the ICSI to support the growth and development of the profession are instrumental in preparing PCS to meet these challenges and seize the opportunities that lie ahead.

COMPETITIVE REMUNERATION AND PROFESSIONAL OPPORTUNITIES

PCS in India are recognized for their significant role in corporate governance and compliance, which is reflected in their competitive remuneration. The demand for PCS is not only driven by their compliance roles but also by their strategic contributions to business operations. As trusted advisors, PCS can provide insights into risk management, corporate restructuring, and strategic planning, making them indispensable to companies aiming to optimize their operations and maintain regulatory compliance.

TRADITIONAL OPPORTUNITIES IN TAXATION

1. **Corporate Compliance and Tax Advisory:** PCS are pivotal in ensuring that companies comply with the Income Tax Act, 1961 and Goods and Services Tax (GST) regulations. Their expertise in conducting secretarial audits allows them to identify potential tax liabilities and ensure that companies meet their regulatory obligations (MCA, 2023).
2. **Corporate Restructuring:** Advising on mergers, demergers, and other restructuring activities for tax efficiency is a core function of PCS. These activities enable companies to optimize their tax positions within the regulatory framework (SEBI, 2023). A notable example is the restructuring of a leading FMCG company, where PCS guidance resulted in significant tax savings and streamlined operations post-merger. By analysing the tax implications of various restructuring options, PCS helped the company achieve a more efficient corporate structure and improve its financial performance.

EMERGING OPPORTUNITIES AND TRENDS

1. **Digital Transformation:** The Indian company secretarial software market is projected to grow significantly, reflecting the increasing adoption of digital tools for compliance and tax management (IMARC Group, 2023). PCS who leverage these technologies can offer more efficient and value-added services. By automating routine tasks and enhancing data accuracy, PCS can focus on strategic advisory roles and deliver greater value to their clients.

PCS are increasingly seen as strategic partners in business operations. Their expertise in corporate law and governance positions them as valuable advisors in areas such as risk management, corporate social responsibility, and sustainability.

2. **GST and Indirect Taxation:** The introduction of GST has created new advisory opportunities for PCS, including compliance, input tax credit optimization, and sector-specific tax planning (GST Council, 2023).
3. **ESG and Sustainability Reporting:** As Environmental, Social, and Governance (ESG) considerations become integral to business strategy, PCS are increasingly advising on the tax implications of sustainability initiatives and helping companies access related incentives (ESG India, 2023). By aligning business practices with ESG principles, PCS help companies to improve their sustainability performance and attract socially responsible investments.
4. **Cross-Border Transactions:** With globalization, PCS are now frequently involved in advising on international tax treaties, transfer pricing, and foreign exchange regulations for clients with cross-border operations (RBI, 2023).

The evolving role of PCS in India is reflected by the dynamic nature of the business environment and the increasing importance of regulatory compliance. As the demand for qualified professionals continues to rise, PCS will play a pivotal role in shaping the future of corporate governance and ensuring that businesses operate with integrity and transparency. By embracing digital transformation, focusing on ESG initiatives, and navigating the complexities of cross-border transactions, PCS are well-positioned to seize emerging opportunities and drive business success.

CHALLENGES AND STRATEGIES FOR PCS

While the role of PCS in India is expanding with numerous opportunities, it is not without its challenges. PCS professionals must navigate a rapidly changing

regulatory environment, manage diverse client expectations, and integrate new technologies into their practice. Addressing these challenges requires strategic approaches and a commitment to continuous learning and collaboration.

STRATEGIES FOR OVERCOMING CHALLENGES

PCS in India face a dynamic and challenging environment characterized by rapidly evolving regulations, increasing client expectations, and the need for technological integration. To effectively navigate these challenges and capitalize on emerging opportunities, PCS must adopt strategic approaches that enhance their capabilities and service offerings.

1. Continuous Professional Development

Continuous learning is essential for PCS to stay abreast of the latest regulatory changes and industry developments. Engaging in ongoing professional development ensures that PCS maintain their expertise and credibility in a competitive market. This can be achieved through:

- Workshops and Seminars
- Certification Programs
- Online Learning Platforms

2. Collaboration with Other Professionals

Collaboration is a powerful strategy for PCS to address complex issues and deliver comprehensive solutions to clients. PCS can adopt a multidisciplinary approach that enhances their advisory capabilities. Key benefits of collaboration include:

- **Diverse Expertise:** Collaborating with professionals from different fields brings diverse perspectives and expertise to the table, enabling PCS to tackle complex challenges with innovative solutions.
- **Comprehensive Solutions:** A multidisciplinary approach ensures that all aspects of a client's needs are addressed, from legal compliance and tax optimization to financial planning and risk management.
- **Enhanced Client Value:** By leveraging the collective expertise of a collaborative team, PCS can offer more holistic and value-added services, strengthening client relationships and building trust.

3. Embracing Digital Tools

The integration of digital tools and platforms is transforming the way PCS operate, offering opportunities to improve efficiency, accuracy, and service delivery. Embracing digital transformation involves:

- **Automation of Routine Tasks:** Implementing digital tools to automate repetitive tasks such as data entry, document management, and compliance reporting reduces manual errors and frees up time for PCS to focus on strategic advisory roles.
- **Enhanced Data Accuracy:** Digital platforms provide real-time data and analytics, enabling PCS to make informed decisions and offer precise advice to clients. This accuracy is crucial for maintaining compliance and optimizing business strategies.
- **Improved Client Interaction:** Digital communication tools facilitate seamless interaction with clients, allowing PCS to provide timely updates, share documents, and collaborate effectively, regardless of geographical location.
- **Investment in Training:** To fully leverage digital tools, PCS must invest in training and development to build their technological proficiency. This investment ensures that PCS can effectively utilize digital platforms to enhance their service offerings.

By adopting these strategies, PCS can overcome the challenges they face and position themselves as strategic partners to their clients. Continuous professional development, collaboration, and digital transformation are key to enhancing the capabilities of PCS and ensuring their success in a rapidly changing business environment. Through these approaches, PCS can deliver greater value, drive business success, and contribute to India's economic growth.

As the regulatory environment continues to evolve, PCS will play a critical role in ensuring that businesses operate with integrity, transparency, and compliance. Through strategic adaptation and proactive engagement, PCS can continue to drive business success and contribute to India's economic growth.

CONCLUSION

The future for PCS in India is indeed promising, characterized by a landscape rich with opportunities driven by economic

growth, regulatory reforms, and technological advancements. As India continues its trajectory towards becoming a USD 7 trillion economy by 2030, the demand for PCS is expected to rise significantly. This growth is not only a testament to the expanding business environment but also highlights the critical role PCS play in navigating the complexities of corporate governance and compliance.

PCS professionals are uniquely positioned to capitalize on these opportunities. Their expertise in ensuring adherence to regulatory frameworks, optimizing tax strategies, and advising on corporate restructuring is invaluable to businesses aiming to thrive in a competitive market. As companies increasingly focus on sustainability and ESG (Environmental, Social, and Governance) initiatives, PCS will also play a pivotal role in guiding businesses through the tax implications of these strategies, thereby enhancing their appeal to socially responsible investors.

Technological advancements further amplify the potential for PCS to deliver value. The adoption of digital tools and platforms for compliance and reporting is transforming the way PCS operate, enabling them to offer more efficient and accurate services. By embracing digital transformation, PCS can streamline processes, reduce manual errors, and focus on strategic advisory roles that drive business success.

Moreover, the evolving regulatory landscape presents both challenges and opportunities for PCS. As new laws and amendments are introduced, PCS must remain agile and proactive in their approach to compliance and advisory services. Continuous professional development and collaboration with other professionals, such as Chartered Accountants and legal experts, will be essential in maintaining their competitive edge and delivering comprehensive solutions to clients.

In conclusion, the expanding role of PCS in India reflects the dynamic nature of the business environment and the increasing importance of regulatory compliance. As the profession grows to meet the projected demand, PCS will remain at the forefront of ensuring corporate compliance, optimizing tax strategies, and supporting India's emergence as a global investment destination. By leveraging their expertise and embracing innovation, PCS can continue to drive business success and contribute to India's economic growth.

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FEMA: Roles and Responsibilities of Governance Professionals

The article examines the Foreign Exchange Management Act, 1999 (FEMA), which replaced the restrictive FERA to liberalize and regulate India's foreign exchange market. It highlights the vital role of governance professionals—such as Company Secretaries, compliance officers, and legal advisors—in ensuring adherence to FEMA's regulations on foreign investments, remittances, and borrowings. These experts manage regulatory filings, offer legal counsel, and help in address violations through compounding. FEMA represents a move from punitive measures to a more facilitative, compliance-oriented framework that fosters a business-friendly environment.



CS Sheetal Patodiya, ACS

Practicing Company Secretary,
New Delhi
patodiya.heetal@gmail.com

INTRODUCTION

The Foreign Exchange Management Act, 1999 (FEMA) was enacted by the Central Government of India to facilitate external trade, promote orderly development and maintenance of the foreign exchange market in India. It repealed the erstwhile Foreign Exchange Regulation Act, 1973 (FERA), replacing its regulatory and control-centric framework with a more liberal and facilitative regime. FEMA was introduced as part of India's economic reforms to align foreign exchange laws with the objectives of globalization and liberalization, ensuring a more transparent and investor-friendly legal environment.

OBJECTIVES

- Facilitation of External Trade and Payments:** FEMA was enacted to promote the smooth conduct of external trade and facilitate cross-border payments, aligning with India's economic liberalization.
- Orderly Development of the Forex Market:** FEMA aims to regulate and maintain an efficient and stable foreign exchange market in India.
- Classification of Transactions:** FEMA distinguishes foreign exchange dealings into two broad categories—Capital Account Transactions and Current Account Transactions—each governed by specific rules and procedures.

- Balance of Payments Framework:** FEMA governs India's balance of payments, which records all economic transactions between residents of India and the rest of the world, comprising both current and capital account flows.
- Regulation of Capital Movement:** FEMA monitors inflows and outflows of capital, including domestic investment abroad and foreign investment into India, ensuring compliance with national economic priorities.¹

WHO ARE GOVERNANCE PROFESSIONALS?

A governance professional, acting as a trusted advisor to the Board of Directors, performs critical functions integral to the legal and regulatory compliance framework of an organization. One of the core responsibilities includes, strategic counsel on legislative, regulatory, and governance developments. This involves continuous monitoring of statutory and regulatory changes at the central and state levels, as well as judicial pronouncements, that may affect the organisation's operations or governance structures. The professional is required to apprise the Board in a timely and accurate manner, ensuring that the organisation remains compliant with evolving legal norms and best practices. This role also includes advising on requisite amendments to policies or procedures to maintain alignment with corporate governance standards and statutory obligations.

Here's how they are legally acknowledged:

- Company Secretary (CS)**

Statutory Recognition:

- Section 2(24) of the Companies Act, 2013:**

"Company Secretary" or "Secretary" means a Company Secretary as defined in clause (c) of sub-Section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a Company Secretary under this Act.

¹ <https://www.bajajfinserv.in/>; <https://clearfax.in/>

- **Section 2(25) of the Companies Act, 2013:**

“Company Secretary in Practice” means a Company Secretary who is deemed to be in practice under sub-section (2) of section 2 of the Company Secretaries Act, 1980 (56 of 1980).

- **Section 203 of the Companies Act, 2013:**

Mandates appointment of Company Secretary as a Key Managerial Personnel (KMP) belonging to such class or classes of companies as may be prescribed.

- **Section 205 of the Companies Act, 2013:**

Details the functions of the Company Secretary, including ensuring compliance with applicable laws, guiding the Board on governance matters, and representing before regulators.

2. Compliance Officer

Statutory Recognition:

- **SEBI (LODR) Regulations, 2015, Regulation 6 :**

Every listed entity shall appoint a qualified Company Secretary as the Compliance Officer, responsible for ensuring compliance with securities laws and SEBI regulations.

- **Compliance Officers are also recognized under:**

- ◆ SEBI (Prohibition of Insider Trading) Regulations, 2015
- ◆ SEBI (SAST) Regulations, 2011
- ◆ RBI Master Directions for financial entities

3. Legal Advisor / General Counsel

Legal Advisors or General Counsel, though not expressly defined under any particular statutory provision, are recognized under common law principles as key officers of a company. Their roles stem primarily from contractual engagements and professional ethical standards. Legal Advisors also represent the company in litigation and dispute resolution matters, acting as a legal interface between the organization and external stakeholders, including courts, regulatory authorities, and government bodies.²

RECOGNITION OF GOVERNANCE PROFESSIONALS UNDER FEMA

Although the term “Governance Professional” is not explicitly defined under FEMA, professionals such as

Company Secretaries and Legal Advisors are instrumental in ensuring compliance with its provisions. They assist in adhering to regulations like the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019³. These professionals are responsible for preparing and filing statutory returns with the Reserve Bank of India (RBI) and ensuring timely submissions. They also play a key role in advising companies on cross-border transactions, foreign investments, and foreign exchange regulatory frameworks. Their expertise helps businesses navigate complex compliance requirements under FEMA.

Evolving roles of Governance Professionals:

1. Company Secretaries:

- Ensure organizational compliance with corporate laws, regulatory frameworks, and applicable statutory provisions.
- Serve as a key liaison officer between the Board of Directors and stakeholders, promoting transparency and effective governance communication.
- Advise the Board on evolving governance standards and best practices, thereby enhancing corporate decision-making processes.
- Oversee the implementation of board processes and ensure that board procedures are both followed and regularly reviewed.
- Facilitate statutory reporting and disclosure requirements to ensure accountability and legal conformity.

2. Compliance Officers

- Ensure compliance with applicable regulatory frameworks, including those prescribed under SEBI (LODR) Regulations for listed entities.
- Oversee the development, implementation, and monitoring of internal compliance policies and control systems.
- Liaise and coordinate with regulatory authorities to address statutory requirements and regulatory queries.
- Conduct periodic compliance reviews and risk assessments to mitigate legal and reputational exposure.
- Safeguard the entity’s ethical standards, thereby upholding its corporate integrity and market credibility.⁴

As foreign investments and outbound transactions grow, FEMA performs the double role of being a barrier to ensure fairness and being a facilitator for participation in the global economy.

² Companies Act, 2013, <https://www.mca.gov.in/>

³ <https://www.rbi.org.in/>

⁴ <https://dea.gov.in/>

3. Legal Advisors / General Counsel

- Render strategic legal advice to ensure corporate activities comply with applicable statutes and regulatory frameworks.
- Draft, vet, and negotiate commercial agreements, legal documents, and corporate policies.
- Manage legal disputes, represent the organization in judicial and quasi-judicial forums, and oversee litigation strategy.
- Advise the management on legal risks, regulatory implications, and dispute resolution mechanisms.
- Play a critical role in mitigating legal exposure and safeguarding the company's legal and commercial interests.

KEY FEMA COMPLIANCE AREAS FOR GOVERNANCE PROFESSIONALS

1. Inbound and Outbound Investments (FDI & ODI)

- **Regulatory Framework:** Inbound (FDI) and outbound (ODI) investments are governed under Section 6(2) and 6(2A) of FEMA, 1999, empowering the RBI and the Central Government to regulate capital account transactions involving debt and non-debt instruments, respectively.
- **Applicable Rules:** The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 serve as the principal regulatory framework for foreign direct investments and overseas direct investments.
- **Compliance with Sectoral Guidelines:** Governance professionals must ensure that all FDI and ODI transactions conform to applicable sectoral caps, prescribed entry routes (automatic or government route), and pricing norms.
- **Mandatory Filings:** Filing of statutory forms such as Form FC-GPR (for fresh issuance) and Form FC-TRS (for transfer of shares) is required with the RBI through the Authorized Dealer (AD) bank.
- **Reporting via FIRMS Portal:** All investment-related disclosures must be made through the Single Master Form (SMF) on the Foreign Investment Reporting and Management System (FIRMS) portal maintained by the RBI.

2. Foreign Contribution and Remittance Regulations Statutory Provisions:

- **Statutory Framework:** Under Section 5 of FEMA, current account transactions are permissible, subject to restrictions imposed by the Central Government in consultation with the Reserve Bank of India.

- **Regulatory Instruments:** The Foreign Exchange Management (Current Account Transactions) Rules, 2000, enumerate transactions that are either prohibited or require prior approval of the Government or the RBI, ensuring regulatory oversight over foreign remittances.⁵
- **Foreign Contributions Governance:** The Foreign Contribution (Regulation) Act (FCRA), 2010 mandates that only entities registered under the Act may lawfully receive and utilize foreign contributions for legitimate purposes, in compliance with prescribed conditions.
- **Compliance Obligations:** Entities must observe ceilings on permissible remittances for education, medical expenses, or family maintenance abroad, and obtain prior approvals for transactions breaching notified thresholds, as per FEMA and FCRA stipulations.

3. External Commercial Borrowings (ECBs)

- **Statutory Authority:** Under Section 6(3)(d) of FEMA, borrowing and lending in foreign exchange by person's resident in India is regulated by the Reserve Bank of India.
- **Regulatory Framework:** The Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 govern the terms, conditions, and eligibility for availing External Commercial Borrowings (ECBs).
- **Compliance Norms:** ECBs must be availed within prescribed sectoral limits, adhere to end-use restrictions, and comply with all-in-cost ceilings and minimum average maturity period (MAMP) requirements.
- **Reporting Obligation:** Borrowers are required to file Form ECB and obtain a Loan Registration Number (LRN) through an Authorized Dealer (AD) bank, in accordance with RBI's procedural directives.

4. Current and Capital Account Transactions Statutory Provisions:

- Capital Account Transactions are defined under Section 2(e) of FEMA, involving changes in assets or liabilities across borders.
- Section 5 allows current account transactions, subject to restrictions imposed by the Central Government in public interest.
- Section 6 authorizes the RBI and Central Government to regulate or restrict capital account transactions through rules and notifications.
- Entities must accurately classify transactions, avoid prohibited capital account dealings, and obtain prior approvals wherever mandated.⁶

⁵ <https://www.mha.gov.in/>

⁶ <https://abhinavgulechha.com/> <https://ctconline.org/>

5. NRI Investments and Repatriation Rules

- NRI investments are governed by the *Foreign Exchange Management (Non-Debt Instruments) Rules, 2019*, permitting investment in specified sectors under the automatic route.
- Repatriation of assets is regulated by the *Foreign Exchange Management (Remittance of Assets) Regulations, 2016*, subject to prescribed limits and conditions.
- Investments must be routed through authorized banking channels, such as NRE or FCNR accounts, to ensure compliance.
- Repatriation of sale proceeds and income is allowed post-tax compliance, as per RBI and FEMA guidelines.

CHALLENGES IN FEMA COMPLIANCE RESOLVED BY GOVERNANCE PROFESSIONALS

Case 1: Delayed Reporting of FDI—Resolved through Compounding

A mid-sized IT services company received FDI from a Singapore-based investor in exchange for equity shares but failed to submit Form FC-GPR within the 30-day period mandated by FEMA due to a transition in compliance staff. This delay amounted to a contravention under FEMA regulations, attracting possible penalties. A governance professional (Company Secretary) was engaged to address the issue. The professional traced the transaction history, coordinated with the Authorised Dealer Bank (AD), and prepared a compounding application under Section 13 of FEMA, explaining the cause of delay. The RBI accepted the explanation and imposed only a nominal compounding fee. This case shows how governance professionals can help companies manage FEMA compliance lapses effectively through timely legal action and accurate regulatory filings.

Case 2: Structuring ODI for Start-up Expansion

A tech start-up in Bengaluru intended to establish a wholly-owned subsidiary (WOS) in the UK for research and development but was unaware of the revised ODI (Overseas Direct Investment) Rules, 2022, which introduced changes in financial commitment classification and valuation requirements. A Company Secretary stepped in to provide regulatory guidance, advising on the appropriate investment route (automatic or approval-based), ensuring compliance with valuation norms under FEMA and ODI regulations, and facilitating the filing of Form FC and ODI Part I and II. The professional also managed post-investment compliance, including the Annual Performance Report (APR).⁷

This proactive approach helped the company to avoid regulatory scrutiny and strengthened its governance profile, enabling it to secure further venture capital funding.

⁷ RBI Compounding Orders – RBI Website

PENALTIES AND COMPOUNDING UNDER FEMA

1. Civil Nature of Penalties under FEMA

- Under the Foreign Exchange Management Act, 1999 (FEMA), penalties are civil in nature, unlike the criminal penalties under the earlier Foreign Exchange Regulation Act, 1973 (FERA).
- FEMA was introduced to liberalize foreign exchange laws and promote voluntary compliance by shifting focus from punishment to regulation and management.
- As per Section 13 of FEMA, contraventions may attract penalties up to ₹10 lakh or thrice the amount involved, whichever is higher.
- This civil framework under FEMA encourages timely settlements, reduces litigation, and fosters a more business-friendly compliance environment.
- The Act does not provide for imprisonment or criminal prosecution for violations, differentiating it from FERA.

2. Power of Compounding

- Compounding under FEMA enables the Reserve Bank of India (RBI) or designated authorities to settle contraventions through payment of a fee, by passing lengthy court or tribunal proceedings.
- It is applicable mainly to non-wilful violations, where the breach occurred without fraudulent intent or deliberate wrongdoing.
- The compounding mechanism facilitates speedy resolution of cases, reducing disputes and promoting compliance for both businesses and regulators.

RBI provides detailed guidelines and fee structures for compounding, depending on the nature and seriousness of the contravention.⁸

3. Role of Governance Professionals

- Governance professionals such as Company Secretaries, Compliance Officers, and Legal Advisors play a key role in ensuring FEMA compliance and managing any regulatory breaches.
- They are responsible for identifying potential contraventions by monitoring foreign exchange transactions and assessing adherence to FEMA provisions.
- In the event of a violation, they draft and file detailed compounding applications, including

⁸ RBI Compounding Orders – RBI Website

necessary explanations and supporting documentation, to be submitted to the RBI or concerned authority.

- They also coordinate with the RBI, handle communications, track the status of applications, and ensure all regulatory timelines and procedural requirements are met for efficient resolution.

Standard Chartered Bank and Ors. vs. Directorate of Enforcement and Ors. (2005) 4 SCC 530 – Supreme Court

- **Key Point:** Though this case also dealt with FERA, the Court discussed the fundamental changes introduced by FEMA.
- **Observation:** The Court acknowledged that FEMA decriminalizes violations, treating them as civil wrongs, thereby promoting voluntary compliance and ease of doing business.

Aman Lekhi vs. Directorate of Enforcement – Delhi High Court (2010)

- **Observation:** Penalties under FEMA are monetary and compensatory, and not criminal. Therefore, no stigma of criminality is attached to those proceedings.⁹

FEMA REPORTING REQUIREMENTS

1. Annual Return on Foreign Liabilities and Assets (FLA)

- **What is it?** The FLA Return is a yearly report that Indian companies must file if they received Foreign Direct Investment (FDI) or made Overseas Direct Investments (ODI) during or before the current financial year.
- **Who has to file it?** All Indian companies, LLPs, and other entities that hold foreign assets or have foreign liabilities — even if there were no fresh transactions in the current year.
- **When and how to file?** The return must be submitted online through the FLAIR portal by July 15 every year.
- **What information is required?** It includes details of:
 - ♦ Foreign liabilities like FDI, External Commercial Borrowings (ECBs), etc.
 - ♦ Foreign assets like investments made abroad (equity, debt instruments, etc.).
- **Why is it important?** The RBI uses this data to track the flow of foreign capital and

maintain India's Balance of Payments (BoP) statistics.¹⁰

- **What happens if you don't file?** Non-filing is considered a violation of FEMA Section 13, which can result in:
 - ♦ A penalty up to ₹2 lakh for the first offense.
 - ♦ ₹5,000 per day for each day of continued delay.
 - ♦ Possible difficulties in receiving future foreign investments or approvals from regulatory bodies.

2. Single Master Form (SMF) – Simplified Overview

- **What is SMF?** The Single Master Form (SMF) is a unified online form introduced by the Reserve Bank of India (RBI) to simplify and consolidate all FDI-related filings.
- **Where is it filed?** It is submitted through the FIRMS (Foreign Investment Reporting and Management System) portal hosted by the RBI.
- **Who needs to file?** All Indian entities that have received foreign investment must file through SMF.
- **Entity Master Form (EMF) prerequisite:** Before filing SMF, companies must register their basic information by filing the Entity Master Form (EMF) on the FIRMS portal.
- **Why is SMF important?** SMF ensures streamlined compliance, improves data accuracy, and allows RBI to monitor FDI flows and sectoral limits effectively.
- **Mandatory filing:** Filing through SMF is compulsory for all eligible transactions involving foreign investment.¹¹

Consequences of Non-Compliance:

- ♦ Entities may lose access to FIRMS, blocking further FDI filings.
- ♦ Subject to penalties under FEMA, as non-reporting is a violation.
- ♦ Regulatory delays in approvals for future investments or remittances.

3. Advance Reporting Form (ARF), Form FC-GPR, FC-TRS, etc.

- **Purpose of Reporting Forms:** These forms are mandatory under FEMA to report various

⁹ Supreme Court and High Court judgments clarifying the civil nature of penalties under FEMA

¹⁰ <https://firms.rbi.org.in/firms/faces/pages/login.xhtml>

¹¹ <https://www.vjmglobal.com/>; <https://www.rbi.org.in/>

stages of foreign direct investment (FDI) — from receiving funds to issuing or transferring shares.

- **Advance Reporting Form (ARF):** Filed within 30 days of receiving FDI, ARF is submitted to the Authorized Dealer Bank and includes details of the foreign investor, amount received, and payment mode. It allows RBI to monitor incoming foreign capital before share allotment.
- **Form FC-GPR:** Filed within 30 days after issuing shares or convertible instruments to foreign investors, it includes the updated shareholding pattern, valuation report, board resolution, and KYC documents.
- **Form FC-TRS:** Required when shares are transferred between a resident and non-resident (or between non-residents in eligible cases). It must be filed within 60 days of transfer and includes the agreement, consent letter, and KYC of both parties.
- **Compliance Importance:** These forms ensure compliance with FDI regulations, help RBI track sectoral limits, pricing compliance, and ownership changes.
- **Consequences of Non-Compliance:** Non-reporting can result in:
 - ◆ Investment being treated as non-compliant.
 - ◆ Penalties under FEMA.
 - ◆ Restrictions on repatriation of profits or investment proceeds.

CONSEQUENCES OF NON-FILING OR DELAYED FILING

- **Financial Penalties:** As per Section 13 of FEMA, failure to file required forms can attract a penalty of up to ₹2,00,000 for the first instance, and ₹5,000 per day for each day of continuing default.
- **Compounding Requirement:** Entities in default may have to undergo compounding proceedings with the RBI, which is often a time-consuming and expensive process.
- **Regulatory Scrutiny:** Non-compliance flags the company during regulatory reviews and may lead to increased scrutiny from RBI, AD Banks, and other financial authorities.
- **Credibility Damage:** Repeated or serious defaults can damage the company's reputation with both investors and regulators, impacting future capital inflows.

- **Delays in Future Transactions:** Companies may face delays or rejections when applying for fresh FDI, ECBs, or ODI approvals due to non-compliance history.
- **Barriers to Growth Activities:** Non-compliant companies may encounter obstacles during M&A deals, due diligence processes, IPOs, or private equity rounds.
- **Bank-Level Restrictions:** Authorized Dealer (AD) Banks may refuse to process future FDI/ODI transactions until pending compliance issues are resolved.
- **Legal Exposure:** Unresolved violations may expose companies to further legal action or investigation, especially in cross-border financial transactions.

FEMA AUDIT AND CERTIFICATION

1. FEMA Audit Process and Scope:

- **Purpose of FEMA Audits:** Conducted to evaluate whether companies have complied with FEMA regulations while undertaking foreign exchange transactions such as FDI, ODI, or ECB.
- **Types of Audits:** These may be internal audits carried out by compliance professionals or regulatory audits conducted by the RBI or its authorized agencies.
- **Compliance Verification:** Audits check whether cross-border transactions are reported on time, follow permitted entry routes (automatic or approval), and adhere to sectoral limits and pricing rules.
- **Documentation Review:** The process also involves reviewing supporting documents like KYC records, contracts, valuation reports, and board resolutions to ensure accuracy and legitimacy.

2. Certification Work under FEMA (Rephrased)¹²

- **Role in ECB Compliance:** FEMA professionals such as CSs and CAs are responsible for certifying the utilization, disbursement, and repayment of External Commercial Borrowings (ECBs), as per the RBI's ECB Master Directions.
- **FDI-Related Filings:** They provide mandatory certification for key FDI filings, including Form FC-GPR and Form FC-TRS, ensuring proper documentation and valuation as per FEMA norms.
- **Valuation and Regulatory Certifications:** Certifications include verifying valuation reports

¹² <https://www.vjmglobal.com/>; <https://www.rbi.org.in/>

issued by qualified professionals and ensuring compliance with sectoral limits and pricing guidelines for foreign investments.

- **Annual and Transactional Returns:** Professionals also assist in certifying Annual Return on Foreign Liabilities and Assets (FLA), Overseas Direct Investment (ODI) forms, and other declarations required for foreign exchange transactions.

3. Common Errors in FEMA Audits and Mitigation by Professionals

- **Delay in Regulatory Filings:** Companies often miss critical reporting deadlines (e.g., FC-GPR within 30 days, FC-TRS within 60 days). FEMA professionals mitigate this by maintaining compliance calendars and conducting regular follow-ups.
- **Documentation Discrepancies:** Errors in KYC records, valuation reports, or shareholding data may result in form rejection. Professionals ensure accurate documentation by thoroughly verifying details and coordinating with Authorized Dealer (AD) banks.
- **Incorrect FDI Route Selection:** Choosing the wrong investment route (e.g., automatic instead of approval route) can breach FEMA rules. Experts prevent this by reviewing sector-specific FDI caps and applicable entry conditions before processing transactions.
- **Proactive Risk Management:** By implementing pre-audit reviews and internal compliance mechanisms, professionals detect potential FEMA breaches early and guide companies on corrective actions before they escalate.¹³

CONCLUSION

The FEMA has attained increased vitality in guarding legal, transparent, and efficient capital flows, thanks to the growth in the complexity of cross-border financial transactions. As foreign investments and outbound transactions grow, FEMA performs the double role of being a barrier to ensure fairness and being a facilitator for participation in the global economy. In such a background, governance professionals like Company Secretaries, Chartered Accountants, and Legal Advisors come into the forefront. They are no longer technicians of compliance but strategic participants in helping businesses align their international financial activities with the changing legal landscape. The environment is getting more and more dynamic with ever new trends of frequent updates from the RBI, the introduction of a slew of digital portals, and their integration with other legal regimes like the Companies

Act, 2013 and SEBI guidelines. Therefore, the need has arisen for constant learning and adaptability.

Further, with the digital governance, platforms like FIRMS, SMF, and FLAIR, becoming more entrenched, it has become necessary for professionals to be technically equipped. However, through the employment of digital tools and other technologies like AI, conformity can be streamlined and risks are recognized well before time. Frequent interactions with regulators and transparent methodologies will allow organizations for timely approvals and foster long-term trust with authorities.

As India sets up a global economic hub, FEMA will remain the core in drawing the major features of world trade and investment. Governance professionals ought to take lead in this journey, staying up to date with all advancements, foreseeing all changes and digitally equipping themselves so that businesses can flourish without straying away from regulation. Their significant contribution has helped and will continue to do so in ensuring that India remains credible and competitive in the global financial ecosystem.

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¹³ <https://www.rbi.org.in/-> ECB Master Directions; <https://firms.rbi.org.in/> FDI Reporting Guidelines

Legal and Accounting Aspects of Interim Dividend

The word 'interim' is not used as meaning temporary or provisional, but as meaning (happening) in the meantime, meanwhile, or intervening time, since interim dividend is paid between two annual general meetings at which final dividend is declared. It is defined as a dividend paid during a financial year. It is a dividend paid on the basis of less than a full year's results. It is not a dividend based on the company's final accounts for a financial year which is recommendation by the board and declared at an annual general meeting, which is called final dividend; hence it is called an interim dividend and is different from final dividend. This article analyses and interprets the legal and accounting aspects of interim dividend.



CS (Dr.) K R Chandratre, FCS

Practising Company Secretary, Pune; Former President,
The Institute of Company Secretaries of India
krchandratre@gmail.com



CA CS Pramod Jain, FCS

Practicing Chartered Accountant, Pune
pramod7jain@gmail.com

INTRODUCTION

MEANING AND CONCEPT

Dividend that is paid on shares before the time of declaring the final dividend is called interim dividend. It is a dividend paid by the Directors any time between two annual general meetings of the company.¹

The ordinary meaning of dividend is, the receipt by the shareholder by reason of his being a shareholder of part of the profits of the company of which he is a shareholder. The formalities and technicalities attached to the declaration of a dividend cannot detract from the ordinary and normal meaning to be attached to that expression.²

¹ Re, Jowitt (1992) 2 Ch 442.

² Kantilal Manilal And Others V. Commissioner Of Income-tax [1956] 26 Comp Cas 357 (Bom).

The term "dividend" as such is not defined in the Companies Act, 2013 ('the Act'). Section 2(35) of the Act merely says, "dividend" includes any interim dividend. It is a term used in different contexts. In the context of provisions this and the next few sections, 'dividend' means a sum of money paid to shareholders of a corporation out of earnings; an amount of the profits that a company pays to people who own shares in the company; a part of the profits of a company for a particular period of time that is paid to shareholders for each share that they own; a sum of money paid regularly (typically annually) by a company to its shareholders out of its profits or reserves.

The word 'interim' is not used as meaning temporary or provisional, but as meaning (happening) in the meantime, meanwhile, or intervening time, since interim dividend is paid between two annual general meetings at which final dividend is declared. It is defined as a dividend paid during a financial year. It is a dividend paid on the basis of less than a full year's results. It is not a dividend based on the company's final accounts for a financial year which is recommendation by the board and declared at an annual general meeting, which is called final dividend; hence it is called an interim dividend and is different from final dividend.

A final dividend can, as a general rule, only be sanctioned at the annual meeting, when the accounts are presented to it, and the articles usually contain a specific provision to this effect. A power to declare interim dividends is usually vested by the articles in the Directors. An interim dividend is a dividend declared at some date between the ordinary general meetings.³

Conventionally, view as regards interim dividend is a dividend that can be paid by the Board of Directors of a company only out of current year's profit. As was observed in an English case, the declaration of interim dividend depends much more upon estimates and opinions than the declaration of a final dividend, which is based on the information contained in a formally approved set of Financial Statements.⁴

STATUTORY FRAMEWORK

Section 2(35) of the Act defines "dividend" as "Dividend includes any interim dividend." This is an inclusive

³ Halsbury's Laws of England, 3rd edition, Volume 6, Para 778.

⁴ Lucas v Fitzgerald (1903) 20 TLR 16.

definition and it seeks to treat equally, final dividend and interim dividend. Therefore, the provisions of the Act relating to dividend are equally applicable to final dividend and interim dividend.

Sub-section (3) of Section 123, substituted by Companies (Amendment) Act, 2017, w.e.f. 9-2-2018, reads as follows:

“(3) The Board of Directors of a company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend:

Provided that in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during immediately preceding three financial years.

PERIOD FOR WHICH INTERIM DIVIDEND CAN BE PAID

As per sub-section (3), an interim dividend is declared and paid in respect of any of the following periods of a financial year:

- during any financial year; or
- at any time during the period from closure of financial year till holding of the annual general meeting.

Section 123(3) states that interim dividend is declared “during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting.” There is no need to mention in the resolution approving interim dividend, that it is for a particular financial year; but even if a resolution says so, that doesn’t matter.

Dividend that is paid on shares before the time of declaring the final dividend is called interim dividend. It is a dividend decided by the Board of Directors at any time between two annual general meetings of the company.⁵

The word ‘interim’ is not used as meaning temporary or provisional, but as meaning (happening) in the meantime, meanwhile, or intervening time, since interim dividend is paid between two annual general meetings at which final dividend is declared. It is defined as a dividend paid during a financial year. It is a dividend paid on the basis of less than a full year’s results. It is not a dividend based on the company’s final accounts for a financial year which is recommended by the board and declared at an annual general meeting, which is called final dividend; hence it is called an interim dividend and is different from final dividend.

⁵ Re, Jowitt (1992) 2 Ch 442.

A company can declare interim dividend any number of times during a financial year. There is no restriction on this. A company can declare at an annual general meeting a further dividend which is called ‘final dividend’. A company can declare an interim dividend one or more times during a financial year and also declare a final dividend at the annual general meeting held in that financial year. Interim dividend does not require any confirmation or ratification at an annual general meeting.

Sub-section (3) clearly states that “The Board of Directors of a company may declare interim dividend.” This is entirely the Board’s prerogative and does not require shareholders’ approval or confirmation/ratification by the shareholders.

DIVIDEND TO BE PAID ONLY OUT OF PROFIT

According to sub-section (1) of Section 123, no dividend shall be declared or paid by a company for any financial year except out of—

- (a) the profits of the company for that year after providing for depreciation under sub-section (2); or
- (b) the profits of the company for any previous financial year or years arrived at after providing for depreciation and remaining undistributed; or
- (c) both (a) and (b); or
- (d) moneys provided by the Central Government or any State Government for the payment of dividend in pursuance of the guarantee given by that Government.

The proviso to sub-section (1), Inserted by Companies (Amendment) Act, 2017, w.e.f. 9-2-2018, seeks to prohibit including in calculating of the profit, in computing profits, any amount representing unrealised gains, notional gains or revaluation of assets and any changes in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value.

The word ‘profit’ has not been defined in the Act. The ordinary meaning of ‘profit’ is pecuniary gain resulting from the employment of capital in any transaction; a ‘financial gain’, especially the difference between an initial outlay and the subsequent amount earned. Profit is a surplus, *i.e.* credit balance in the profit and loss account.

In accounting terms, profit is the excess of the sales revenue over the cost of providing the goods or services and expenses of the period. Distributable profits mean, the profits of a company that are legally available for distribution as dividends. They consist of a company’s realized profits after deducting realized losses.

In a number of decided English cases the meaning of the word profit was culled as: ‘Profits’ means something after payment of the expenses. The word means net profits.⁶ It is a comparison between the state of a business at two specific dates usually separated

⁶ Davison v Gillies (1879) 16 Ch.D 347n (348n).

by an interval of a year. The fundamental meaning is the amount of gain made by the business during the year.⁷

No dividend can be paid by any company except from any one or more of the sources specified in sub-section 123(1) mentioned above; otherwise, it would amount to payment out of capital.

A company may pay dividend out of profit earned by it by sale of its asset if it is a realised profit/gain. Such an asset may be immovable or movable. So, if a company sells its land and realizes profit on sale, the amount of such profit can be used for payment of dividend. Profit on sale of asset is termed as capital profit which may be used for the payment of dividend provided the same is realised in cash and there is nothing in the articles of association of the company which prohibits distribution thereof by way of dividend. Thus, any profit made on sale of asset, if realized, can be used for distribution of dividend. Realized profit or gain occurs when the sale price of an asset is higher than its carrying amount. This gain is only considered to be realized when the asset is removed from the entity's accounting records and sale consideration against the same is received by the entity. Thus, a gain is only realized when the associated asset has been sold. Unrealized gains are generally not taxed, while realized gains are taxed.

SOURCES OF PROFIT FOR INTERIM DIVIDEND

According to sub-section (3), for payment of interim dividend, profits from any of the following sources can be utilized:

1. Surplus in the Profit and Loss Account;
2. Profits of the financial year for which such interim dividend is sought to be declared; or
3. Profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

A company is free to use any one or more of the above-mentioned sources for payment of interim dividend. This is to be decided by the Board of Directors of the company. There are no other restrictions on the source to be chosen by the Board.

These are three sources from which profits can be drawn for payment of interim dividend payable in a financial year. All of them or some of them can be resorted to. The difference between them is clear and unambiguous. The first one is accumulated profits of current or past years,

the second one is current financial year's distributable profits and the third is, profits calculated for the period beginning with the current financial year and ending with date of the quarter ending prior to the of the board meeting at which the decision of payment of interim dividend is taken.

PAYMENT OF INTERIM DIVIDEND OUT OF SURPLUS IN THE PROFIT AND LOSS ACCOUNT

According to sub-section (3), the Board of Directors of a company may declare interim dividend out of the surplus in the profit and loss account. It is not clear whether the words "surplus in the profit and loss account" refer to only the amount of surplus in the profit and loss account of the financial year or the financial years preceding the financial year, in which an interim dividend is to be paid, or to the surplus accumulated and shown in the balance sheet.

The use of the disjunctive 'or' between "financial year for which such interim dividend is sought to be declared" and "out of profits generated in the financial year till the quarter preceding the date of the Board Meeting at which decision about declaration of interim dividend is taken by the Board", is an indication that interim dividend can also be paid from the profit of earlier years appearing in the balance sheet as surplus under the head Reserves & Surplus.

Surplus in the Profit and Loss Account means, accumulated profits which is shown in the Balance Sheet as Surplus under the head 'Reserves and Surplus'. It represents profits earned by the company over the years and not yet transferred to any of the Reserves. Together with the amount of Reserves, it forms part of the 'retained earnings'.

The words "surplus in the profit and loss account" should be read as "surplus in the balance sheet" since according to Schedule III, Part I, every balance sheet is required to set out under Reserves & Surplus, the amount of "Surplus i.e., balance in Statement of Profit and Loss disclosing allocations and appropriations such as dividend, bonus shares and transfer to/from reserves, etc.". Further, debit balance of

statement of profit and loss shall be shown as a negative figure under the head "Surplus". Similarly, the balance of "Reserves and Surplus", after adjusting negative balance of surplus, if any, shall be shown under the head "Reserves and Surplus" even if the resulting figure is in the negative.

If the words "surplus in the profit and loss account" intend to refer to the amount of accumulated profits which is shown in the balance sheet under 'Reserves and Surplus' (representing profits earned by the company over the years as reflected in the profit and loss accounts of past financial years and after appropriations and the balance remaining unappropriated transferred to the balance sheet year after year, also called 'retained earnings'), then it would mean that sub-section (3) of Section 123 allows use of this surplus to pay interim dividend.

On the contrary, if the words "surplus in the profit and loss account" refer to the amount surplus in the profit and loss account of the relevant financial year, then it would

⁷ Spanish Prospecting Co. (1911) 1 Ch 92.

mean that a company cannot use profits of previous year(s) for payment of interim dividend.

Regulation 81 in Table F states that “Subject to the provisions of Section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.” This Regulation, as is clear from the language, is subject to the provisions of Section 123.

This Regulation corresponds to Regulation 86 in Table A in Schedule I to the Companies Act 1956. The conventional view as regards interim dividend is that interim dividend can be paid only out of current year's profit. It was argued in the past that from the words “as appear to it to be justified by the profits of the company” it has to be inferred that an interim dividend can be paid only from the profits of the current year and not from the profits of prior years(s).

It was held in an old English case that before declaring an interim dividend, the Directors must satisfy themselves that there are profits available for distribution by way of dividends; the declaration of interim dividends depends much more upon estimates and opinions than the declaration of a final dividend, which is made upon the information contained in a formal balance sheet.⁸

However, applying the literal construction rule to the words “out of the surplus in the profit and loss account” in sub-section (3), and having regard to the fact that apart from an amount of profit transferred to reserves, including general reserve, and also having regard to the definition of dividend in Section 2, it appears that contrary to the conventional view, whatever amount of profit is left out and transferred to Surplus as shown in the balance sheet, such amount of surplus, which may also include profits of earlier year(s), can be used for payment of an interim dividend.

Furthermore, the use of the disjunctive ‘or’ between “financial year for which such interim dividend is sought to be declared” and “out of profits generated in the financial year till the quarter preceding the date of the Board Meeting at which decision about declaration of interim dividend is taken by the Board, is an indication that interim dividend can also be paid from the profit of earlier years appearing in the balance sheet as surplus under the head Reserves & Surplus.

PAYMENT OF INTERIM DIVIDEND OUT OF PROFITS OF THE FINANCIAL YEAR FOR WHICH INTERIM DIVIDEND IS SOUGHT TO BE DECLARED

Secondly, sub-section (3) also allows profits of the financial year for which such interim dividend is sought to be declared.

As stated above, sub-section (3) states that an interim dividend may be paid “(1) during any financial year or (2) at any time during the period from closure of financial year

till holding of the annual general meeting.” Accordingly, the words “profits of the financial year” will mean, in case of situation (1) current year's net profit arrived at in the Profit and Loss Account for the financial year upto quarter ending before the date of the Board Meeting where decision of payment of interim dividend is taken, which can be utilized for payment of interim dividend and in case of situation (2) that is, if the Board decides to pay interim dividend after the end of that financial but before the date of the annual general meeting, the words “profits of the financial year” shall mean the net profit arrived at in the Profit and Loss Account for the preceding financial year.

However, in the event the Board decides to pay interim dividend before the end of the financial year, it can be paid out of either out of the surplus in the profit and loss account or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend, or both.

EFFECT OF THE PROVISO TO SUB-SECTION (3)

According to first proviso to sub-section (3), in the case of an interim dividend, if the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, the rate of such interim dividend shall not exceed the average of the dividends declared by the company during immediately preceding three financial years subject to the amount of surplus under Reserves & Surplus being in excess of the quantum of losses incurred upto the quarter ending before the date of the Board Meeting where decision of payment of interim dividend is taken. In such a situation, the Board also need to take a view about the likely financial performance of the entity during the remaining quarters of the financial year and decide payment of interim dividend accordingly. This is to avoid inadvertent payment of dividend out of capital.

According to the second proviso to Section 123(1), if, owing to inadequacy or absence of profits in any financial year, any company proposes to declare interim dividend out of the accumulated profits earned by it in previous years and transferred by the company to the free reserves, such declaration of dividend shall not be made except in accordance with such rules as may be prescribed⁹ in this behalf.

In this proviso, the words “accumulated profits earned by it in previous years and transferred by the company to the free reserves” are clear and unambiguous. The use of “and” between “accumulated profits earned by it in previous years” and “transferred by the company to the free reserves” make the intention of the Legislature clear and in my opinion the intention is to make this statutory provision applicable only and only when a company wants to declare a dividend out of free reserves created

⁸ *Lucas v Fitzgerald* (1903) 20 TLR 16.

⁹ See Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.

by transferring profits earned by it in previous years. So, in order to attract this proviso, there must be free reserve in nature of let's say, General Reserve, to which has been credited from time-to-time profits earned by the company in the past.

WHETHER INTERIM DIVIDEND CAN BE PAID TO EQUITY SHAREHOLDERS WHEN DIVIDEND OF PREFERENCE SHARES IS IN ARREAR?

When a company has sufficient accumulated profits and reserves, payment of interim dividend by a company having preference shares and if there are no arrears of preference dividend, would not pose a problem, because even if the financial year in which an interim dividend results in a loss, the company can pay preference dividend to preference shareholders.

When, however, there are no accumulated profits and free reserves to fall back on, payment of interim dividend to equity shareholders leaving preference dividend in arrear, would be illegal and might provoke the preference shareholders to object to the payment of interim dividend to the equity shareholders. If interim dividend has been paid during the financial year, and no preference dividend has been recommended by the Board in its report (if the Articles of Association of the company require it), the preference shareholders might resort to the legal recourse in order to get an order for the Directors to recoup the amount of interim dividend paid to the equity shareholders.

It may be recapitulated that in view of the provision of Section 43, to the effect that "preference share capital", means that part of the issued share capital of the company which carries or would carry a preferential right with respect to payment of dividend, either as a fixed amount or an amount calculated at a fixed rate, which means that no dividend on equity shares (final dividend or interim dividend) can be paid before the dividend payable to the preference shareholders has been paid. The definition of 'dividend' in Section 2(35) seeks to treat both final dividend and interim dividend at par.

RULE 3 OF THE COMPANIES (DECLARATION AND PAYMENT OF DIVIDEND) RULES, 2014

The Companies (Declaration and Payment of Dividend) Rules, 2014 contain provisions in this behalf. Rule 3 of these Rules deals with the situation when a company proposes to declare a dividend out of the accumulated profits of the previous year(s).

There is an apparent contradiction between the second proviso to Section 123(1) and the aforesaid Rules, although rule 3 would seem to have been made under the second proviso to Section 123(1). Whereas the said second proviso clearly and expressly refers to "accumulated profits earned by a company in previous years and transferred to the free reserves" and the heading of rule 3 is

"Declaration of dividend out of reserves", sub-rule (2) uses the words "accumulated profits". In my opinion, rule 3 is not applicable when a company declares dividend out of surplus/ accumulated profits.

The term "accumulated profit" is not defined in the Act. In my opinion "accumulated profit" is nothing but surplus in the profit and loss account of a company. As per the General Instructions for preparation of Balance Sheet as given in the Schedule III of the Act, "Surplus" is stated as balance in Statement of Profit and Loss disclosing allocations and appropriations such as dividend, bonus shares and transfer to/from reserves, etc". Surplus is a credit balance in the profit and loss account. Net profits remaining un-appropriated and un-distributed are usually transferred to the general reserve unless they are left in the profit and loss account in which case the balance is shown under Reserves & Surplus by the title "Surplus" or "Credit balance in Profit and Loss Account".

In view of the conflict between the statutory provision and the rules (which is a subordinate legislation), the statutory provision would prevail over the rules.

In *General Officer Commanding-in-Chief v. Dr. Subhash Chandra Yadav* AIR 1988 SC 876, wherein it was held: "..... Before a rule can have the effect of a statutory provision, two conditions must be fulfilled, namely (1) it must conform to the provisions of the statute under which it is framed; and (2) it must also come within the scope and purview of the rule making power of the authority framing the rule. If either of these two conditions is not fulfilled, the rule so framed would be void."

It is a well settled rule of statutory interpretation that when a rule or form prescribed under a statute conflicts with a statutory provision, the latter will prevail. "It is true that the rules become part of the Act; but if indeed the rule either enlarges or modifies the Act it would be *ultra vires*."¹⁰

Rule 3 would apply only when a company proposes to declare a dividend out of surplus in the nature of accumulated profits earned in the past and remaining undistributed and transferred to reserves. Accordingly the second proviso to Section 123(1) and Rule 3 of the aforesaid Rules would not apply in the case of declaration of a dividend out of surplus (being accumulated profits earned in the past **but not transferred to the free reserves** and shown as such in the balance sheet) since the proviso clearly states that it would apply only in the case of declaration of a dividend out of the accumulated profits earned by it in previous years **and transferred by the company to the reserves**, owing to inadequacy or absence of profits.

Surplus is not a reserve as contemplated by this provision as the Companies Act makes a distinction between reserve and surplus.

It is correct to understand that it is only when the "Surplus" of the earlier years were transferred to the Reserves in the respective years and the balance in the Reserve account that comprised of "Surplus" of earlier years transferred is proposed to be utilized for declaration of dividend that the provisions contained in the Companies (Declaration and Payment of Dividend) Rules 2014 are required to be complied with.

¹⁰ *Harihar Prasad v Bansi Missir* [1932] 2 Comp Cas 31 (Patna-Full Bench).

What is stated above would hold good even when a company proposes to pay interim dividend, in view of the definition of “dividend” in Section 2(35) of the Act which states that, “dividend” includes any interim dividend.

SET OFF OF ACCUMULATED LOSS

As noted above, according to the fourth proviso to sub-section (1) of Section 123, no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.

This proviso would seem to be applicable only in the case of a final dividend (which is declared by a company at an annual general meeting) and not in the case of interim dividend. There is, however, a doubt as to whether it would also apply in the case of interim dividend because, as noted before, the definition of ‘dividend’ in Section 2(35) applies to both final dividend and interim dividend. In my opinion, the fourth proviso to sub-section (1) should be given effect even at the time of declaration of interim dividend as well.

LIMIT ON THE AMOUNT OF INTERIM DIVIDEND THAT CAN BE DECLARED

No specific upper limit has been specified in Section 123 on the amount of interim dividend that can be declared by the Board of a company. In my opinion, it is implied from sub-section (3) of Section 123, that the upper limit on the interim dividend that can be declared by the Board is the aggregate amount of funds available in the three sources specified under that sub-section viz. 1) Surplus in the Profit and Loss Account, 2) Profits of the financial year for which such interim dividend is sought to be declared, and 3) Profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

If the aggregate amount of funds in all the three sources mentioned above of a company is say Rs. 50 crores, then the maximum amount which can be declared by the board as interim dividend is Rs. 50 crores; hence, Rs. 50 crores is the upper limit in this case.

Reading the provisions of Section 123 in a manner which suggests that there is an upper limit on the amount/rate of interim dividend other than the limit as explained above, would amount to adding of words into the statute which is not allowed.

AUTHORITY TO DECIDE INTERIM DIVIDEND

The Act does not contain any express provision with regard to interim dividend. The Act vests the power of recommendation of a final dividend in the board and the power of declaration in the shareholders. However, the articles of association usually empower the Directors to payan interim dividend.

The articles usually provide that the board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company. The power given by such an article is vested in the Directors and cannot be exercised by the shareholders of the company and a resolution by the company in general meeting requiring the Directors to declare an interim dividend is inoperative, unless a concurrent power to declare such a dividend is

expressly conferred on the company in general meeting by the articles.¹¹

In *Scott v Scott*, the articles of the company provided: “The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the company”. A resolution was passed in a general meeting of the company to the effect that a payment be made to each preference shareholder of a weekly sum calculated on the paid up capital on the preference shares, by way of advance and without interest, until the payment of the dividend for the current year, the sums to be deducted from the dividend when declared and, if the dividend was insufficient, any deficiency was to be repaid to the company.

It is apt to read in this regard the following editorial note appearing at page 582 of (1943) 1 All ER which embodies a well-settled principle on this point and which equally applies to private and public companies as well:

“Under the articles of this private company, as is the case with most such companies, the management of the business and the declaration of the interim dividends were both assigned to the Directors. That being so, they were not subject to any control in that respect by the company in general meeting. It is true that, if the company in general meeting disapproved of the management or the declaration of an interim dividend, they could remove the Directors, but the general meeting could not, as the articles stood, directly interfere by resolution with the management of the declaration of an interim dividend. The division of authority is important even in the case of what may be called family companies and having regard to the liability of Directors as occupying a fiduciary position, it is necessary that it should be strictly observed”.

WHETHER CONFIRMATION OF INTERIM DIVIDEND AT GENERAL MEETING NECESSARY?

The payment of interim dividend is not conditional upon the subsequent declaration of such a dividend by a general meeting.¹²

The difference in the nature of interim dividend and the dividend declared by the company in its general meeting is clearly brought out in a decision of the Supreme Court in the case of *Dalmia (J.) v CIT*.¹³ Dealing with the nature of the interim dividend, it was observed that:

There is no doubt that a declaration of dividend by a company in general meeting gives rise to a debt. But this rule applies only in case of dividends declared by the company in general meeting. But interim dividend does not create a debt enforceable against the company, for it is always open to the Directors to rescind the resolution before payment of the dividend.

In *CIT v Express Newspapers Ltd.*¹⁴, the Supreme Court has explained the effect of the provisions in the articles on the lines of regulations 85 and 86 of Table A of the 1956 Act and

¹¹. *Scott v Scott* (1943) 1 All ER 582.

¹². *Palmer's Company Law*, 25th edition, Vol. 2, para 9.706.

¹³. (1964) 53 ITR 83 (SC): AIR 1964 SC 1866:(1964) 34 Comp Cas 668 (SC):(1964) 2 Comp LJ 69 (SC).

¹⁴. (1998) 3 SCC 106; (1998) 230 ITR 477 (SC): (1998) 3 Comp LJ 23 (SC): (1998) 28 CLA 328 (SC): (1998) 15 SCL 340 (SC).

held that Clause 86 does not give the Board of Directors power to declare any dividend but only enables it to pay an interim dividend to the members of the company from time to time. It is because there is a difference in the power, which is exercised by the company in general meeting, *vis-a-vis* the one exercised by the Board of Directors while deciding to pay an interim dividend.

DIRECTORS' DUTY AS TO INTERIM DIVIDEND

The Directors' paramount duty is not to pay dividends out of capital, and accordingly, after declaring an interim dividend and before payment the Directors can reconsider the matter properly and refuse to pay it, for they may discover that it will, if paid, have to be paid out of capital.¹⁵

An important difference between final and interim dividends is that once a final dividend has been declared, it is a debt payable to the shareholders and cannot be revoked or reduced by any subsequent action of the company; but where Directors have power to pay interim dividends, their decision to do so is not a declaration of a dividend, and so can be rescinded or varied at any time before the dividend is paid.¹⁶

In order to charge Directors for dividends paid out of capital it is not necessary to establish fraud.¹⁷ But if there is no fraud and the Directors acted in the honest belief that there were profits, when in fact there were none, they will not be liable even if the payment of dividend is *ultra vires*.¹⁸

If a dividend is declared without investigation of the financial position of the company and no profit and loss account is prepared, but only account of receipts and payments, making no allowance for risks, the Directors will be liable if they fail to show that the dividend was properly declared.

In the case cited below,¹⁹ the liquidator of the company in winding-up had called upon a Director of the company to refund an amount which was paid to him as bonus on the ground that it was paid out of the capital, and not out of the profits of the company, and that the declaration of it was beyond the powers of the Directors. As to whether ratification of such payment of a dividend is valid, it was held in the *Flitcroft's* case that ratification in such a case would be a breach of trust which the board could not do.²⁰

It is settled by authorities that: (1) Directors are quasi trustees of the company's capital; (2) that Directors who improperly pay dividends out of capital are liable to repay such dividends personally upon the company being wound up; (3) that the acquiescence of the shareholders does not affect the creditors in such a case; and (4) that such an act is a breach of trust and the remedy is not barred by the Statute of Limitation.²¹

But in this connection the observations of Lindley, M.R. should be borne in mind:

"It was stated in the judgment of this Court in *Lagunas Nitrate Co. v Lagunas Syndicate*,²² that if Directors act within their powers — if they act with such care as is reasonably

to be expected from them having regard to their knowledge and experience — and if they act honestly for the benefit of the company they represent, they discharge their equitable as well as their legal duty to the company. We believe this statement of the law to be correct and we adopt it as our guide."²³

Although improper payment of dividend will be restrained by injunction on an action brought by a shareholder, a simple creditor cannot bring such an action on the ground that the fund for payment of his debt is thereby diminished,²⁴ nor can a debentures-stock holder, unless he can show that he has a presently enforceable security,²⁵ maintain such an action even though the assets of the company are insufficient to provide for payment of the so-called loan capital.²⁶

Before declaring an interim dividend, the Directors must satisfy themselves that there are profits available for distribution by way of dividends. The declaration of interim dividend depends much more upon estimates and opinions than the declaration of a final dividend, which is made upon the information contained in a formally prepared set of financial statements.²⁷

WHETHER INTERIM DIVIDEND IS A 'DEBT'?

As noted earlier, a final dividend once declared is a debt payable by the company to its registered shareholders so that a shareholder can recover it by a suit in a court of law. However, interim dividend is not a debt when the board decides to pay it. The nature of the interim dividend is such that it gives no right to the shareholders to receive it merely on the passing of the resolution by the board whereas on a final dividend being declared by the company in general meeting a vested right accrues to the shareholders.

From the cases and the standard textbook writers, it appears that a declaration by the Directors of an interim dividend to be paid at some future date may be rescinded by a resolution of the Directors before that date arrives is now firmly established. The decisive act is the payment and not the declaration. A mere declaration without payment has no value. The essential thing is payment. If the Directors declare but do not pay, there is no liability. A declaration is a mere intention. The declaration can be reviewed. It can be varied. It can be rescinded.

It has been held by the Supreme Court that a declaration by a company in general meeting gives rise to an enforceable obligation, but a resolution of the board resolving to pay interim dividend or even resolving to declare interim dividend pursuant to the authority conferred upon them by the articles of association gives rise to no enforceable obligation against the company, because the resolution is always capable of being rescinded.²⁸

It is a settled law in England and India that in case of an interim dividend which the Directors have resolved to pay,

^{15.} *Lagunas Nitrate Co. v J.J. Schroeder & Co.* (1901) 85 LT 22.

^{16.} *Ibid.*

^{17.} *Oxford Building Society* (1887) 35 Ch D 509; *Leeds Estate Co. v Shepherd* (1887) 36 Ch D 787.

^{18.} *Kingston Cotton Mills* (1896) 1 Ch 331, 346.

^{19.} *Rance's case* (1870) 6 Ch App 104.

^{20.} *In re National Exchange Company Limited* 21 Ch D 519.

^{21.} *Oxford Building Society*, *supra*; but see section 543 and Notes.

^{22.} (1899) 2 Ch 392 (CA).

^{23.} *National Bank of Wales* (1899) 2 Ch 629 at p. 671.

^{24.} *Mills v Northern RL*. (1870) 5 Ch App 621.

^{25.} *Lawrence v West Somerset Ry. Co.* (1918) 2 Ch 250.

^{26.} *Ibid.*

^{27.} *Lucas v Fitzgerald* (1903) 20 TLR 16.

^{28.} *Dalmia (J.) v CIT* (1964) 34 Comp Cas 668 (SC); (1964) 2 Comp LJ 69 (SC); (1964) 53 ITR 83 (SC); AIR 1964 SC 1866.

it is open to them at any time before payment to review their decision and resolve not to pay. This was established in England as early as 1901 by the decision of Joyce J.²⁹

An interim dividend is, as it were, subject to the will of the Directors until it is actually paid.³⁰

There is a difference between declaring and paying a dividend by a company, a dividend declared in general meeting creates a debt enforceable immediately or in the future, according as to whether the dividend is or is not expressed to be payable at a future date. The payment of dividend is a different operation. It is an actual distribution of profits of the company. The two processes – declaration and payment – are quite separate.³¹ On payment, undoubtedly, interim dividend becomes the property of the shareholder.³²

A declaration of dividend which does not create a debt immediately payable to each shareholder or does not give rise to an enforceable obligation of the company to pay dividend is no declaration of dividend at all. At any rate, it is not an effective declaration in law.³³

It has been held by the Calcutta High Court that a company cannot declare at an extraordinary general meeting an additional or further dividend after the declaration of a final dividend at the annual general meeting. The declaration of a further dividend beyond a final dividend is beyond the powers of the company. There may be paid an interim dividend by the board (if the company's articles provide for it) beyond a final dividend declared at an annual general meeting, but not a further dividend declared at an extraordinary general meeting.³⁴

However, if an interim dividend is recommended as final dividend and approved or reaffirmed at a general meeting, the same will become a debt due and enforceable against the company.³⁵

WHETHER INTERIM DIVIDEND CAN BE PAID TO PREFERENCE SHAREHOLDERS?

As discussed earlier, sub-section (3) of Section 123 contains statutory framework concerning interim dividend. Section 123 does not distinguish between equity shares and preference shares with regard to dividend, including interim dividend.

It has been noted earlier that Section 43 defines “preference share capital”, and stipulates, among other things, that preference shares must carry a preferential right with respect to payment of dividend, either as a fixed amount or an amount calculated at a fixed rate.

The definition of preference share capital in Section 43 has been interpreted to mean that the dividend payable on preference shares, as agreed upon by the company through

the terms of issue and rights attached to the preference shares, as set out in the terms of issue, is a guaranteed dividend and can be varied only with the consent of the preference shareholders pursuant to the statutory provisions of Section 48.

Dividend on preference shares is paid yearly at a fixed rate which is specified in the terms of issue and these never provide for interim dividend nor can preference shareholder claim a dividend over and above the contracted rate of dividend, provided distributable profits are available. The concept of interim dividend is compatible with dividend on equity shares which is not limited and at fixed rate. Therefore, interim dividend cannot be paid to preference shareholders.

ACCOUNTING ASPECTS OF INTERIM DIVIDEND

Having dealt with the legal aspects of Interim Dividend, we now focus on the accounting aspects of interim dividend as per 1) Indian Accounting Standards (IndASs) 2) Accounting Standards (ASs) also referred as I-GAAP and 3) Division I & Division II of Schedule III of the Companies Act 2013. Accordingly, this part of the article delves into the accounting aspects of Interim Dividend, with a detailed examination of the applicable standards and the accounting treatments under both the frameworks.

First, we discuss accounting under the IndAS Framework and thereafter under the I-GAAP.

A. Accounting of Interim Dividend under IndASs:

The key IndASs relevant to the accounting of **Interim Dividend** are:

1. **Ind AS 1 - Presentation of Financial Statements**
2. **Ind AS 10 - Events after the Reporting Period**

Ind AS 1 - Presentation of Financial Statements:

According to Section 127, a company is obliged to pay the interim dividend to its shareholders within 30 days from declaration of the interim dividend. Accordingly, the declaration of interim dividend creates a short-term **liability** for the company as soon as the board passes the resolution.

Even though IndAS 1 does not define as to what is a current liability or a non-current liability, Clause 54 of IndAS 1, lists following as the items which appear on the liability side of the Balance Sheet.

“Liabilities Side:

- (k) trade and other payables.
- (l) provisions.
- (m) financial liabilities (excluding amounts shown under (k) and (l)).
- (n) liabilities and assets for current tax, as defined in Ind AS 12, Income Taxes.
- (o) deferred tax liabilities and deferred tax assets, as defined in Ind AS 12.
- (p) liabilities included in disposal groups classified as held for sale in accordance with Ind AS 105.
- (q) non-controlling interests, presented within equity; and

²⁹ *Lagunas Nitrate Co. Ltd. v Henry Schroeder & Co. & Schmidt* (1901) 85 LT 22; (1901) 17 TLR 625. This case has since been followed in *England and India* [Punjab National Bank Ltd. v Union of India (1975) 45 Comp Cas 408 (Del)].

³⁰ *Poatel v IRC* (1971) 2 All ER 504.

³¹ *Poatel v IRC* (supra).

³² *Punjab National Bank Ltd. v Union Bank of India* (supra).

³³ *Musst Jhimi Bajoria v CIT* (1970) 40 Comp Cas 780 (Cal); (1970) 1 Comp LJ 195 (Cal).

³⁴ *Biswanath Prasad Khaitan v New Central Jute Mills Co. Ltd.* (1961) 31 Comp Cas 125 (Cal).

³⁵ *Punjab National Bank Ltd. v Union of India* (1975) 45 Comp Cas 408 (Del).

- (r) issued capital and reserves attributable to owners of the parent.”

Further Clause 60 of Ind AS 1 prescribes that all the assets and liabilities shall be presented separately as current and non-current assets and liabilities as follows:

“60. An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its balance sheet in accordance with paragraphs 66–76 except when a presentation based on liquidity provides information that is reliable and more relevant.

When that exception applies, an entity shall present all assets and liabilities in order of “liquidity.”

Further, Clause 61 of IndAS 1, as reproduced here below, prescribes the criterion based on which the assets and the liabilities segregated between current and non current.

“61. Whichever method of presentation is adopted; an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

- no more than twelve months after the reporting period, and
- more than twelve months after the reporting period.”

Accordingly, as per Ind AS 1, the Interim Dividend Payable is recognized as a current liability until it is paid, and presented in the balance sheet under the head, current liabilities.

1. Ind AS 10 - Events after the Reporting Period:

Declaration of Interim Dividend: Under Ind AS 10, **dividends declared after the reporting period but before the approval of financial statements are disclosed in the notes and are not adjusted** in the financial statements of the period in which the financial statements are being prepared. Clause 12 and 13 of the Ind AS 10 reads as follows in this regard:

“12. If an entity declares dividends to holders of equity instruments (as defined in **Ind AS 32, Financial Instruments: Presentation**) after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period.

13. If dividends are declared after the reporting period but before the financial statements are approved for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with **Ind AS 1, Presentation of Financial Statements.**”

Thus, as far as accounting of Interim dividend is concerned it is shown as a current liability in the Balance Sheet of the entity depending on the date of its declaration by the Board of Directors.

B. Accounting of Interim Dividend under I-GAAP

Unlike Ind ASs, which have Ind AS 1 on presentation of financial statements, under the I-GAAP, there is no such Accounting Standard that prescribes the formats

in which the Financial Statements are to be prepared. Therefore, the companies to which ASs are applicable need to be guided by Division I of Schedule III of the Companies Act 2013 in this regard. This Division I of Schedule III, classifies the current liabilities as follows:

A liability shall be classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company’s normal operating cycle.
- it is held primarily for the purpose of being traded.
- it is due to be settled within twelve months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

A critical analysis of the above classification of current liability indicates that clauses (a), (b) and (d) have nothing to do with interim dividend. However, clause (c) will be applicable in respect of interim dividend, since as per Section 127, the company is obliged to pay the interim dividend within 30 days of its declaration.

As regards AS 4 on Contingencies and Events occurring after the Balance Sheet date, unlike Ind AS 10, it doesn’t specify treatment for declaration of interim dividend, however, close perusal of clause 8 of AS 4, suggests, accounting of interim dividend in the same way as under IndAS 10, as mentioned hereinabove.

C. Key differences and similarities between Accounting under Ind ASs and I-GAAP) with regard to accounting of interim dividend:

Aspect	Ind ASs	I-GAAP
Recognition of Dividend Liability	Recognized when the Board declares the dividend ; liability is recognized immediately.	Recognized when the Board declares the dividend ; liability is recognized immediately.
Financial Reporting	Dividend declared after the reporting period is disclosed but not adjusted in financials.	Similar treatment, but the standard for dividend declared after reporting period is not detailed.
Dividend as Financial Liability	Interim dividend is considered a financial liability under Ind AS 32 .	Interim dividend is presented as part of “Other Current Liabilities” as per Division I of Schedule III.
Presentation in Financial Statements	Dividend Payable under current liabilities as part of financial liabilities .	Dividend Payable under current liabilities as part of other current liabilities .

D. Accounting treatment of Interim Dividend as per Schedule III, Division I and Division II

A significant difference with regard to classification of dividend per se which also includes interim dividend; Division I of Schedule III, classifies unpaid dividend as part of “Other Current Liabilities”. Whereas, Division II of Schedule III, classifies unpaid dividend as part of “Other Financial Liabilities”. Though, it won’t make any difference on the financial analysis of an entity, however, it becomes important from the presentation point of view.

Summary of similarities and differences with regard to Recognition, Measurement, Presentation, and Disclosure of Interim Dividend as per IndASs and I-GAAP.

Aspect	Ind ASs	I-GAAP
Recognition	Recognized as a current liability when declared by board;	Recognized as a current liability when declared by board;
Measurement	Measured based on declared amount, using profits from the P&L or Surplus;	Measured based on declared amount, using profits from the P&L or Surplus;
Presentation	Dividend payable under Other current financial liabilities;	Dividend payable under other current liabilities;
Disclosure	Disclosure in financial statement notes (dividend paid, declared, unpaid,)	Disclosure in financial statement notes (dividend paid, declared, unpaid)

It will be noted from the above table that as regards Recognition, Measurement, Presentation and Disclosure, there is only a minor difference in regard with interim dividend under Ind ASs and I-GAAP which relates to Presentation.

ACCOUNTING ENTRIES FOR RECOGNITION AND PAYMENT OF INTERIM DIVIDEND

Basically, there can be following different situations as regards payment of interim dividend with corresponding accounting entries for its recognition as a liability in the books of a company:

Source for payment of Interim Dividend	Accounting entry on recognition and payment of Interim Dividend
Profits of current year	Dr. Profit & Loss Account To, Interim Dividend Payable Account Dr. Interim Dividend Payable Account To, Bank Account
Surplus of earlier years	Dr. Surplus Account To, Interim Dividend Payable Account Dr. Interim Dividend Payable Account To, Bank Account

Reserves of earlier years. Only if the Articles of the Company so authorise the Board of Directors and subject to Rule 3 of the Companies (Declaration and Payment of Dividend) Rules) 2014	Dr. Reserves Account To, Interim Dividend Payable Account Dr. Interim Dividend Payable Account To, Bank Account
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Can the Board of Directors of a company declare interim dividend using its past reserves, in case of inadequacy or lack of profit?

Use of Reserves by the Board of Directors can be made for declaration and payment of interim dividend only when it is specifically authorised by the Articles of Association of the company and subject to Rule 3 of the Companies (Declaration and Payment of Dividend) Rules) 2014.

From the perusal of relevant provisions of the Companies Act in regard with Interim Dividend, it appears that unless the Articles of the entity specifically authorise the Board to pay interim dividend using the past years reserves also, the Board can declare and pay dividend only from the profits of the company upto the end of last quarter before the date of declaration of Interim dividend and / or from the amount of Surplus appearing as part of Reserves & Surplus in the Balance Sheet of a company on the date of declaration of interim dividend.

In case if the AOA of a company does not specifically authorise the Board to also use the Reserves for payment of interim dividend, then such reserves can only be used for paying final dividend which is done with the approval of the shareholders subject to the rate of dividend not being higher than the average rate of dividend paid by the company in last three years.

WHY SPECIFIC AUTHORITY REQUIRED IN ARTICLES FOR USE OF THE RESERVES BY THE BOARD?

Appropriation of the profits of a company are done on the recommendation of the Board with the approval of the shareholders in the Annual General Meeting. Therefore, the figure of the “Reserves” can be altered only with the approval of the shareholders which can be done in the AGM or EOGM.

Whereas the amount of surplus appearing as part of Reserves & Surplus in the Balance Sheet is not yet earmarked as Reserves, therefore is within the control of the Board of Directors, who under the authority of the Articles can use the same for declaring and paying interim dividend.

□

Section 149(11) of the Companies Act, 2013- Continuance of Independent Director in any Capacity after Completion of Two Terms in Office during Mandatory Cool-off period-An Analysis of the Law

Section 149(11) of the Companies Act, 2013 which overrides the provisions of sub-section (10) thereunder, contemplates that no Independent Director shall hold office for more than two consecutive terms but shall be eligible for a third term as Independent Director after the expiration of three years upon ceasing to become an Independent Director.

The proviso thereunder which is intended to carve out an exception, clarifies that during the interregnum of three years, the incumbent shall not be associated with the company in any other capacity either directly or indirectly. The Proviso makes it clear that the Statute considers it appropriate that the Independent Director should be disassociated with the company in any manner during the “cool-off “ period of three years. There exists, however, a school of thought that the Proviso does not bar the Independent Director from holding the position of say a Non-executive non-Independent Director in the company immediately upon ceasing to be an Independent Director during the cool-off period itself. An attempt has been made to articulate on the nuances of the law, drawing support from principles that are applied for interpretation of statutes. Judicial precedents have been quoted as also the views of Proxy Advisories to drive home the point that the cool off period in the above circumstances shall bar an Independent Director from having any form of association directly or indirectly with the company immediately upon completing two terms in office in the capacity of Independent Director. The author concludes by stating that the above line of reasoning shall be applicable to also espouse the ethos relating to corporate governance.



CS Ramaswami Kalidas, FCS

Practicing Company Secretary,
Mumbai

ramaswami.kalidas@hotmail.com

INTRODUCTION

The Companies Act, 2013 (hereinafter referred to as “The Act”) permits an individual subject to his satisfying the conditions prescribed, to hold the position of Independent Director in a company for two consecutive terms of up to five consecutive years which will be followed by a period of disassociation with the company in any manner directly or indirectly for a period of three years before he becomes eligible for appointment as Independent Director for a third time. The moot point that arises is whether the person concerned can continue to

remain associated with the company immediately after completing two terms in office. The issue calls for an interesting debate and the author holds the view that the embargo imposed by the proviso under Section 149(11) is total in that it debars any form of association of the director with the company for a period of three years. The author holds the view that a negative command in the Statute makes a provision imperative and hence the Legislation is to be respected in full measure. The author has fortified his views by articulating the law, by referring to judicial pronouncements.

Under Section 2(47) of the Act, an Independent Director means an Independent Director referred to in sub-section (5) of Section 149. Sub-section (5) of Section 149 speaks about the requirement of every company which existed on or before the commencement of the Act to appoint within a period of one year from the commencement or from the date of notification of the rules in this regard as may be applicable, to comply with the requirements of sub-section (4).

Therefore, the reference to sub-section (5) in the definition to be deliberated on as the attributes for meriting consideration as an Independent Director are to be found in sub-section (6) of Section 149. Hence, it is necessary to refer to sub-section (6) of Section 149 to discover the attributes of independence where a director is concerned.

Section 149(11) of the Companies Act, 2013- Continuance of Independent Director in any Capacity after Completion of Two Terms in Office during Mandatory Cool-off period-An Analysis of the Law

As the subject matter of our discussion is not on the attributes of an Independent Director, no attempt is being made in this exposition to articulate on the same.

LENGTH OF OFFICE OF AN INDEPENDENT DIRECTOR

Sub-section (10) under Section 149 stipulates that, subject to the provisions of Section 152, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a company but shall be eligible for reappointment upon passing of a special resolution by the company and appropriate disclosure of such appointment in the Board's Report.

It is clear from the above that an Independent Director could be eligible, *ceteris paribus*, for two terms not exceeding five consecutive years in a company subject to his reappointment for the second term being sanctioned by the shareholders by special resolution.

TENURE OF APPOINTMENT OF INDEPENDENT DIRECTOR CAN BE "UP TO" A PERIOD OF FIVE CONSECUTIVE YEARS. DIFFERENCE BETWEEN SECTION 149 AND SECTION 139 AS REGARDS TENURE OF OFFICE OF INDEPENDENT DIRECTOR AND STATUTORY AUDITOR

It is pertinent to note that sub-section (10) under Section 149 speaks about a term "up to five consecutive years". The use of this terminology makes it clear that the term of his office need not invariably be for a period of five years. The Board as also the members shall have the option of determining the term which could be less than five years and the completion of the above period would constitute the completion of the first term in office of the Independent Director, regardless of whether the term determined is for a period of five consecutive years or not.

Having said this, it is also necessary to clarify that if the first term in office is say for a period of three years, in the case of his re-appointment, the second term cannot be extended for a period of seven years, to make good the shortfall in the first term thus ensuring that the aggregate tenure of his association with the company over two terms is for a total of ten years. In fact, the tenure of the second term cannot in any event exceed a period of five consecutive years. There is therefore, a subtle difference in the law as regards the tenure of office of a Statutory Auditor as contemplated under Section 139(2) which could be for an aggregate period of ten years divided into two terms of five consecutive years. This difference emanates due to the use of the expression "up to" in sub-section (10) of Section 149. The use of the word "up to" provides the Board as also the members, the flexibility to determine the term of appointment of the Independent Director. Such flexibility does not exist in Section 139 where it concerns the tenure of the Statutory Auditor which has to be invariably for a period of five consecutive years.

Sub-section (11) of Section 149 contemplates that there shall be a cool-off period of three years upon the Independent Director ceasing to hold office as such

It is pertinent to note, at the outset, that sub-section (11) contains a non-obstante clause and overrides the provisions of sub-section (10) on account of the usage of the expression "*Notwithstanding anything contained in sub-section (10)*" at the beginning.

It is necessary to understand the significance of a Non obstante clause in a Statute. A *Non obstante* clause is used in a Statute to give an overriding effect to a particular Section or to the Statute as a whole. Section 149(11) overrides the provisions of sub-section (10) of Section 149 which sets out the aggregate period for which an Independent Director can remain in office in that capacity in a company.

It was held in *Central Bank of India v State of Kerala* (2010 AIR SCW 2436) that while interpreting a non obstante clause, the Court is required to find out the extent to which the legislature intended to do so and the context in which the non obstante clause is used.

A non obstante clause confers on the provision an absolute and unqualified power. (*R.Kanwar Raj Nath v Pramod C Bhatt, Custodian of Evacuee Property* (1955(2) SCR 977).

It is also important to note that a non obstante clause should be given effect only to the extent parliament intended and not beyond. Although the non obstante nature of a provision may be of a wide amplitude, the interpretative process associated therewith should be confined to the legislative process only. (*ICICI Bank Limited v Sidco Leathers Limited* (2006)(131 Comp Cas 451)(Cal.).

Hence it has to be appreciated that Section 149(11) asserts its superiority only over sub-section (10) and not over the entire statute.

Section 149(11) and the Proviso thereunder contemplate disassociation of Independent Director with the company directly or indirectly during "cool-off" period

To facilitate articulation on the issue, Section 149(11) and the Proviso thereunder are reproduced as under:

Quote

Section 149(11)-

"Notwithstanding anything contained in sub-section (10), no Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director.

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

Unquote

A plain reading of the sub-section and the Proviso thereunder suggests that it postulates clearly that, notwithstanding what is stated in sub-section (10), no Independent Director shall continue in office as such for more than two consecutive terms but shall be eligible for appointment in that capacity after the expiry of three years from the date of ceasing to hold office as Independent Director.

The legislative intent behind the sub-section is very clear. As is said proverbially, *"Familiarity breeds contempt"*. Hence it is logical that the law should set an upper limit on the tenure of office of Independent Director not extending beyond two consecutive terms and for a period of disassociation thereafter. The Law in India is liberal as regards the maximum tenure of office as compared to other geographical destinations which limit the association of an Independent Director to only one term.

The incumbent is permitted to resume his office as Independent Director, *ceteris paribus*, subject to both the company as also the incumbent willing to extend the association, albeit, after his spending three years in hibernation, subject to the condition as postulated by the Proviso that the Independent Director is not appointed or associated in any capacity whether directly or indirectly by the company during the intervening period of three years.

APPLICATION OF THE "LITERAL INTERPRETATION RULE"

Both the sub-section and the proviso are unambiguous and do not warrant any interpretation. Put simply, the law proscribes the association of the Independent Director in any capacity, be it as a consultant, advisor or for that matter even as a non-executive director.

This brings us to the application of the "literal interpretation rule" or the "golden rule" of interpretation. There is no place for interpretation unless the words in the Statute admit of two meanings.

It is a settled principle that where the language used in the legislation is clear and unambiguous such as in this case, the words used in the statute must be construed in their ordinary and popular sense.

The Supreme Court has expounded on the "literal rule" in *Kanailal Sur v Paramnidhi Sadhu Khan* (AIR 1957 SC 907).

The following extract from the Court's observation is worthy of reproduction as under:

"The first and primary rule of construction is that the intention of the legislature must be found in the words used in the legislature itself. If the words used are capable of one construction only, then it would not be open to the

Courts to adopt any other hypothetical construction on the ground that such construction is more consistent with the alleged object and policy of the Act. The words used in the material provisions of the Statute must be interpreted in their plain grammatical meaning and it is only when such words are capable of two constructions that the question of giving effect to the policy or object of the Act can legitimately arise."

The proviso under Section 149(11) also belies the intent to make an Independent Director who has done a stint of two continuous terms with the company from continuing to be associated in the interregnum period of three years with the company in any capacity, directly or indirectly.

A proviso as used in an Enactment is generally intended to qualify or excepting certain provisions from the main enactment. (*Sundaram Pillai v Pattabiraman* (1985) (1 SCC 591). This being so, the proviso under Section 149(11) has the effect of scuttling down any endeavors to retain the association of the Independent Director with the company during the cool off period of three years.

Further Interpretation of Section 149(11)

It may be observed from Section 149(11) that it contains the words *"no Independent Director shall hold office"*

The use of these words conveys the meaning that the provision is mandatory. Where a provision is clothed with a negative command it is clearly prohibitory and it is used as a legislative device to make the statute imperative. (*M. Pentiah v Muddala Veeramallappa* (AIR 1961 SC 1107).

An Independent Director could be eligible, *ceteris paribus*, for two terms not exceeding five consecutive years in a company subject to his reappointment for the second term being sanctioned by the shareholders by special resolution.

USE OF THE WORD "COMPANY" IN THE PROVISO TO SECTION 149(11) IS INAPPROPRIATE AND THE EXPRESSION SHOULD BE CONSTRUED IN A PLURAL SENSE AS PER THE GENERAL CLAUSES ACT

The proviso to Section 149(11) debars the Independent Director from being associated with the company in which he was an Independent Director for two consecutive terms during the period of cool off. The use of the word "company" in the singular in the sub-section is inappropriate as it conveys the impression that the embargo is only in respect of his association with the company. It is pertinent to note that Section 149(6) contemplates association of the director with the company, its subsidiary or associate company to establish the pecuniary relationship of the Independent Director.

That being so, the application of the word "company" in the singular could mean that the Independent Director could continue to be involved with the subsidiary or Associate company during the restricted period, which will completely derail the legislative intent of the Proviso. Hence in my view, the term "company" should be construed

Section 149(11) of the Companies Act, 2013- Continuance of Independent Director in any Capacity after Completion of Two Terms in Office during Mandatory Cool-off period-An Analysis of the Law

to include the plural in deference to the provisions contained in Section 13 of the General Clauses Act, which *inter alia*, postulate that the words in the singular shall include the plural and *vice versa* unless such a construct is repugnant to the context. The application of the word “company” in the plural sense is necessary to ensure that there is no circumvention of the Proviso under Section 149(11).

SEBI (LODR) PROVISIONS ARE NOT EXPLICIT ON THE ISSUE BEING AGITATED

Regulation 25(11) of the LODR Regulations which was introduced with effect from 1.1.2022 provides that no Independent Director who resigns from a listed company shall be appointed as an Executive/Whole Time Director on the Board of the company, its holding, subsidiary, or Associate company or on the Board of a company belonging to its promoter group unless a period of one year has elapsed from the date of his resignation as Independent Director. Although the circumstances contemplated in the above Regulation are different, what is conspicuous to note is that even this regulation considers a cool-off period of one year after resignation for appointment as an Executive Director.

In the absence of corresponding clauses in the listing regulations, it is to be construed that the provisions of Section 149(11) shall apply under identical circumstances.

Views of ICSI on Section 149(11)

In the revised Guidance Note on Independent Directors released by the ICSI under Para 6.7 the following has been stated:

“Such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director. During the said period of three years, he shall not be appointed in or be associated with the company in any other capacity, directly or indirectly”.

The above views corroborate what we have stated above.

Views of Proxy Advisories on cool-off period

The views of the Proxy Advisory firms substantially influence shareholder voting, and on the subject of whether an Independent Director who has served for two consecutive terms, can continue to be appointed as a non-executive director during the cool-off period, the following views could be gathered.

VIEWS OF SES (SHAREHOLDER EMPOWERMENT SERVICES) ARE STATED AS UNDER:

Transition of Directors from IDs to NIDs within the same group companies

From January 1, 2022, SEBI has introduced new restrictions on IDs in terms of Regulation 25(11) in terms of which a director resigning from the ID position will have to serve a mandatory cooling off period of one year before being as ED in the same company or group Entities. This shall ensure that both the office of director as ID and ED are distinct from each other. Otherwise such a transition of a director from ID to ED raises questions over the independence of the director during his term as ID of the Company. In view of the above rationale, SES is of the opinion that the one year cooling off period must

also extend to the transition of a director from ID to NE-NIDs position as well, since a NE/NID is also a non-independent position. Till now, cases of transition of directors from IDs to ED/NE/NID were very rare. However of late, it is observed that such cases have been rising, necessitating a relook at policy. While SES maintains that independence is a personal trait and can neither be legislated nor be ensured by scrutiny, as a result, all individuals must be treated with the same policies even though their conduct may be different. Further SES would apologize to them, SES expresses its inability and practical difficulty in making any carve-out for individuals who stand out in their independent conduct despite not fitting into the SES independent parameters. In order to discourage such practice in its infancy SES has decided to formulate a policy in this regard. Therefore, in order to uphold the spirit behind the above amendment of SEBI, SES shall recommend AGAINST the appointment of IDs to NID (including NE-NIDs and EDs) positions in the same /group companies unless a gap of at least one year is served. Such transition shall also include all forms of cessation including retirement.

It may be noted that although the above advisory is in the context of Regulation 25(11) of the Listing Regulations, it captures the quintessence of the principles laid down under Section 149 (11) of the Act.

VIEWS OF IAS (INSTITUTIONAL INVESTORS ADVISORY SERVICES)

“As per the Act, an Independent Director is permitted to be appointed for two consecutive terms of up to five years each. A mandatory cool-off period is necessary after ceasing as an Independent Director prior to further (re) appointment in the same company. The provisions of the Act are applicable prospectively.”

CONCLUSION

There is a school of thought that the requirement of the cool-off period of three years becomes necessary only where it is intended to appoint the same person as Independent Director in the same company for a third term. This line of thinking, however does not get fortified by the legal position as explained above. Allowing an Independent Director who has completed two consecutive terms in the company, to be appointed, albeit, as a non-executive director during the cool-off period prescribed is anathema to the ethos associated with corporate governance.

REFERENCES:

- i. Case laws referred to are based on citations available in the book on “Principles of Statutory Interpretation -Justice G.P.Singh -14th Edition.”
- ii. Guidance Note on Independent Directors (Revised Edition) -ICSI
- iii. Principles of Statutory Interpretation -Justice G.P.Singh -14th Edition
- iv. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- v. Views of Proxy Advisories (SES) and IiAS are based on their publications as regards voting recommendations available in the public domain. □

Decoding the Conundrum of Promoter Identification while Gearing up for IPO

Identifying the promoter and the promoter group is one of the crucial considerations for companies seeking listing, due to the changing business dynamics and capital market landscape, particularly with the rise of IPOs by new-age companies characterized by diverse shareholding structures. Here, the identification of the promoter relies on the bright-line test of de facto control over business and day-to-day decision-making. This is also a vital consideration for conventional family-run businesses, especially regarding the obligations of promoters post-listing. This article elaborates on the regulatory framework related to the promoter and the promoter group. It further explores the challenges involved in identification of promoter, offers insights into practical nuances with analyses of recent cases, and summarizes key obligations of promoters, thus providing comprehensive insight for management, concerned stakeholders, and Company Secretaries to establish the right structure from the outset and avoid significant pitfalls during the IPO journey and thereafter.



CS Neha Malik, ACS

Partner, Capital Markets (Equity & Debt), IPO Advisory
CorpAcumen Advisors LLP, Gurugram
Neha.malik@corpacumen.com

INTRODUCTION

As a company embarks upon the journey for IPO readiness, one of the key considerations is decoding the conundrum of promoter identification. In the last few years, this has become crucial due to the changing landscape of the capital market particularly with the rise of IPOs by professionally managed companies (PMCs) and new-age companies, as compared to mostly conventional family-run businesses thus far, where the family members were significant shareholders and were in control of the company, therefore, they were identified as promoter by default.

With the convergence of multiple macro factors that has enabled a conducive ecosystem for the growth of startups in India, huge funds have been invested in such startups through multiple rounds/series of fund-raising from a diversified landscape of investors such as VC-PE funds, domestic as well as global institutional investors, multi-lateral institutions, AIFs, wealth outfits etc. While these investors provide funds to the company, they do so in a professional/investor capacity within the framework of their investment mandate and not intending to control the management and affairs of the Company. However, at the same time, such investors

take special rights in the management and strategic decisions of the company including representation on the Board, to protect their interest, as they are also further responsible to their stakeholders, LPs etc. On the other hand, these multiple rounds of fund-raising result into significant dilution of equity of promoters, who in the context of startups, are founders. Besides that, startups commonly use ESOPs as a way to reward their key employees in addition to monetary compensation, to align the interest of such employees with the value-creation journey of the business. This also results in further dilution of equity stake. Having said that, even though these founders have set in motion the machinery to build the business from scratch with a groundbreaking idea, technically promoted the company, and are key stakeholders associated with the company and its growth in the future, yet they are not identified as a promoter, or the company is mentioned as 'professionally managed company'. The reasons are multifaceted, such as the diffused shareholding structure / 'cap table' that makes identification of promoter dependent on how the pendulum of power (*control*) swings inside the boardrooms. The other considerations involved in the identification of promoters are compliance obligations on promoters, lock-in requirements, detailed disclosure on promoters and promoter group etc, even though all the legal provisions have been enacted to ensure that the person, who controls the decision-making, has skin in the game and to protect the interest of public shareholders and integrity of capital markets. So here, the conundrum of promoter identification begins.

The term 'Promoter' is defined in the Companies Act, 2013 (the "Companies Act") as well as in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI (ICDR) Regulations"). The other SEBI Regulations, such as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI (LODR) Regulations"), SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (the "SEBI (SAST) Regulations"), SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "SEBI (PIT) Regulations"), etc. give reference to SEBI (ICDR) Regulations while defining the term. As per legal provisions, the term 'Promoter' is defined as under:

<p>As per Section 2(1)(69) of the Companies Act:</p> <p>(69) “promoter” means a person—</p> <p>(a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in Section 92; or</p> <p>(b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or</p> <p>(c) in accordance with whose advice, directions or instructions, the Board of Directors of the company is accustomed to act:</p> <p>Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity;</p>	<p>As per regulation 2(1)(oo) of SEBI (ICDR) Regulations:</p> <p>“promoter” shall include a person:</p> <p>i) who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in Section 92 of the Companies Act, 2013; or</p> <p>ii) who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or</p> <p>iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act:</p> <p><i>Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity;</i></p> <p><i>Provided further that a financial institution, scheduled commercial bank, foreign portfolio investor other than individuals, corporate bodies and family offices, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a promoter merely by virtue of the fact that twenty per cent or more of the equity share capital of the issuer is held by such person unless such person satisfy other requirements prescribed under these regulations;</i></p>
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While the definition under both the laws appears similar, except that an additional proviso is incorporated in SEBI (ICDR) Regulations, let’s decode each of these clauses:

1. The first clause identifies promoters based on admission, i.e. the person identified as promoter in the draft offer document or prospectus or in annual report.
2. The second clause, which identifies a promoter based on ‘control’, is the centrepiece of the definition. SEBI (ICDR) Regulations refer to SEBI (SAST) Regulations for the definition of control. As per regulation 2(1) (e) of SEBI (SAST) Regulations, control is defined as under:

“Control includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.”

The interpretation of control has evolved over a period of time. Explaining the term ‘control’ here will open a Pandora’s box of interpretations made in various regulatory and judicial pronouncements. While, pursuant to many landmark pronouncements such as in the matter of Subhkam Ventures,¹ Kamat Hotels (India) Limited², NDTV³, Arcelormittal India

Private vs. Satish Kumar Gupta, etc. where the term control was analyzed to establish *defacto* control after taking note of the facts and circumstances of each case and certain rights such as veto rights, special rights, protective rights etc. were analyzed to determine control, such rights have been acknowledged now in SEBI Regulations (such as Regulation 31B and Schedule III-Part A of SEBI (LODR) Regulations). However, with respect to IPO bound companies, such rights should be agreed to be terminated/ waived off at the time of filing of draft offer document (while the effective date may be deferred till the date of filing of RHP with RoC) and can be allowed post listing only after obtaining the approval of shareholders.

However, there is still uncertainty with respect to the interpretation of control. Therefore, while in the changing paradigm of capital markets, SEBI issued a consultation paper on May 11, 2021⁴, to change the concept from promoter to ‘person in control’ or ‘controlling shareholders’, but due to the colossal task of identifying control, such changes have not been implemented till date. However, even though the regulations have not been amended, the regulators are progressively using the yardstick of *defacto* control for identification of promoter. The regulators have been following a case-to-case approach to ensure that the person(s)/entity(ies) in *defacto* control, directly or indirectly, is/are identified as promoter(s). A combination of factors analysed such as direct and indirect shareholding, position as director / KMP, special rights granted under shareholders’ agreement, etc. to determine the accuracy of disclosures relating to promoter/promoter group.

¹ <https://www.sebi.gov.in/satorders/subhkamventures.pdf>

² https://www.sebi.gov.in/sebi_data/attachdocs/1491380833690.pdf

³ https://www.sebi.gov.in/enforcement/orders/jun-2018/order-against-vishvapradhan-commercial-private-ltd-vcpl-in-the-matter-of-ndtv_39359.html

⁴ https://www.sebi.gov.in/reports-and-statistics/reports/may-2021/consultation-paper-on-review-of-the-regulatory-framework-of-promoter-promoter-group-and-group-companies-as-per-securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-re-_50099.html

An analysis of the criteria used for the identification of promoter in recent issuances provides further insights in this context:

Scenario	Criteria for identification	Issuer's Names
Founders identified as non-promoter.	Companies where founders, individually or collectively, are holding less than 10%, founders are not identified as promoter.	Swiggy, Zomato, Firstcry, Aye finance, Delhivery, Policy Bazaar.
Founders identified as non-promoter in DRHP, but later identified as promoter and issued addendum to DRHP.*	Founders individually holding less than 10% but collectively holding more than 10% and holding executive position on Board have been asked to identify themselves as promoter.	Portea (Healthvista India Ltd) ¹ , Unicommerce e-Solutions. ²
Investor shareholders identified as promoter.	Investor shareholders have been identified as promoter in certain cases, such as if they are in <i>defacto</i> control of the company, or if they are contributing to minimum promoters' contribution in excess of 10% of the post issue capital or if they are holding 25% or more shares of post issue paid up capital.	Awfis, Seedworks, Veeda, Avanse Financial.
Partnership firms / trusts managed by promoters identified as promoter.	<ul style="list-style-type: none"> - Partnership firms or trusts managed by promoter or where the ultimate control is with promoters are identified as promoter (not as part of promoter group). - Further, the person(s) or entity(ies) controlling the corporate promoter/investor may also be required to be disclosed as promoter (not as part of promoter group). 	Nykaa, Sai Lifescience. ³ Go digit insurance.
Part Identification of promoter.	In certain cases, Companies have identified certain individuals / entities as promoter, but other individuals / entities who were holding significant shareholding, directly or indirectly, and executive position in the Company were disclosed as part of promoter group. Post DRHP filing, these companies were required to include such persons as promoter (not as part of promoter group) thereby extending the scope of promoter and promoter group.	Emcure Pharmaceuticals ⁴ , DEE Development Engineers ⁵ , Flair Writing Industries ⁶ , Bazaar Style Retail. ⁷

Notes:

1. The founders of Portea (Healthvista India Ltd), Meena Ganesh and Ganesh Krishnan, were classified as promoters post DRHP filing. While individually these founders held less than 10 percent stake in the company, collectively they held over 10% and were also holding executive position on Board
2. The DRHP had listed AceVector (formerly known as Snapdeal) as the promoter of the company but later on filed an addendum to include Snapdeal founder Kunal Bahl and co-founder Rohit Kumar Bansal, being the ultimate beneficiaries of over 10% shares and holding position of Executive Directors. Further, Soft Bank entity was also identified as promoter being the largest shareholder of AceVector.
3. In Sai Lifescience, in addition to the individual promoters, the partnership firms managed by promoters have also been identified as promoter and corporate entity owned by such partnership firms has also been identified as promoter.
4. In the DRHP, Satish Ramanlal Mehta and Sunil Rajanikant Mehta Namita Thapar were disclosed as promoter. The Company later on filed an addendum to include children of Satish Ramanlal Mehta, namely Namita Vikas Thapar and Samit Satish Mehta as promoter, since they were holding position of Executive Directors.
5. The DRHP had mentioned only K L Bansal as Promoter, but the company later filed addendum to include his spouse Ashima Bansal, WTD and DDE piping components also as promoter, and not just a part of promoter group.
6. The DRHP had identified Mr. Khubilal Jugraj Rathod and Mr. Vimal chand Jugraj Rathod (who are brothers) as the Promoter. The company later issued addendum to include their sons namely Rajesh Khubilal Rathod, Mohit Khubilal Rathod and Sumit Rathod as promoter, instead of promoter group. Consequently 26 additional natural persons and entities formed part of promoter group.
7. The company identified spouse of one of the promoters as member of promoter group, but post DRHP she was identified as promoter.

Source: DRHPs, Addendum to DRHPs

Based on the above analysis, it can be said that as the shareholding structure becomes diverse, the identification of control becomes more crucial in the classification of promoter. While ICDR does not mention any percentage holding requirement for the identification of promoter, guidance can be taken from the following parameters:

- A. Previously, founders/investors holding 25% or more were deemed promoters due to their significant influence and negative control over company decisions.
- B. The second proviso to the definition of promoter as per SEBI (ICDR) Regulations states that certain institutional investors *shall not be deemed to be a promoter merely by virtue of the fact that 20% or more of the equity share capital of the issuer is held by such person unless such person satisfy other requirements prescribed under these regulations*. Thus, we can say that indirectly the provisions require a person holding 20% or more shares to be identified as promoter, unless specifically exempted.
- C. Regulation 14 of SEBI ICDR Regulations requires promoters to hold a minimum promoters' contribution of 20% of the post issue capital. However, the proviso to regulation 14(1) further states that certain specified investors may contribute to meet the shortfall in minimum promoters' contribution, subject to a maximum of 10% of the post-issue capital without being identified as promoter(s).
- D. Further, as per regulation 31A of SEBI (LODR) Regulations, to re-classify from promoter to public category, the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall, *inter-alia*, not (list is not exhaustive):
 - (i) together, hold more than 10% of the total voting rights in the listed entity;
 - (ii) exercise control over the affairs of the listed entity directly or indirectly;
 - (iii) have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements;
 - (iv) be represented on the Board of Directors (including not having a nominee director) of the listed entity;
 - (v) act as key managerial personnel in the listed entity;
- E. Further, SEBI and stock exchanges have informally advised bankers and issuers to use the following criteria for identification of promoter⁵:
 - (i) Founders holding 10% or more in IPO-bound companies to classify themselves as promoter.
 - (ii) Founders collectively holding 10% will be deemed promoters if they hold KMP or director roles in the company.

The understanding of legal framework relating to promoter and promoter group is crucial for management, concerned stakeholders as well as company secretaries to identify right structure from the outset and avoid significant pitfalls during the IPO journey.

- (iii) Immediate relatives of promoters, holding 10% or more in the company, directly or indirectly, will also be classified as promoters.
- (iv) Immediate relatives of promoters, if they hold key managerial positions or director roles in the company, will also be classified as promoters.

- F. Pursuant to the common observations given by SEBI in recent cases, the natural persons or entities in control of corporate promoter holding significant shareholding may also be required to be disclosed as promoter (not as a member of the promoter group).

3. The third clause identifies such person(s) as promoter(s) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:

Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity.

This clause intends to cover such person(s) who exercise control or influence over the Board of Directors of a Company by virtue of their position, irrespective of whether he/she holds any shareholding or a position of director in the company or not. The exemption has been provided if such person is acting merely in a professional capacity.

The second proviso in SEBI ICDR Regulations further provides exemption to certain entities such as a Financial Institution, Scheduled Commercial Bank, Foreign Portfolio Investor other than individuals, Corporate Bodies and Family Offices, MF, VCF, AIF, FVCI, insurance company registered with the IRDAI or any other category as specified by the Board from time to time, from being classified as promoter merely by virtue of the fact that 20% percent or more of the equity share capital of the issuer is held by such person unless such person satisfies other requirements prescribed under these regulations.

Thus, identification of promoter in IPO may require extensive discussions and co-ordination for aligning the views of all stakeholders.

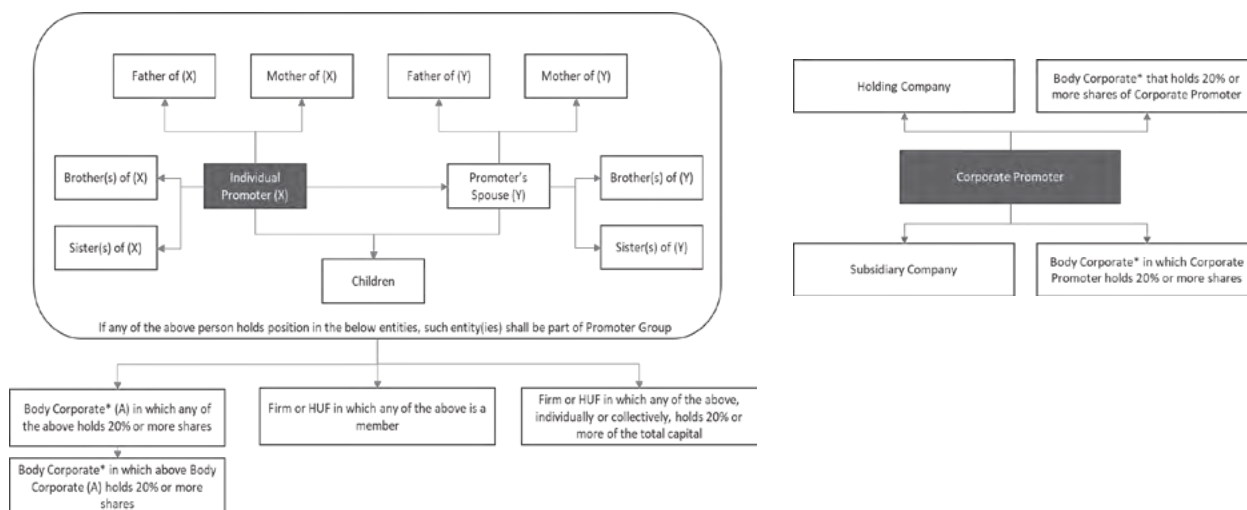
IDENTIFICATION OF PROMOTER GROUP -

Less ambiguous but not less sensitive:

Once a person/entity is identified as a Promoter, the person/entities related to such promoter(s) (each one of the promoters) are identified as members of the promoter group as per the definition given in Regulation 2(1) (pp) of SEBI ICDR Regulations. Mercifully, the definition of promoter group has little ambiguity, but not little sensitivity at all. With the expanded scope of the promoter, as highlighted above, some distant relatives and entities may get covered as members of the promoter group, which may require addressing many sensitive issues, and such issues can be decoded probably only by the promoters themselves. At the same time, to ensure compliance with obligations relating to the promoter group during the IPO as well as post-listing, extensive coordination may be required with each such person/entity. Therefore, it is important to understand the constituents of the promoter group.

⁵ <https://www.moneycontrol.com/news/business/ipo/executive-startup-founders-holding-more-than-10-stake-may-be-categorised-as-promoters-12508551.html>

The constituents of Promoter Group (as per SEBI (ICDR) Regulations, is depicted below:



Obligations of Promoter:

Having understood the concept of a promoter, it is also important to understand the obligations as the promoter of a listed entity. A brief analysis of key provisions is as under:

A. Under the Companies Act, 2013:

Liability for misstatement in the prospectus:

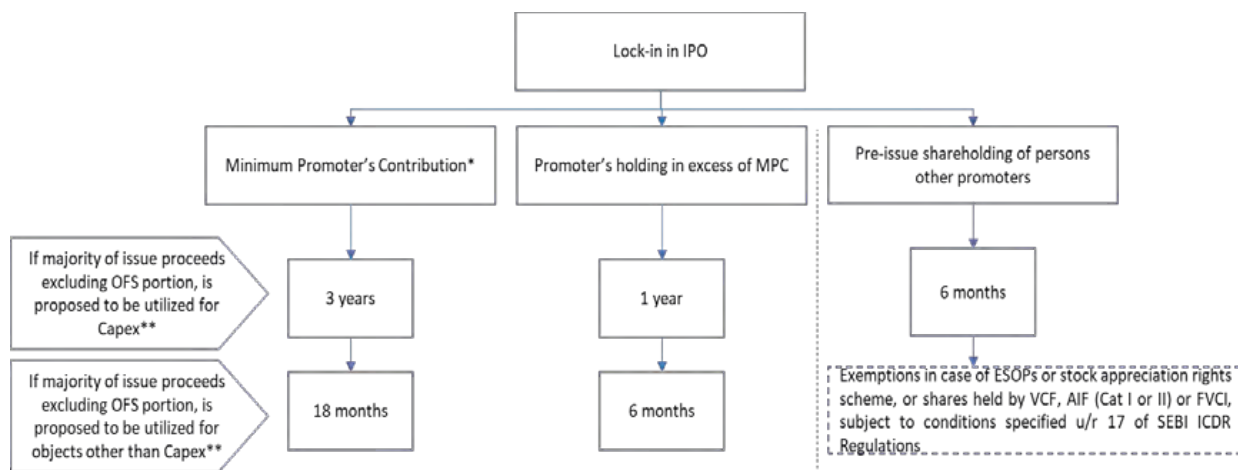
Section 34, read with Section 447 of the Companies Act, 2013, provides for criminal liability of every person who authorizes the issue of a prospectus if such prospectus contains untrue or misleading statements. Further, Section 35 of the Act provides for civil liability inter-alia, of promoters in case of misstatements or misleading statements.

B. Under SEBI (ICDR) Regulations:

1. Minimum Promoters' Contribution (Reg 14-22)

- The promoters shall hold a minimum 20% of the post-issue paid-up capital.

- In case the post-issue shareholding of the promoters is less than 20%, AIFs or FVCI or scheduled commercial banks or public financial institutions or insurance companies registered with IRDAI or any non-individual public shareholder holding at least 5% of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s) may contribute to meet the shortfall in minimum contribution as specified for the promoters, subject to a maximum of ten percent (10%) of the post-issue capital without being identified as promoter(s).
- The requirement of MPC shall not apply in case an issuer does not have any identifiable promoter.
- The securities being offered as part of MPC shall meet the eligibility criteria specified under regulation 15 of SEBI ICDR Regulations, such as shares should not be pledged etc.
- Lock-in: The securities held by promoters as well as persons other than promoters are subject to lock-in, albeit, for different periods.



* Including contribution made by other entities/persons towards MPC in terms of proviso to sub-regulation (1) of regulation 14

** Capital expenditure includes repayment of existing loan(s) that may have been taken for the purpose of such capital expenditure (W.e.f. March 3, 2025)

2. Transactions in securities by promoter and promoter group during the period commencing from the filing of draft offer document till the date of closure of issue to be reported to stock exchanges within 24 hours.
3. Obligation on promoters to provide exit offer to dissenting shareholders in case of change in objects or variation in terms of contract related to objects referred to in the offer document.
4. Freezing of promoter/promoter group holding in case of contravention of SEBI (ICDR) regulations.
5. Disclosures relating to Promoters in offer document: There are various disclosures about promoters that are required to be made in the offer document as mentioned in Para 10(G) of Part-A of Schedule VI, which includes, inter alia:
 - a. Complete profile of all promoters, including other ventures of promoters.
 - b. Declaration confirming KYC documents such as PAN, Bank Account Number(s), Passport Number, Aadhar Card Number, Driving License Number, CIN, RoC address, etc., as applicable, has been submitted to stock exchanges at the time of filing of the draft offer document.
 - c. If the promoter is a Body corporate - Where the promoters of such companies are again companies or body corporates, names of natural person/s in control (i.e., holding fifteen percent or more voting rights) or who are on the Board of Directors of such body corporate. This has again been discussed in many recent cases, since in case of certain institutional shareholders, it may not be possible to identify the natural person/s in control. SEBI provides guidance on case-to-case basis, such as if the promoter or the promoter of promoter is a listed entity, then further disclosures may not be required. An analysis of such details disclosed in recent documents is as under:



- d. Where AIF or FVCI registered with the Board are identified as promoters – Details of fund manager, total number of investors in the Fund, distribution of category-wise investors in the fund, percentage stake of each category, details of companies funded by the Fund, average holding period, sector focus/core specialization etc.
- e. Interest of promoters in Issuer other than as promoters.
- f. Average cost of acquisition by promoter, and weighted average price of securities acquired by promoters in the last one year.
- g. List of individuals/entities forming part of promoter group.
- h. Payment or benefit to the Promoter of the Issuer.
- i. If the promoters have disassociated themselves from any of the companies or firms during the preceding three years, the reasons thereof and the circumstances leading to the disassociation together with the terms of such disassociation.

Scenario	Disclosure	Issuer's Names
Corporate Promoter.	Detailed disclosures till the ultimate persons in control have been provided.	Transrail Lighting.
Investment Holding Company / professionally managed Entities as promoter.	The promoter of Investment Holding Company directly holding shares in the Issuer is also identified as promoter (not as a member of promoter group). Further, the details of beneficial owner are provided till the professionally managed Entity or where no natural person holds fifteen percent or more of the voting rights on an aggregate basis.	Niva Bupa Health Insurance, Aadhar Housing Finance, International Gemmological Institute.
Where the shareholder in Issuer / corporate promoter, directly or indirectly, is a listed entity.	The details of beneficial owner are provided till the entity is a listed entity.	Hyundai Motor (India), Segality India.
AIF identified as promoter.	Disclosure as applicable to AIF as promoter have been provided.	Vishal Mega Mart.

Source: DRHPs

C. Under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 SEBI (SBEB & SE) Regulations, 2021:

Promoters and members of promoter groups are excluded from the definition of SEBI (SBEB & SE) Regulations, 2021; hence, they are not eligible for ESOPs. This is a major disadvantage for founders/shareholders in identifying themselves as promoters, as most of the new-age companies reward founders / KMPs besides other employees, in the form of ESOPs.

D. Under SEBI (LODR) Regulations

- ◆ **Freezing of promoter/promoter group** holding in case of contravention of SEBI (LODR) Regulations.
- ◆ **Reclassification as non-promoter:** Once a person is identified as promoter, it can be reclassified as public shareholder only after satisfying the conditions specified under regulation 31A of SEBI (LODR) Regulations, i.e. the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not:
 - (i) together, hold more than 10 % of the total voting rights in the listed entity;
 - (ii) exercise control over the affairs of the listed entity directly or indirectly;
 - (iii) have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements;
 - (iv) be represented on the Board of Directors (including not having a nominee director) of the listed entity;
 - (v) act as a KMP in the listed entity;
 - (vi) be a wilful defaulter as per the RBI Guidelines;
 - (vii) be a fugitive economic offender.

Further, such reclassification is permitted only after a) the approval of Board of Directors, b) approval of shareholders of the company (except if the promoter seeking re-classification and persons related to such promoter seeking re-classification do not hold more than 1% shares, or such re-classification is pursuant to divorce) and c) receiving no objection from the stock exchanges.

Also, condition (i), (ii) and (iii) given above is to be complied with at all times, and condition (iv) and (v) given above is to be complied with for a period of not less than three years from the date of such re-classification, failing which, he/she shall automatically be reclassified as promoter/ persons belonging to promoter group, as applicable.

E. Under SEBI (SAST) Regulations

As per the definition of Promoter under regulation 2(1) (s) of SEBI (SAST) Regulations, the term 'promoter' includes members of promoter group, hence the provisions of SEBI (SAST) Regulations should apply on promoter and members of promoter group alike. These regulations require disclosure of encumbrance of shares under regulation 31 in addition to disclosure of acquisition or disposal of shares under regulation 29 of SEBI (SAST) Regulations, as applicable.

F. Under SEBI (PIT) Regulations:

- ◆ As per regulation 7(2) of SEBI (PIT) Regulations, every promoter, member of the promoter group, designated person, and director of every company shall disclose the details of the acquisition or disposal of securities to the company, if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified, within two trading days of such transaction.
- ◆ They shall also abide by the code of conduct for prevention of insider trading, formulated under these regulations.

CONCLUSION

The robust framework relating to identification of promoter and promoter group, their obligations and provision for re-classification from promoter to public shareholder, has been evolved and aligned keeping in mind the changing business dynamics, to promote ease of doing business and protect interest of all stakeholders. The understanding of legal framework relating to promoter and promoter group is crucial for management, concerned stakeholders as well as Company Secretaries to identify right structure from the outset and avoid significant pitfalls during the IPO journey.

Having said that, an IPO is a transformational event for any organization as it significantly improves corporate governance and brings discipline and accountability in every aspect of its business and operations. For the founder (s) / significant shareholder (s) who has created a robust business capable of long-term sustainable growth, the conundrum of promoter identification should not be decoded from the lens of legal obligations but from the lens of public shareholders who put their faith and trust in the promoter to deliver long-term growth from the business that such promoters have established with a purpose and is passion, dream and pride of a promoter, expecting them to harmonize control with the interests of public shareholders.

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Issues and Practical Challenges on Related Party Transactions

The Secretarial Standards Board (SSB), constituted by the Institute of Company Secretaries of India (ICSI), is entrusted with the responsibility of formulating and revising Secretarial Standards to promote uniformity and best practices in corporate governance. In line with its mandate, the SSB periodically updates Guidance Notes to reflect the evolving legal and regulatory landscape. Recognizing the complexities and significance of Related Party Transactions in corporate operations, the SSB has undertaken the initiative to revise the Guidance Note on Related Party Transactions. This initiative aims to align the Guidance Note with evolving corporate governance practices and regulatory framework.

Objective:

To capture issues and current practical challenges and provide clear directives for compliance with legal provisions relating to Related Party Transactions (RPTs).

Call for inputs:

We invite members, corporate professionals, and stakeholders to contribute their insights on:

- ❖ Practical challenges encountered in identifying and managing RPTs.
- ❖ Difficulties faced in ensuring compliance with existing RPT regulations.
- ❖ Suggestions for improving disclosure requirements and governance mechanisms.

Note: The Guidance Note on Related Party Transactions was originally issued in March 2019 and subsequently revised in January 2023. It comprehensively addresses practical issues identified up to the time of its last revision. Stakeholders are invited to provide suggestions regarding new or emerging challenges that have not been captured in the earlier versions.

Please refer to the Guidance Note on Related Party Transactions (RPTs) available at https://www.icsi.edu/media/webmodules/GN5_Guidance_Note_on_Related_Party_Transactions.pdf

Submission Format

Please arrange to send your suggestion in the following format:

A. Suggestions to Update Guidance Note on Related Party Transactions

Sl. No.	Para No. / Page No.	Existing Text of GN	Suggestions	Rationale for the Suggestion

B. Other Practical Issues/Challenges Faced in Compliance of Related Party Transactions

[Please provide detailed description of practical issues and challenges]

Kindly, share your comments latest by **Monday, June 30, 2025**.

Your comments in the above format may be sent through e-mail at ssb@icsi.edu.

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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 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:

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The length of the Research Paper should ordinarily be between 2,500 - 4,000 words in MS Word format.

We look forward to your co-operation in making this initiative of the Institute a success.

Regards,

Team ICSI

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RESEARCH CORNER



- LEGAL ANALYSIS OF THE PARI PASSU PRINCIPLE IN DISTRIBUTION OF ASSETS TO THE CREDITOR UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Legal Analysis of the Pari Passu Principle in Distribution of Assets to the Creditor under the Insolvency and Bankruptcy Code, 2016

Rooted in the maxim *aequitas est quasi aequalitas* ("equality is equity"), the pari passu principle reflects the idea that fairness arises from treating equals equally. Under the Insolvency and Bankruptcy Code, 2016, (IBC) this principle ensures that creditors within the same class are treated equally during the distribution of assets in insolvency proceedings. It means that creditors share proportionally, without preference, based on what they are owed. A metaphor to understand this is that of a kingdom after war: the secured creditors are like armoured knights (with security for their loans), unsecured creditors are foot soldiers without protection, and operational creditors are villagers who supported the cause. The king distributes the remaining wealth fairly within each group, echoing the essence of pari passu — fairness within classes.

While the principle appears simple, its real-world application is far more complex. Secured creditors, with collateral backing their claims, often enjoy priority in repayment, usually recovering most or all of their dues. This preference stems from their right to specific assets. Unsecured creditors, lacking such protection, rely on residual assets and often receive minimal recovery. Operational creditors typically fare even worse, despite having contributed essential services. This leads to an unequal distribution of assets, challenging the practical implementation of pari passu across different creditor classes.

This article explores the evolution of the pari passu principle, its codification under Indian Insolvency Law, and its interpretation in contemporary practice. By analysing key judicial decisions and examining how secured interests and subordination agreements affect distribution, the discussion will highlight the tension between theoretical equity and practical disparity. It seeks to evaluate whether true equality is achievable in insolvency or whether the pari passu principle remains an aspirational ideal amid competing financial interests.



CS (Dr.) Pratiti Nayak, ACS

Associate Professor - I & Associate Dean (Research)
School of Law, KIIT Deemed-to-be University,
Bhubaneswar, Orissa
pratitinayak@kls.ac.in



Ankita Kumari

Advocate
Ranchi
ankitakumari.8725@gmail.com



Swanand Gharpure

Junior Lawyer
Mumbai
swanand.gharpure@gmail.com

INTRODUCTION

The principle of equal treatment of creditors serves as a fundamental pillar in Insolvency Law, aiming to promote fairness and transparency in the resolution of financial distress. This doctrine ensures that creditors who hold similar legal standings and claims against a debtor's assets receive equitable treatment, preventing

any undue preference or discrimination. By upholding this principle, insolvency frameworks seek to maintain confidence in the legal system, protect the rights of creditors, and foster an orderly and predictable process for asset distribution (Finch & Milman, 2017). The concept is often embodied in the pari passu rule, which mandates that unsecured creditors be treated on an equal footing, receiving proportional payments based on their claims (Mokal, 2001). This prevents any creditor from gaining

an unfair advantage at the expense of others, thereby maintaining the integrity of insolvency proceedings. However, certain exceptions exist, such as secured creditors, priority claims, and statutory preferences, which can alter the uniform distribution of assets (World Bank, 2021). Ensuring equitable treatment of creditors also plays a crucial role in balancing the interests of various stakeholders, including debtors, creditors, and the economy at large (Finch & Milman, 2017).

A well-structured insolvency regime helps to mitigate risks, encourage responsible lending, and facilitate the efficient reorganization or liquidation of financially distressed entities. Central to this principle is the doctrine of *Pari passu* (Latin for “equal footing”), which mandates proportionate distribution among creditors of the same class (Mokal, 2001). This principle is designed to uphold fairness, prevent preferential treatment, and ensure that no creditor is unduly disadvantaged during insolvency proceedings (Finch & Milman, 2017). In the Indian context, the IBC, has emerged as a transformative framework, addressing inefficiencies in the earlier insolvency regime and aligning India’s insolvency laws with global standards (Sahoo, 2019).

Under the IBC, the *Pari passu* principle operates as a guiding norm during the resolution or liquidation process. It is particularly relevant in the distribution of proceeds to creditors after the realization of a debtor’s assets. The IBC classifies creditors into different categories—secured creditors, unsecured creditors, operational creditors, and financial creditors—establishing a clear hierarchy in the order of payment. However, within each class, creditors are treated on equal footing, with assets distributed proportionally based on their respective claims. This ensures consistency and predictability in the insolvency process, a critical aspect for fostering creditor confidence and promoting financial stability (Insolvency and Bankruptcy Code, 2016).

Judicial interpretations by the National Company Law Tribunal (NCLT), the National Company Law Appellate Tribunal (NCLAT), and the Supreme Court of India have also contributed to inconsistent application of the *pari passu* doctrine. These rulings occasionally conflict with international insolvency practices, creating uncertainty for stakeholders and affecting outcome predictability. Furthermore, the treatment of specific claims, such as government dues and cross-border insolvency claims, adds another layer of complexity. Internationally, the application of the *pari passu* principle varies, with jurisdictions adapting it to balance creditor interests against broader policy goals, such as safeguarding employment or maintaining economic stability. India’s adoption of this principle reflects an attempt to align with global norms while addressing domestic financial realities.

As the IBC continues to evolve through judicial rulings and legislative changes, the implementation of the *pari passu* principle remains a critical area of legal and economic debate. In summary, while the *pari passu* doctrine is integral to ensuring fairness and predictability in asset distribution under the IBC, practical challenges necessitate a more balanced and nuanced approach to uphold equity, efficiency, and broader economic considerations. This research aims to critically analyse the legal and practical aspects of the principle under the IBC, identify implementation challenges, and propose reforms to align with global best practices while safeguarding equitable creditor treatment.

LEGAL FRAMEWORK OF PARI PASSU IN ASSET DISTRIBUTION AND ITS APPLICATION IN INSOLVENCY PROCEEDINGS

Pari passu is a Latin phrase meaning “on equal footing and without preference.” In a legal context, it signifies that multiple parties to a contract, claim, or obligation are treated equally, sharing the same rank and receiving no preferential treatment. The *pari passu* principle, meaning “on equal footing,” is widely applied in various financial contexts to ensure fairness and equality (CFI Team, n.d.). In lending, it ensures that multiple creditors have equal

The doctrine of *Pari Passu* ensures that creditors who hold similar legal standings and claims against a debtor's assets receive equitable treatment, preventing any undue preference or discrimination.

claims to a secured asset, preventing any creditor from being favored over another. This is especially important in financing agreements with collective loans, as it guarantees equal rights for all involved creditors (Olivares-Caminal, 2014). In bankruptcy proceedings, the *pari passu* principle is essential for maintaining fairness when assets are liquidated. Courts use it to distribute proceeds proportionally, based on each creditor’s claim, ensuring no creditor receives an unfair advantage (Coffee, 2008). This upholds the principle of

equal treatment during insolvency. In asset management, *pari passu* ensures that assets or securities are handled fairly. The distribution of returns or benefits is often based on the value of each stakeholder’s investment, ensuring an equitable approach to managing assets. The principle also applies in debt covenants, ensuring bondholders are treated equally. This can apply to all bonds issued by a company or specific groups, ensuring consistency and fairness in the management of debt. By doing so, *pari passu* helps to avoid conflicts or disparities across different debt categories (Olivares-Caminal, 2014). Overall, the *pari passu* principle plays a key role in promoting fairness, ensuring equal treatment, and fostering order in areas such as lending, bankruptcy, asset management, and debt structuring.

The *pari passu* principle, grounded in the equitable treatment of creditors, is a core feature of the IBC. It mandates that creditors of the same class, particularly unsecured creditors, receive liquidation proceeds in proportion to the value of their admitted claims. This

ensures uniform treatment and prevents arbitrary preferences among similarly placed stakeholders. Consider ABC Ltd., a corporate debtor undergoing the Corporate Insolvency Resolution Process (CIRP), holding assets valued at ₹100 crore against liabilities of ₹150 crore. The creditor base comprises: (i) Bank A, with an unsecured loan of ₹50 crore; (ii) Supplier B, with unpaid dues of ₹30 crore; and (iii) a group of bondholders, collectively holding unsecured bonds worth ₹70 crore. None of these creditors possess any collateral or security interest. Under the IBC, they constitute a single class of unsecured creditors. In the event of liquidation, absent a resolution plan or statutory priority, the pari passu principle governs the distribution mechanism. Each creditor receives a share of the liquidation value proportionate to the size of their claim. This legal framework reinforces the IBC's objectives of fairness, transparency, and non-discrimination in the treatment of claims. It promotes creditor confidence and facilitates predictability in the resolution of financial distress.

METHODS OF ASSET DISTRIBUTION

The pari passu principle, as embedded in the IBC, governs the distribution of liquidation proceeds among unsecured creditors by mandating proportionate and non-discriminatory treatment. In scenarios where creditors lack any form of security interest, the Code requires that recoveries be made strictly in accordance with the relative size of admitted claims. Consider a situation in which the total admitted claims amount to ₹150 crore—Bank A with ₹50 crore, Supplier B with ₹30 crore, and bondholders collectively holding ₹70 crore. The liquidation estate comprises ₹100 crore. In such a case, distribution follows a pro-rata formula. Bank A, representing one-third of the claims, receives ₹33.33 crore. Supplier B, with a 20% stake in the total debt, is entitled to ₹20 crore. The bondholders, constituting approximately 46.67% of the claim pool, receive a corresponding ₹46.67 crore. Each creditor recovers strictly in proportion to their exposure, without preference or priority, provided no statutory or contractual subordination exists. This framework operationalises the pari passu rule, reinforcing the IBC's foundational goal of equitable treatment for similarly placed creditors. It also serves to deter strategic behaviour, ensures procedural fairness, and sustains creditor confidence in the insolvency resolution framework (Jackson, 1986; Mokal, 2001). By eliminating arbitrary distinctions among unsecured claimants, the principle promotes systemic integrity and predictability in asset distribution during corporate liquidation (Westbrook, 2004).

The pari passu principle plays a crucial role in insolvency and bankruptcy proceedings by ensuring the equitable treatment of creditors (World Bank, 2021). It mandates that creditors, particularly unsecured ones, are treated equally in the distribution of the debtor's available assets during liquidation. This principle requires the proportional distribution of assets based on the size of each creditor's claim relative to the total liabilities, preventing any creditor from receiving preferential treatment (Jackson, 1986). By promoting fairness, pari

passu helps to maintain order in the resolution process, prevents preferential transfers, and minimizes legal disputes (Mokal, 2001). It also fosters transparency, as it establishes clear and predictable guidelines for asset distribution. In collective insolvency scenarios, the principle ensures that creditors with similar claims are treated equally, further supporting the goal of fair treatment for all involved parties. Ultimately, the pari passu principle upholds the integrity of insolvency and bankruptcy proceedings, promotes equal rights among creditors, and contributes to the overall stability of the financial system (Westbrook, 2004).

RECENT TRENDS

In recent years, the pari passu principle, central to ensuring equal treatment of creditors in insolvency, has undergone significant reinterpretation. Evolving judicial decisions and legislative developments have prompted a shift from a rigid application to a more nuanced and pragmatic approach. Courts and lawmakers now recognize that complex financial arrangements and commercial realities may require flexibility in applying this doctrine. This shift is evident across various jurisdictions, including India and the United Kingdom. Key areas such as set-offs, creditor classification, secured transactions, and the anti-deprivation rule have come under renewed scrutiny. As a result, the modern understanding of pari passu seeks to balance fairness with practicality in insolvency proceedings. Recent trends and legal developments have brought a more refined understanding of the pari passu principle in insolvency proceedings, especially concerning the equitable distribution of assets among creditors. Some of the same are as discussed below:

• Judicial Clarifications on Set-Offs

Set-offs refer to a legal arrangement where one party offsets a debt owed to them by a debt they owe to another party. In the context of insolvency, a creditor may set off a debt owed to the debtor against their claim in the insolvency process. While set-offs can sometimes seem beneficial for the creditor seeking to recover amounts owed, they can also disrupt the pari passu principle. Recently, the Supreme Court of India addressed this issue in its rulings, clarifying that allowing set-offs during insolvency proceedings could undermine the equitable distribution of assets. The Supreme Court of India has clarified that permitting set-offs during insolvency proceedings could undermine the pari passu principle. Set-offs allow certain creditors to gain preferential treatment by reducing the pool of assets available for distribution, thus disrupting the equality of creditor claims. However, the Court acknowledged exceptions for contractual set-offs that were established before or at the time the CIRP began, which continue to be enforceable despite the moratorium (Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta, 2020;).

- **Differential Treatment of Creditors**

In the United Kingdom, the Court of Appeal overturned a decision made by the High Court, emphasizing that restructuring plans that violate the pari passu principle cannot be approved. The case involved a plan that treated creditors of equal rank differently, which the Court ruled was incompatible with a key principle of insolvency law. According to this principle, unsecured creditors should share available assets fairly, in proportion to the debts owed to them. The Court's decision underscored the importance of fairness in insolvency proceedings, ensuring that creditors with the same priority are treated equally to maintain the integrity of the system (Petrick, Metcalfe, Walsh, & Sugden, 2024).

- **Priority of Secured Creditors**

The role of secured creditors in insolvency proceedings has been closely examined, particularly with regard to the types of charges companies create. These charges can be exclusive, pari passu, or subordinate, which directly impacts the distribution order of assets. Recent legal developments suggest that courts may not always interpret these charges as granting equal priority. This has led to a more nuanced and complex application of the pari passu principle, making it more challenging to determine the true ranking of creditors. As a result, the distribution of assets in insolvencies has become increasingly complicated (Asawa & Agarwal, 2023).

- **Anti-Deprivation Rule**

The anti-deprivation rule, which prevents assets from being removed from a debtor's estate during insolvency, has been closely examined in the context of the pari passu principle. Courts have ruled that transactions made in good faith for commercial purposes should not be invalidated. Even if such transactions lead to unequal treatment of creditors, they are permissible as long as they do not conflict with the core objectives of insolvency law, such as fairness and equal distribution of assets among creditors. This approach helps balance commercial practicality with legal principles.

These developments highlight a shift towards balancing fair treatment of creditors with the realities of commercial transactions, resulting in a more adaptable and principled application of the pari passu doctrine in insolvency cases. This approach recognizes the need for flexibility in dealing with complex financial arrangements while still adhering to the core principles of fairness and equality in distributing assets. It reflects an evolving understanding of insolvency law, where practical considerations are integrated without compromising fundamental legal objectives.



CHALLENGES & CONTROVERSIES

The principle of pari passu under the IBC, reflects the idea of equal treatment of creditors in the distribution of assets during insolvency proceedings. However, its application has led to several challenges and controversies, particularly regarding the treatment of different categories of creditors and the prioritization of claims. One key issue is the ambiguity in the order of priority among secured and unsecured creditors and between financial and operational creditors. While pari passu aims for equality, the IBC framework, particularly Section 53, provides a structured hierarchy for distribution, which often leads to disputes over how strictly the principle should be applied.

The distinction between financial and operational creditors has been a subject of significant debate. Financial creditors have greater say in the Committee of Creditors (CoC), whereas operational creditors often have limited rights, especially in approving resolution plans. This differentiation was upheld by the Supreme Court in *Swiss Ribbons Pvt. Ltd. v. Union of India* (2019), where the Court acknowledged the distinction between the two classes based on their roles in corporate financing. While financial creditors contribute to long-term financial stability, operational creditors typically provide goods and services. The Court emphasized that treating them differently does not violate the pari passu principle but ensures a pragmatic resolution process.

Another challenge arises in the treatment of secured creditors. Secured creditors may choose to enforce their security outside the insolvency process under Section 52 of the IBC, potentially undermining the pari passu principle for unsecured creditors. In *India Resurgence ARC Pvt. Ltd. v. M/s Amit Metaliks Ltd. & Anr.* (2021), the Supreme Court emphasized the commercial wisdom of the CoC and upheld that resolution plans need not provide the same treatment to all creditors, provided the plan is fair and equitable within the IBC's framework. The preferential treatment of government dues, which are often classified as operational debts, also creates friction with the pari passu principle. In *Ghanashyam Mishra & Sons v. Edelweiss Asset Reconstruction Company Ltd.* (2021), the Supreme Court clarified that

statutory dues are extinguished once a resolution plan is approved, reinforcing the supremacy of the resolution process.

While pari passu serves as a foundational principle for equitable distribution, its application under the IBC is nuanced, balancing the interests of various stakeholders. Judicial interpretations highlight the need for flexibility, ensuring the insolvency process aligns with commercial realities and legislative intent (Rao, 2018).

CONCLUSION

The pari passu principle, which ensures that creditors of equal rank receive a proportionate share of a debtor's available assets in insolvency proceedings, remains a cornerstone of Insolvency Law. Its core objective is to promote fairness and equality among creditors, preventing preferential treatment and ensuring that all parties with equal claims are treated the same. Over time, however, its application has evolved in response to changing commercial realities and legal challenges. Recent developments, particularly in relation to the treatment of secured creditors, the recognition of different types of charges, and the anti-deprivation rule, have introduced a more nuanced approach to the pari passu principle. Courts are increasingly willing to accommodate commercially sensible transactions and restructuring plans, even if they result in differential treatment of creditors, as long as these arrangements do not undermine the fundamental goals of insolvency law.

This evolving approach reflects a desire to balance the equitable treatment of creditors with the practicalities of modern business operations, recognizing that flexibility in applying the law can sometimes be necessary to preserve the financial stability of a company. However, while these developments allow for more flexibility, they also highlight the complexity involved in ensuring that creditors' rights are respected. The challenge lies in striking the right balance between fairness and commercial practicality. Ultimately, the pari passu principle remains essential to maintaining the integrity of insolvency proceedings, ensuring that creditors are treated equitably while allowing for the necessary flexibility to accommodate real-world financial structures (Gurrea-Martínez, 2023).

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How to Recognise Stress and Cope with it

Dr. Shakuntala Dawesar



INTRODUCTION

With ever-increasing technological advances, the boundaries of knowledge have become infinite. To keep pace with these advances, one must constantly update one's knowledge and make efforts to increase one's storage capacity of facts and figures in addition to sharpening one's ability to learn newer techniques and modalities of operating systems.

The burden of learning and acquiring new skills is a continuous process. The intellectual demands, also impose a varying degree of emotional and mental stress on the minds of individuals of every age group. Learning to cope with this burden alone has become a major challenge and a cause of Stress.

HOW DOES ONE RECOGNISE THAT ONE IS UNDER STRESS?

The signs and symptoms may vary from person to person in terms of severity. Common ways in which stress may manifest are:

- Loss of appetite
- Loss of weight
- Sleeplessness or disturbed sleep
- Inability to concentrate
- Increased blood pressure
- Frequent headaches or fleeting pain in other parts of the body
- Disturbance in one's bowel habits
- Palpitations
- Frustration
- Anger
- Impatience
- Fatigue
- Depression
- Withdrawn behaviour
- Panic Attacks

- Loss of interest in normal activities
- Other unexplained symptoms

Needless to say, all these signs and symptoms can also be indicative of some organic disorders and it is imperative to consult a qualified doctor and get investigated before attributing them to Stress.

TYPES OF STRESS

1. **Physical Stress:** It is mostly health related and can be caused by injuries to any part of the body by accident or surgical necessity. In such cases, the body responds to the stress by release of chemicals and hormones without any conscious effort by the individual. Physical stress is therefore quite effectively taken care of, by the body itself, augmented by medical interventions.
2. **Mental Stress:** It is often caused by circumstances which are not entirely within one's own control such as:
 - Traffic congestion causing late arrival at the workplace.
 - Tragedies at home.
 - Illness and injuries requiring priority attention.
 - Natural calamities.
 - Financial difficulties due to unforeseen exigencies.
3. **Emotional Stress:** This is commonly caused due to interpersonal conflicts resulting in outbursts of anger both at the workplace and at home. Compounded with inept time management, there is



added frustration leading to more emotional stress. Humility and acceptance of one's shortcomings and a readiness to apologise and improve can often diffuse the existing tension but one's ego sometimes comes in the way of the remedy and the situation escalates causing even more stress. Counselling sessions and open communication with the other person can prevent misunderstanding and help to bridge the distance caused by uncontrolled outbursts, especially at home.

4. **Social Stress:** It results from one's inability to cope with the many demands arising out of one's own voluntary commitments. These may be within the family or in the community. Social pressures can be in the form of attending functions, such as marriages and festivals involving time, energy and even money thus putting a strain on one's own budget and the needs of one's near and dear ones.



FACTORS IN STRESS MANAGEMENT

There is no one who can claim to lead a stress-free life. The health and emotional wellbeing of an individual does not depend on the nature or extent of stress. It depends on the ability of the individual to cope with that stress. The factors which play a crucial role in **stress management** are:

- Keeping fit by paying attention to one's dietary and exercise regimen.
- Being particular about taking medical treatment, if and when needed.
- Managing one's Time in a realistic manner.

- Ensuring a Work- Life balance by allocating time for the family.
- Involving the family members in decision making to ensure each feels involved and responsible.
- Allocating appropriate division of labour at work and at home so that the entire burden for any task does not rest on only one individual.
- Encouraging healthy discussion and being equally willing to discuss dissent, if any.
- Laying out basic rules and responsibilities for each member of the family at home and jointly doing chores when practical, as this encourages bonding and communication and fosters mutual respect and understanding.
- Compliance depends on the influence of the example of the elders. Hence, it is of paramount importance that we follow rigidly, the rules we set for others.
- Regular habits of meal time, exercise time, leisure time and consensus on amount of time in engagement with electronic gadgets will go a long way in ensuring good sleep and fitness.
- Prudent financial management is essential for smooth functioning of the household. Children over the age of ten should be introduced to the concept of budget allocation so that they understand that unreasonable demands cannot be met. This, in itself provides a major relief to the parents.
- Deep Breathing techniques as taught in yoga through Pranayama have been found to be very useful in enhancing the concentration powers of the mind and improving one's ability to cope through positive thinking. Exercise in any form keeps the body fit and plays a vital role in maintaining mind-body balance. It is not always possible to take time out for exercise due to one's tight schedule. It is suggested that keeping in mind the attention span of an average individual and the need to give short periods of rest to the eyes and mind while working on the computer, one should ideally work for about 40 minutes and take a five minute break before resuming work on any electronic gadget. During this five minute break, Pranayama and spot jogging could be done in turns. A pleasure or leisure activity can also be indulged in during these breaks. By having a comprehensive schedule, one can incorporate study, rest, and exercise in one's timetable so as to optimise available time in a manner which is most conducive to working/ learning.



3

LEGAL WORLD



- CENTRAL BANK OF INDIA v. ELMOT ENGINEERING CO & ORS[SC]
- AMIT SOMANI v. NATIONAL FINANCIAL REPORTING AUTHORITY [NCLAT]
- IN RE: LINCON POLYMERS PRIVATE LIMITED & ANR [NCLAT]
- TORRENT PHARMACEUTICALS LTD v. INDORBIT PHARMACEUTICALS P. LTD. & ANR [DEL]
- DEEN DAYAL UPADHYAY HOSPITAL v. SANGEETA [DEL]
- RAJ KUMAR v. FOOD CORPORATION OF INDIA & ORS [DEL]
- MUNISH GROVER v. CONTAINER CORPORATION OF INDIA LTD & ORS [DEL]
- KSD ZONNE ENERGIE LLP v CANARA BANK[CCI]
- UMAR JAVEED & ANR v. JAMMU & KASHMIR BANK[CCI]



Corporate Laws

Landmark Judgement

LMJ 06:06:2025

CENTRAL BANK OF INDIA v. ELMOT ENGINEERING CO & ORS [SC]

Civil Appeal No. 3911 of 1994

M.N.Venkatchelliah & S. Mohan, JJ. [Decided on 27/04/1994]

Equivalent citations: 1994 AIR 2358; 1994 SCC (4) 159; (1994) 7 JT 54 (SC); (1994) 81 Comp Cas 13; (1994) 14 CLA 245

Companies Act, 1956- Section 446- two recovery suits filed by the bank in Andhra Pradesh company went into winding up proceedings and liquidator was appointed- leave of the winding up court to prosecute suits in Andhra Pradesh was sought- High Court transferred the two suits to Bombay- whether tenable-Held,No.

Brief facts:

The appellant is a secured creditor and has filed a suit bearing O.S. No. 7 of 1986 against Respondents in the District Court in Andhra Pradesh for recovery of the outstanding loan. Respondent No.1 is the company, Respondent No.2 and 3 are guarantors. The first respondent deposited with the appellant the documents of title relating to its landed property with an intention to create an equitable mortgage of immoveable property covered by those documents together with all structures and buildings thereon. O.S. No. 507 of 1989 came to be filed by the appellant for recovery of a sum of Rs 58,783.25 being expenses incurred from time to time in respect of these properties. Both the suits are pending adjudication.

The Respondent No.1 company was placed under liquidation in a winding up proceedings initiated against it by the Bombay High Court.

The appellant filed an application under Section 446 of the Companies Act seeking leave of the Court to prosecute the two suits in Rangareddy District in Andhra Pradesh as the suit properties are situated therein. The single judge passed an order transferring the above two suits to the Bombay High Court. The Division Bench dismissed the appeal challenging the order of the single Judge. Hence, the special leave petition.

Decision: Allowed.

Reason:

In order to appreciate these rival contentions, we will briefly set out the scope of Section 446. Palmer's Company Precedents, Part 11, 17th Edn., page 302 states:

"When a winding-up order is made, the Court, acting by its officer the Official Receiver lays its hand upon the assets and says, no creditor or claimant must touch these assets or take proceedings by way of action, execution or attachment pending the distribution by the Court in due course of administration. This protection is indispensable equally in winding-up and in bankruptcy to prevent a scramble for the assets, but it is not always enough. An even-handed justice requires that the Court should have power to intervene at an early stage for the protection of the assets, and this power is given by this section."

This section aims at safeguarding the assets of a company in winding-up against wasteful or expensive litigation as far as matters which could be expeditiously and cheaply decided by the company court are concerned. In granting leave under this section, the court always takes into consideration whether the company is likely to be exposed to unnecessary litigation and cost.

In this case the appellant is admittedly a secured creditor. It sues on a mortgage by deposit of title deeds. Such a suit is not likely to involve a long drawn out trial. Without intending to lay down the law broadly but confining only to the facts of this case, we feel that the order of transfer of the suits to the High Court of Bombay cannot be supported.

This transfer will result in greater expenditure to the appellant Bank which certainly is avoidable "than the wasteful expenditure" to the Official Liquidator. Accordingly that part of the order directing the transfer is set aside. We make it clear we are not interfering with the grant of leave in favour of the appellant. Civil appeal is allowed in the above terms.

LW 41:06:2025

AMIT SOMANI v. NATIONAL FINANCIAL REPORTING AUTHORITY [NCLAT]

Comp. App. (AT) No. 54 of 2025

Rakesh Kumar Jain & Naresh Salecha. [Decided on 28/05/ 2025]

Section 132 of the Companies Act, 2013 read with Rule No. 26 of the NCLAT Rules, 2016 - - appellant was prosecuted by NFRA – appellant filed appeal with delay of 147 days- whether delay to be condoned-Held,No.

Brief facts:

The present Company Appeal has been filed by the Appellant i.e. Amit Somani, challenging the Impugned Order passed by the National Financial Reporting Authority, New Delhi (NFRA) 'in the matter of M/s BSR & Associates LLP, CA Aravind Maiya and CA Amit Somani, under section 132 (4) (c) of the Companies Act, 2013.

The Impugned Order pertains to the statutory audit of M/s Coffee Day Enterprises Ltd. (CDEL) for the financial year 2018-19, conducted by M/s BSR & Associates LLP, with CA Aravind Maiya as the Engagement Partner (EP) and CA Amit Somani as the Engagement Quality Control Reviewer (EQCR). The Impugned Order indicate the failure of the Appellant to report the CDEL's non-compliance with Section 185 of the Companies Act, 2013, and violations of the Companies (Auditor's Report) Order (CARO).

Decision: Dismissed.

Reason:

However, before we examine the merit of the appeal, we note that there has been delay in refiling of 147 days for which the Appellant filed IA No. 1337 of 2025, justifying the delay and requested this Appellate Tribunal to condone the delay in refiling the appeal.

We note that as per Rule No. 26 of the NCLAT Rules, 2016, the refiling delay can be condoned, if sufficient reasons are brought out by the Appellant to the satisfaction of the Appellant Tribunal. Thus, we are duty bound to examine and satisfy ourselves that sufficient reasons existed for condoning such huge refiling delay of 147 days. We shall deal this in the following discussions.

From the Registrar's order, we note that the Appellant was required to re-file the Memo of Appeal within seven days from the date of intimation of the defects. However, the Appellant re-filed the Memo of Appeal with a delay of 147 days.

Hence, we need to look into the defects pointed by the registry and rectification of the same by the Appellant while submitting back to registry on every occasion. We need to examine, if same defects were pointed out by the registry again and again, meaning, the Appellant merely kept resubmitting without curing the pointed defects. Alternatively, we also need to examine whether registry kept on raising defects in piecemeal rather than in one stroke. We consciously take into consideration that finally, all defects were cured by the Appellant on 21.02.2025, after a prolonged delay of 147 days as correctly pointed by Hon'ble Registrar of this Appellate Tribunal in his order dated 27.02.2025 as we noted earlier.

As per the records of the registry, we gather that out of 14 defects, only 1 defect was cured on 22.10.2024 and the other 13 defects remained as it is on all dates, i.e. 21.11.2024, 02.12.2024, 10.12.2024, 19.12.2024 up until 06.01.2025.

The Appellant herein prays to this Appellant Tribunal that the delay in re-filing is due to factors and circumstances beyond the reasonable control of the Appellant and his counsel. However, no reason or cause of delay is mentioned by the Appellant in the Application No. 1337 of 2025 for condonation of delay.

After examining above, we are not in position to convince ourselves that sufficient case has been made out by the Appellant to cross hurdles of Rule 26 of NCLAT Rules, 2016.

In view of above detailed examination of the facts and law, we are not satisfied with the reasons given for condonation of delay in refiling. The Application No. I.A. No.1337 of 2025 fails and stand rejected.

Since, the Application for condonation of delay in refiling fails, the main appeal is treated as legally not constituted, the same stands dismissed without examining and going into merits of the case.

LW 42:06:2025

IN RE: LINCON POLYMERS PRIVATE LIMITED & ANR [NCLAT]

Company Appeal (AT) No. 108 of 2025

Yogesh Khanna & Ajai Das Mehrotra. [Decided on 26/05/ 2025]

Companies Act, 2013- sections 230-232- family companies- scheme of demerger- first motion rejected by NCLT- whether correct-Held,No.

Brief facts:

The present appeal is filed against the order of the Ld. NCLT, Ahmedabad wherein application for first motion of scheme of demerger under Section 230-232 of the Companies Act, 1956 was dismissed.

The Ld. NCLT vide order dated 02.05.2025 dismissed the application mainly on the following grounds:

- (a) The Demerged Company has 5 shareholders and Resulting Company has 4 shareholders. The shareholding of Sri Pareshbhai B. Patel and Smt. Anitaben P. Patel is quantitatively different in both the companies. Pareshbhai B. Patel holds 40.39% and his wife Smt. Anitaben P. Patel holds 3.27% shares of the Demerged Company. Pareshbhai B. Patel is not a shareholder in the Resulting Company whereas his wife Smt. Anitaben P. Patel holds 43.72% of the shares of resulting company. Though both husband and wife together cumulatively hold 43.72% of shares in both the companies, they are two different individuals and their shareholding cannot be considered "adjoined".

Since the shareholding pattern for both the companies is different the valuation report which assumes all the shareholders of demerged and resulting companies are the same, and their percentage of shareholding is also same, is not correct. The swap ratio of one equity share of Rs. 10 each fully paid-up in the Resulting Company for every one equity share of 10 held in the demerged company "stands negated".

- (b) Only 9,38,206 shares have to be issued as per the Scheme whereas it is stated in the scheme that share capital is increased by 9,40,000 shares. The application does not provide details about shareholders to whom 1,794 shares will be issued.
- (c) The assets and liabilities of Khatraj undertaking are not identified and segmental accounts for Khatraj undertaking are not furnished.

Decision: Allowed.

Reason:

We note that both the demerged company and the resulting company are family-owned concerns. The demerged company has 5 shareholders, including Pareshbhai B. Patel and his wife Smt. Anitaben P. Patel who together hold

43.72% of the shares. The resulting company has only 4 shareholders. Pareshbhai B. Patel is not a shareholder in the resulting company but his wife Smt. Anitaben P. Patel alone holds equal percentage of shares, namely, 43.72%. Effectively, there is no variation between the shares held by them cumulatively.

We also note all the shareholders, whose inter-se rights in shareholding and swap ratio are of concern to the Ld. NCLT, have given their unequivocal consent on affidavit to the said scheme of arrangement. Considering shareholding structure of the two companies, the professional valuation expert, Den Valuation (OPC) Private Limited, registered with the IBBI, have given their report on fair exchange ratio.

Considering the conspectus of facts in this case, that the appellant companies are closely held family concerns, the valuation and share swap ratio is worked out by expert IBBI registered Valuers, the shareholders of both the companies have given their unequivocal consent to the Scheme, we hold that Ld. NCLT has erred in dismissing the application for first motion seeking demerger of one unit of Appellant No. 1 company and its merger in the resulting company, Appellant No. 2. The impugned order is set aside with the directions to the Ld. NCLT to issue consequential order regarding convening/dispensation of meetings within three days of receipt of this order. With these directions, the present appeal is allowed.



General Laws

LW 43:06:2025

TORRENT PHARMACEUTICALS LTD v. INDORBIT PHARMACEUTICALS P. LTD. & ANR [DEL]

CS(COMM) 912/2024

Saurabh Banerjee , J. [Decided on 14/05/2025]

Trademarks Act read with Order 8 Rule 10 of CPC- Suit against trade dress infringement- defendant proceeded ex parte-judgement sought on admission- whether judgement can be given- Held, No.

Brief facts:

By virtue of the present suit, the plaintiff seeks passing of a decree of permanent injunction against the defendants with respect to the impugned ORBITCAL-500 label/ artistic work as may be deceptively similar to the plaintiff's SHELICAL-500 label/ carton and strip packaging/ artistic work amounting to infringement of copyright of the plaintiff along with other ancillary relief(s).

The plaintiff came across the defendants' preparation with the impugned trade dress being sold in the markets of Delhi in the last week of September, 2024, whereafter the present suit was

instituted. The defendant failed to appear and defend the suit and was proceeded ex parte. The Plaintiff sought judgement on admission.

Decision: Judgement on admission refused.

Reason:

The present is a case of passing off as the defendants have adopted a trade dress that is confusingly similar, if not identical, to that of the plaintiff, with the intention of riding upon the goodwill and market reputation of the plaintiff.

No doubt, this Court has the power to decree the present suit under Order VIII rule 10 of the CPC since neither of the defendants has filed written statement, however, the same is only if the plaintiff has been able to make out a case thereunder and not as a matter of right.

Recently, the Hon'ble Supreme Court while dealing with the provisions of Order VIII rule 10 of the CPC in *Asma Lateef & Anr. v. Shabbir Ahmad & Ors.* (2024) 4 SCC 696, held that there must not be any mechanical application of Order VIII rule 10 of the CPC to pass a decree in favour of the plaintiff on the basis of the plaint, merely because the defendant has not filed the written statement. Referring to *Balraj Taneja v. Sunil Madan* (1999) 8 SCC 396, it was also held that it is only when the Court is fully satisfied that there is no fact which needs to be proved on account of deemed admission that a judgement against a defendant, who has not filed a written statement, ought to be passed, and if there is any contradiction or factual dispute which arises from the plaint itself, it would be unsafe to still proceed with decreeing the suit in favour of the plaintiff and would in fact tantamount to the plaintiff being altogether relieved of its obligation to prove its case to the satisfaction of the Court. It was further held that the provisions of Order VIII rule 10 of the CPC have to be read in conjunction with Order VIII rule 514 of the CPC whereunder the Court may require, at its discretion, any fact treated as admitted, to be proved otherwise than by way of such admission.

In the present proceedings, the entire case of the plaintiff is revolving around its new trade dress adopted in the month of September, 2022 for its preparation SHELICAL500, after acquiring the rights thereof vide an Assignment Deed dated 07.03.2024 and for which it applied for search and issue of certificate under Rule 22(1) of the Trademark Rules, 2017 thereafter on 04.04.2024. For this, the burden is on the plaintiff to at the very least show that it is the author of the original "artistic work" of the impugned trade dress and had actually commenced with the usage of its new trade dress for its preparation SHELICAL500 since September 2022, i.e. prior to the use of the impugned trade dress by the defendants.

As per records, the plaintiff has pleaded of having acquired the rights in the new trade dress for its preparation SHELICAL500 in September, 2022 on the basis of an Assignment Deed dated 07.03.2024, which is not a registered document and has been executed at a subsequent point of time, around nineteen months later, as also does not mention the date of publication/ adoption/ usage thereof. In fact, the Invoices (Document 7 of the list of documents filed along with the plaint) prior to September, 2022, do not even pertain to the new trade dress since, admittedly, the same was not in existence then and the rest of the Invoices post September, 2022 bear no

reference/ connection with the new trade dress adopted by the plaintiff. Further, the promotional material (Document 8 of the list of documents filed along with the plaint) do not mention the time/ date/ period of their usage/ publication. As such, there is nothing before this Court which can form a basis for passing a decree under Order VIII rule 10 of the CPC.

Under these circumstances, the plaintiff has to show/ prove/ establish that it is the prior adopter and user of the new trade dress for its preparation SHELICAL500 at least with effect from September, 2022, as per its own claims, which, at this stage, is missing.

Although, this Court has passed an ex parte ad interim injunction in favour of the plaintiff vide order dated 21.10.2024, however, the threshold for considering and passing an order under Order VIII rule 10 of the CPC is significantly higher, more so, since a judgment and decree would render the final adjudication of the rights and liabilities of the parties, and that too without trial. Keeping all the aforesaid facts and circumstances in mind, and since there is no clarity with respect to the actual date of publication/ adoption/ usage of the new trade dress by the plaintiff, at this stage, this Court is not satisfied to pass a decree under Order VIII rule 10 of the CPC.



Labour Laws

LW 44:06:2025

DEEN DAYAL UPADHYAY HOSPITAL v. SANGEETA
[DEL]

CM(M) 1438/2019

Manoj Jain ,J. [Decided on 15/05/ 2025]

Industrial Disputes Act, 1947- outsourced employee- terminated- employee proved the continuance service of 240 days- management failed to dislodge the claim of continuous service- labour court passed award in favour of the employee- whether correct-Held, Yes.

Brief facts:

The Petitioner Management was aggrieved by award passed by the Labour Court whereby the respondent has been held to be in continuous employment of the Management and, resultantly, she has been awarded compensation of Rs. 70,000/-.

Decision: Dismissed.

Reason:

According to learned counsel for the Management, the learned Presiding Officer has erred in deciding all the issues against them. It is vehemently contended that the submissions given in the written statement were not

appreciated in the desired manner and there was nothing to indicate that respondent was under the employment of the Management. It is reiterated that sanitation services had been outsourced to M/s ACME Enterprises who left the services on their own and there was never any privity of contract between them and the respondent. It has also been contended that initial onus was on the respondent to prove that she was in continuous employment of 240 days, prior to the alleged date of her termination. Since she failed to discharge her such initial onus and there was nothing to indicate that she was working under the Management since May, 2007, the claim should have, rather, been dismissed.

Undoubtedly, initial onus is always on any such workman to demonstrate that such workman worked continuously for 240 days. However, herein, fact remains that respondent made clear and specific averments in this regard in her Statement of Claim. She even made reference to various cheques which had been allegedly issued by none other than Management in her favour. She reiterated her stand in her examination-in-chief. Her deposition is, virtually, uncontroverted and unchallenged. The sketchy cross-examination done by the Management goes on to indicate that the Management does not dispute the claim and averments made by her. In her cross-examination, she reiterated that she joined the services in the year 2007 and was categoric in mentioning that she was appointed by the Management/DDU Hospital. She denied the suggestion that she was placed in the hospital by the contractor and not by DDU Hospital. She also denied that the documents furnished by her were false and fabricated and she was not employed by DDU Hospital.

Interestingly, the fact that cross-examination was virtually non-existent, for the reasons best known to the Management, it did not even contemplate leading any evidence in defence. As noted already, their consistent case is to the effect that there was no privity of contract and that sanitation contract have been given to M/s ACME Enterprises, who left the services abruptly. No details of such contract have been placed on record. According to the Management, even otherwise, respondent was not even employed by such outsourced agency and that her name did not figure in the list provided to them. However, again, Management faltered as no such list was produced or proved during the trial. Interestingly, the Management itself admitted that after M/s ACME Enterprises left the services, midway, it hired certain workers as daily- wagers. Once they claim so, it was imperative for them to have placed on record, the details of all such daily-wagers whom they allegedly employed. Nothing of that kind was done by them and, therefore, they cannot be heard saying that respondent failed to discharge her onus. Burden of proof, in any enquiry or trial, keeps on shifting and the moment the averments made in the claim petition were deposed on oath by the respondent in her evidence, it was for the Management to have rebutted and disproved the same.

The sketchy cross-examination coupled with the fact that no witness was examined by the Management clearly goes on to indicate that learned Labour Court was left with no option but to give Award in favour of the respondent herein.

Thus, the approach of the learned Labour Court, even otherwise, seems to be very rationale, reasonable and justifiable. Finding no merit or substance in the present petition, the same is accordingly dismissed.

LW 45:06:2025

RAJ KUMAR v. FOOD CORPORATION OF INDIA & ORS [DEL]

W.P.(C) No. 6478 of 2010

Prateek Jalan, J. [Decided on 21/05/2025]

Industrial Disputes Act, 1947- 3 employees found to be involved in huge shortage of wheat stock- different degrees of punishment given- petitioner, who was the kingpin, was terminated while others were not- parity of punishment sought in the appeal- whether parity of punishment can be given-Held, No.

Brief facts:

The petitioner and two other employees were found to be hand in glove in the huge shortages/misappropriation of wheat stocks besides other major irregularities alleged to have been committed by the petitioner, in connivance with other three employees Mr. D.P. Gupta, Mr. Sanjeev Kumar Sharma, Mr. Sultan Singh. Joint inquiry was conducted and the charge was proved. While the petitioner was subjected to the penalty of compulsory retirement, forfeiture of gratuity, and recovery of the sum of Rs. 5,00,000/- as penalty, Mr. Sultan Singh was awarded the penalty of 'Censure' and recovery of Rs. 1,00,000/-, whereas Mr. Sanjeev Kumar was only subjected to a reduction of pay by one increment with cumulative effect.

Decision: Dismissed.**Reason:**

Re: Delay and laches: The explanation for delay in the present case is inadequate. The petitioner, even when he was given a specific opportunity by order dated 29.04.2010 to explain the delay of three years and six months, has not filed any contemporaneous medical records, but only a doctor's certificate issued after the date of the said order. The said certificate also does not clearly indicate that the petitioner was disabled for such a long period, from managing his own affairs in any way, including engaging counsel and instituting a challenge to the disciplinary orders. I am thus unable to accept the petitioner's explanation for the belated filing of this writ petition, and hold that the petition is barred by delay and laches.

Re: Parity of penalty on petitioner qua other Charged Officers:

A comparison of the three disciplinary orders clearly shows that it is the petitioner who has been held to be the kingpin of the transactions which gave rise to the disciplinary proceedings. Mr. Sultan Singh has certainly been held guilty of inadequate supervision, but a minimal penalty was imposed upon him, in consideration of his impending retirement. All three disciplinary orders recognise the role of the petitioner as being "primarily responsible" for the situation and, in fact, as creating a gang-like situation in the Depot. The role of Mr. Sanjeev Kumar Sharma has been clearly found to be much more limited than the role ascribed to the petitioner. While Mr. Sanjeev Kumar Sharma has been blamed for inadequate attention to his duties, it has been specifically held that no mala fides are attributed to him. The petitioner has clearly been held responsible

to a higher degree, and the penalty imposed upon him is, therefore, higher.

The case of Mr. Sultan Singh also proceeds on a slightly different reasoning, with regard to his imminent retirement. The correctness of the findings against him, or whether the consideration of his impending retirement was justified, are not the subject matter of the challenge in this petition, to which he is not even a party. The only question is whether the petitioner is entitled to imposition of a lower penalty on grounds of parity with him. Suffice it to say, the petitioner's case was materially different on many counts, including the merits of the allegations found against him.

In the present case, on a comparison of the findings against the petitioner with the findings recorded against the officers with whom he claims parity [viz., Mr. Sultan Singh or Mr. Sanjeev Kumar Sharma], I find no justification for this claim. No other argument was advanced to assail the impugned orders, particularly with regard to the quantum of penalty. The petition therefore fails on merits, also.

LW 46:06:2025

MUNISH GROVER v. CONTAINER CORPORATION OF INDIA LTD & ORS [DEL]

W.P.(C) No. 6895 of 2025

Prateek Jalan, J. [Decided on 21/05/2025]

Industrial Disputes Act, 1947- employee was transferred – employee challenged the transfer- whether transfer is bad- Held, No.

Brief facts:

The petitioner has filed this writ petition challenging a transfer order, by which he has been transferred from Fresh and Healthy Enterprises Limited ["FHEL"], Rai District, which is a subsidiary of Container Corporation of India Ltd. ["CONCOR"], to CONCOR's office at Pipava Port/Area-II.

Decision: Dismissed.**Reason:**

As far as the transfer is concerned, it is not disputed that the petitioner's appointment in CONCOR was to a transferable post. His initial appointment order dated 03.07.1998 specifically provided that he may be posted at any of the offices/units of CONCOR in India. This aspect is not under challenge; as noted in the order dated 08.05.2025, the petitioner himself sought a transfer from his present posting.

In a transferable job, it is well settled that transfer is an incidence of service, and interference of the Writ Court is permitted only in very limited circumstances, such as mala-fides and breach of any statutory rules or transfer policy. Reference in this connection be made to the judgements in Shilpi Bose (Mrs.) v. State of Bihar and Rajendra Roy v. Union of India.

As far as the allegations of mala-fides are concerned, Mr. Oommen submits that the petitioner is, in fact, a whistleblower, and entitled to protection under CONCOR's Whistle Blower Policy. He has drawn my attention to the petitioner's communication addressed to the Chairman and Managing Director of CONCOR, which has also been referred to in the aforesaid representation.

On a consideration of the said representation, however, I am of the view that it is in the nature of ventilating personal grievances, with regard to the petitioner's work allocation and conditions, rather than a whistleblower complaint. The petitioner has first placed on record his contentions, with regard to his past service in CONCOR, and then reiterated his submissions, with regard to posting at FHEL, NSIC, New Delhi. The principal grievance of the petitioner relates to his status and service conditions vis-a-vis those of another employee, stated to be below him in hierarchy [Grade N-4], but designated as Terminal In-Charge. He has stated that he should have been so designated, and also sought reassignment of seating in the office. It is his contention that the said employee has indulged in insubordination in this regard.

The petitioner has alleged that such circumstances tantamount to torture and harassment, and has gone so far as to suggest that if he suffers from a heart attack, stroke, heart failure, brain haemorrhage, paralysis or meets with an accident, that would be because of the workman in question, and the Executive Director - cum - CEO of FHEL.

The reading of the representation in full shows that the petitioner's grievances were, in fact, personal in nature, relating to his status and work allocated to him vis-a-vis the work of the other employees in question. This does not constitute a whistleblower complaint.

Even assuming that the petitioner's post falls within the definition of a sensitive post, I do not find any merit in this contention. The policy does not prevent a transfer prior to the period of four years. The purpose of the policy is to require transfer of persons in sensitive posts upon completion of a maximum of four years, not to prevent earlier transfer.

In view of the aforesaid, I am of the view that the petitioner has failed to make out a case of mala-fides or breach of the transfer policy.



Competition Laws

LW 47:06:2025

KSD ZONNE ENERGIE LLP v CANARA BANK[CCI]

Case No. 35 of 2024

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 19/05/2025]

Competition Act, 2002- Sections 3 (anti-competition agreements) and 4 (abuse of dominance) – loan by banks- allegations as to arbitrary increase in the rate of interest, charging hidden interest, demanding back interest, serving notice under SARFAESI Act, withholding original documents- whether constitute violation of Sections 3 and 4-Held, No.

Brief facts:

The present case involves the sanctioning of loan by the OP, a public sector bank, which has substantial presence in the market, for the purpose of granting financial support to the Informant in respect of the commissioning of 3 MW solar plant project of the Informant.

The Informant has made allegations against the OP of arbitrary increase in the rate of interest, charging hidden interest, demanding back interest, serving notice under SARFAESI Act, withholding original documents required by competitor banks for transfer of loan and entering into anti-competitive agreements with valuers. In this way, the OP allegedly violated Sections 3 and 4 of the Act, adversely affecting competition and abusing its dominant position.

Decision: Dismissed.

Rason:

The Commission notes that the primary allegation made by the Informant is the arbitrary increase in the rate of interest made by the OP in different loans taken from the OP, by taking advantage of its dominant position in the relevant market. The relevant market in this case is the 'market for the provision of banking and loan services in India.' Canara bank has 6th rank amongst the largest public sector banks in India. It has 5.73% share in the banking sector in India. There are other banks like HDFC, SBI, PNB, Bank of Baroda, Indian Bank, ICICI Bank, Central Bank of India, Indian Overseas Bank etc. The existence of large number of players in the relevant market shows that the OP cannot operate independently in the market and cannot be considered to be in a position of dominance in the relevant market. Therefore, in the absence of dominance, the issue of abuse of dominance does not arise. Hence, the Commission notes that no case of contravention of provisions of Section 4 of the Act is made out against the OP.

With regard to allegation of arbitrary increase in the rate of interest, the Commission notes that banks tend to fix rates of interest on loans based on evaluation of various parameters like CIBIL score, the viability of the project, the rate of return, risk parameters etc. Such evaluation varies from bank to bank consequently affecting the final derived rate of interest, which is again highly variable and dependent on various benchmark rates announced by the RBI. In this connection, the Commission notes that the sanction letter dated 12.07.2016 for the Term Loan of Rs.13.25 crores issued to the Informant by the OP shows that the loan was sanctioned at an interest rate of 16.20% p.a. along with other terms and conditions. It was mentioned in the sanction letter that the 'interest stipulated is subject to review by Bank keeping in view DSCR, Debt/Equity, Margin, Repayment schedule, past experience etc. and also further changes as may be decided by the bank' and that 'the rate of interest stipulated is subject to changes as decided by the bank from time to time'. The Commission also notes that the rate of interest on the Term Loan was changed from 16.20% p.a. to 14.20% p.a. with annual reset on the request of Informant, by OP vide letter dated 14.09.2016 and was further revised from 14.20% p.a. to 11.00% p.a. with annual reset vide OP letter dated 06.03.2018. The above terms and conditions have been agreed upon by the Informant with the OP. Accordingly, the

Commission finds that the allegation against the OP regarding arbitrary changes in the interest rates is without merit.

Further, with respect to the allegation about imposition of back interest charges of Rs. 76,75,894/- on the Informant, the Commission notes the same appears to be a dispute between the parties with respect to the agreed terms and conditions and does not fall under the purview of the Act.

The Informant has alleged existence of anti-competitive agreements between the valuers and the OP so as to purposely bring securitized properties under SARFAESI proceedings which are then undervalued to facilitate easy selling in auction. The Commission notes that any bank under the provisions of the SARFAESI Act, has a right of enforcement of its security interest if the borrower defaults in the repayment of loan or any instalment. The main aim of the SARFAESI Act is to enable banks and other financial institutions to auction properties to recover outstanding loan in the event of any default by the borrower. Further, the Informant has not provided any evidence in support of this allegation. Hence, no case of contravention of provisions of Section 3 of the Act is made out against the OP.

As regards the allegation that the OP withheld collateral documents required by competing lenders, the Commission notes that the bank keeps collateral documents to safeguard its advances by holding the documents until the loan is fully paid.

In light of the above, the Commission is of the view that no prima facie case of contravention of Sections 3 and 4 of the Act is made out in the present matter and the same is also rejected.

LW 48:06:2025

UMAR JAVEED & ANR v. JAMMU & KASHMIR BANK [CCI]

Case No. 33 of 2024

Ravneet Kaur, Anil Agrawal & Deepak Anurag. [Decided on 30/04/2025]

Competition Act, 2002- Sections 3 (anti-competition agreements) and 4 (abuse of dominance) – agreements between the bank and various entities /institutions for providing financial assistance to their employees- whether constitute violation of Sections 3 and 4-Held,No.

Brief facts:

The primary grievance of the Informants appears to be against the agreements/MoUs between OP and various entities/institutions in the UT of J&K for providing banking services to their employees/customers. As alleged, due to these agreements/MoUs, employees are constrained to avail the services of OP only. For instance, the Informants have stated that OP has agreements with Government of J&K, Universities located in the UT of J&K, various dealers/manufacturers of car/two- wheeler companies for financing of vehicle and one oil marketing company i.e., HPCL etc.

The Informants have alleged that OP has entered into agreements with various two-wheelers and four-wheelers companies (Royal Enfield, Piaggio Vehicles Pvt. Ltd., Maruti Suzuki and Tata Motors) where customers are forced to obtain loan from OP only.

Decision: Dismissed.

Reason:

Though the Informants have alleged violation of Sections 3 and 4 of the Act, going by the contents and intent of the information, allegations appear to be revolving around Section 3 of the Act which deals with prohibition of anti-competitive agreements.

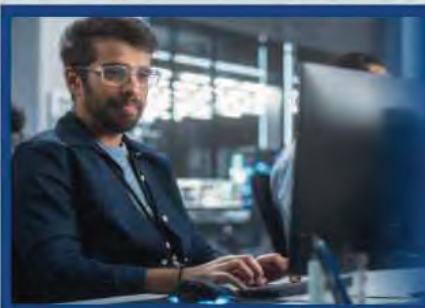
At the outset, the Commission notes that institutions ordinarily enter into agreements with Bank of their choice for availing/providing banking facility/services to/for their employees. Such kind of arrangements are usually decided mutually by both the parties on agreeable terms and conditions. Further, from the perusal of MoU dated 12.09.2018 entered between OP and Government of J&K, it appears that the primary purpose of the same was to confer preferential treatment to the entities/permanent employees of Government of J&K in terms of offering customized, hassle free and personalized banking services. It appears that there is no prohibition for any entity and the banking institution from approaching each other for such kind of arrangements/services. Such kind of issues usually do not fall under the perimeter of competition law as they do not disclose any concern warranting intervention under the provisions of the Act.

It may also be noted that entering into MoUs/agreements by banks is a common feature in the ordinary course of business. The partnership between banks and entities helps such entities to meet their banking needs, without any hurdle. Also, such agreements entered into by entities, requiring their employees and customers to avail services from their preferred bank, may help in achieving uniformity and prevent the hassle in trying to keep track of the different sources from which the employees/consumers avail banking services. Therefore, the MoUs and agreements entered into between the OP and two-wheeler/four-wheeler dealers/manufacturers for facilitating their customers loan facility for purchasing these products cannot be considered as anti-competitive, ipso facto, and are not likely to cause an appreciable adverse effect on competition, as mandated under Section 3 of the Act.

Regarding the allegation of tie-in arrangement which is enforced by OP while providing locker facility in terms that a customer is required to purchase a fixed deposit of Rs.15,000/- for a period of ten years apart from payment of annual rent, the Commission notes that no agreement indicating such tie-in arrangement has been provided by the Informants. However, as per the 'Standard Operating Procedure' available on the website of OP, having a fixed deposit as alleged by the Informants do not appear to be a mandatory requirement. Therefore, allegation of tie-in arrangement with regard to locker facility appears to be misplaced. Further, even otherwise, deficiency in services or non-adherence of prescribed norms for banking operation cannot be given colour of competition concern.

Based on the facts of the case, allegations made therein and analysis carried out supra, no prima facie case is made out against the OP for violation of Sections 3 and 4 of the Act. Accordingly, the Information is ordered to be closed forthwith.

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- Key Features
- Computation of Tax Liability
- Tax Assessment
- Filing of Returns
- Tax Appeals
- Disputes
- Penalties
- Tax Audits and Appearance before Tax Authorities
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IN PURSUIT OF PROFESSIONAL EXCELLENCE
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For ICSI Members & Students

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SESSION COMMENCING : 10th July, 2025
COURSE FEES : Nil



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- Procedural Compliances
- Tax Audit
 - Applicability
 - Maintenance of Books of Accounts
 - Tax Auditor
 - Tax Audit Report
 - Analysis of various clauses in Tax Audit Report
 - Penalty for non-compliance
- Filing of Return of Income
- Transfer Pricing
- General Anti Avoidance Rules "GAAR"
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FROM THE GOVERNMENT

- THE COMPANIES (ACCOUNTS) AMENDMENT RULES, 2025
- THE COMPANIES (INDIAN ACCOUNTING STANDARDS) AMENDMENT RULES, 2025
- MEASURES FOR ENHANCING TRADING CONVENIENCE AND STRENGTHENING RISK MONITORING IN EQUITY DERIVATIVES
- FINAL SETTLEMENT DAY (EXPIRY DAY) FOR EQUITY DERIVATIVES CONTRACTS
- I. PROCESS FOR APPOINTMENT, RE-APPOINTMENT, TERMINATION OR ACCEPTANCE OF RESIGNATION OF SPECIFIC KEY MANAGEMENT PERSONNEL (KMPs) OF A MARKET INFRASTRUCTURE INSTITUTION (MII); AND
- II. COOLING-OFF PERIOD FOR KMPs OF AN MII JOINING A COMPETING MII
- III. PROVISION RELATING TO RE-APPOINTMENT OF PUBLIC INTEREST DIRECTORS (PIDs)
- ACCESSIBILITY AND INCLUSIVENESS OF DIGITAL KYC TO PERSONS WITH DISABILITIES
- NORMS FOR INTERNAL AUDIT MECHANISM AND COMPOSITION OF THE AUDIT COMMITTEE OF MARKET INFRASTRUCTURE INSTITUTIONS
- REVIEW OF PROVISIONS PERTAINING TO ELECTRONIC BOOK PROVIDER (EBP) PLATFORM TO INCREASE ITS EFFICACY AND UTILITY
- EXTENSION OF TIMELINE FOR IMPLEMENTATION OF PROVISIONS OF SEBI CIRCULAR DATED DECEMBER 17, 2024 ON MEASURES TO ADDRESS REGULATORY ARBITRAGE WITH RESPECT TO OFFSHORE DERIVATIVE INSTRUMENTS (ODIs) AND FPIs WITH SEGREGATED PORTFOLIOS VIS-À-VIS FPIs
- RATING OF MUNICIPAL BONDS ON THE EXPECTED LOSS (EL) BASED RATING SCALE
- INVESTOR CHARTER FOR REGISTRARS TO AN ISSUE AND SHARE TRANSFER AGENTS (RTAs)
- COMPOSITION OF THE INTERNAL AUDIT TEAM FOR CRAs
- SIMPLIFICATION OF OPERATIONAL PROCESS AND CLARIFYING REGARDING THE CASH FLOW DISCLOSURE IN CORPORATE BOND DATABASE PURSUANT TO REVIEW OF REQUEST FOR QUOTE (RFQ) PLATFORM FRAMEWORK.
- EXTENSION OF TIMELINE FOR COMPLYING WITH THE CERTIFICATION REQUIREMENT FOR THE KEY INVESTMENT TEAM OF THE MANAGER OF AIF
- REVIEW OF - (A) DISCLOSURE OF FINANCIAL INFORMATION IN OFFER DOCUMENT, AND (B) CONTINUOUS DISCLOSURES AND COMPLIANCES BY REAL ESTATE INVESTMENT TRUSTS (REITs)
- REVIEW OF - (A) DISCLOSURE OF FINANCIAL INFORMATION IN OFFER DOCUMENT / PLACEMENT MEMORANDUM, AND (B) CONTINUOUS DISCLOSURES AND COMPLIANCES BY INFRASTRUCTURE INVESTMENT TRUSTS (InvITs)
- PUBLISHING INVESTOR CHARTER FOR KYC (KNOW YOUR CLIENT) REGISTRATION AGENCIES (KRAs) ON THEIR WEBSITES
- MEASURE FOR EASE OF DOING BUSINESS – FACILITATION TO SEBI REGISTERED STOCK BROKERS TO UNDERTAKE SECURITIES MARKET RELATED ACTIVITIES IN GUJARAT INTERNATIONAL FINANCE TECH-CITY – INTERNATIONAL FINANCIAL SERVICES CENTRE (GIFT-IFSC) UNDER A SEPARATE BUSINESS UNIT (SBU)
- INCLUSION OF “THE VISHWESHWAR SAHAKARI BANK LTD., PUNE” IN THE SECOND SCHEDULE OF THE RESERVE BANK OF INDIA ACT, 1934
- REPORTING ON FIRMS PORTAL – ISSUANCE OF PARTLY PAID UNITS BY INVESTMENT VEHICLES
- WITHDRAWAL OF MASTER CIRCULAR ON DEENDAYAL ANTYODAYA YOJANA – NATIONAL URBAN LIVELIHOODS MISSION (DAY-NULM) AND RELATED CIRCULARS
- ALTERATION IN THE NAME OF “NORTH EAST SMALL FINANCE BANK LIMITED” TO “SLICE SMALL FINANCE BANK LIMITED” IN THE SECOND SCHEDULE TO THE RESERVE BANK OF INDIA ACT, 1934
- EXIM BANK’S GOI-SUPPORTED LINE OF CREDIT (LOC) FOR USD 700 MILLION TO THE GOVT. OF MONGOLIA (GO-MNG), FOR FINANCING CONSTRUCTION OF CRUDE OIL REFINERY PLANT IN MONGOLIA
- RESERVE BANK OF INDIA (DIGITAL LENDING) DIRECTIONS, 2025
- INVESTMENTS BY FOREIGN PORTFOLIO INVESTORS IN CORPORATE DEBT SECURITIES THROUGH THE GENERAL ROUTE – RELAXATIONS
- AMENDMENTS TO DIRECTIONS - COMPOUNDING OF CONTRAVENTIONS UNDER FEMA, 1999



Corporate Laws

Ministry of Corporate Affairs

01 The Companies (Accounts) Amendment Rules, 2025

[Issued by the Ministry of Corporate Affairs [F. NO. 1/19/2013-CL-V PartIV-Part(1)] dated 19.05.2025.]

In exercise of the powers conferred by sub-sections (1) and (3) of Section 128, sub-section (3) of Section 129, section 133, Section 134, sub-section (4) of Section 135, sub-section (1) of Section 136, Section 137 and Section 138 read with Section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Accounts) Rules, 2014, namely:—

- Short title and commencement. — (1) These rules may be called the Companies (Accounts) Amendment Rules, 2025.
(2) They shall come into force on the date of their publication in the Official Gazette.
- In the Companies (Accounts) Rules, 2014, in rule 12, in sub-rule (1B), in the fourth proviso, for the words, figures and letters “on or before 31st March, 2025”, the words, figures and letters “on or before 30th June, 2025” shall be substituted.

BALAMURUGAN D
Joint Secretary

02 The Companies (Indian Accounting Standards) Amendment Rules, 2025

[Issued by the Ministry of Corporate Affairs [F. No. 01/01/2009-CL-V (Part. XV)] dated 07.05.2025.]

In exercise of the powers conferred by Section 133 read with Section 469 of the Companies Act, 2013 (18 of 2013), the Central Government, in consultation with the National Financial Reporting Authority, hereby makes the following rules further to amend the Companies (Indian Accounting Standards) Rules, 2015, namely:—

- Short title and commencement. — (1) These rules may be called the Companies (Indian Accounting Standards) Amendment Rules, 2025.
(2) They shall come into force on the date of their publication in the Official Gazette.

- In the Companies (Indian Accounting Standards) Rules, 2015, in the “Annexure”, under the heading “B. Indian Accounting Standards (Ind AS)”, —

(A) in “Indian Accounting Standard (Ind AS) 21”, —

- in paragraph 8, after first sub-paragraph, the following sub-paragraph shall be inserted, namely: —

“A currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.”

- after paragraph 8, the following paragraphs shall be inserted, namely: -

“Elaboration on the definitions

Exchangeable (paragraphs A2–A10)

8A An entity assesses whether a currency is exchangeable into another currency:

- at a measurement date; and
- for a specified purpose.

8B If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.”

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

03 Measures for Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/TPD-1/P/CIR/2025/79 dated 29.05.2025]

- Derivatives market enables efficient price discovery, improved market liquidity and permits investors to manage risk. Stock Exchanges and Clearing Corporations (CCs) together provide the platform and products for trading in derivatives market, while ensuring online real time risk management, adequate surveillance, as well as smooth settlement of trades.
- The role of product offering, risk management, and surveillance by Stock Exchanges and Clearing Corporations is crucial in ensuring integrity of securities market ecosystem. This is specifically pertinent in view of the evolving market dynamics in derivatives segment in recent years, with increased retail participation, offering of short tenure index options contracts, and heightened trading volumes

in index derivatives on expiry day. Regulation 28 (2) read with Part–C of Schedule II of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations, 2018), considers Risk Management, Surveillance, and Product development functions of Stock Exchanges and Clearing Corporations as core functions. In addition, Clearing and Settlement is considered as a core function of Clearing Corporations.

3. The Securities and Exchange Board of India Act, 1992 (“SEBI Act”) mandates SEBI to protect the interest of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit. One of the means to achieve the aforesaid mandate as provided in the SEBI Act is to regulate the market through measures that enables regulating the business of Stock Exchanges.
4. In order to review the existing regulatory measures for investor protection while ensuring the orderly development and strengthening of equity Futures and Options (F&O) market, as well as to identify measures to assist Stock Exchanges in carrying out their aforementioned core functions, SEBI deliberated the matter with Expert Working Group (EWG) on derivatives, to improve risk metrics for the following objectives:
 - 4.1. Better monitoring and disclosure of risks in F&O
 - 4.2. Reduce instances of spurious F&O ban periods in single stocks
 - 4.3. Better oversight over the possibility of concentration or manipulation risk in index options.

ANSUMAN DEV PRADHAN
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

04 Final Settlement Day (Expiry Day) for Equity Derivatives Contracts

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-TPD-1/P/CIR/2025/76 dated 26.05.2025]

1. The Securities and Exchange Board of India Act, 1992 (“SEBI Act”) mandates SEBI to protect the interest of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit. One of the measures to achieve the aforesaid objective is through regulating the business in the stock exchanges.
2. Under the extant Regulatory provisions, stock exchanges can decide upon the expiry day of their derivatives products. In the multi exchange framework, spacing out of expiry days through the week reduces concentration risk and provides an opportunity to stock exchanges to offer product differentiation to market participants. At the same time, too many expiry days has the potential to revive expiry day hyperactivity which could jeopardize investor protection and market stability. Against the

aforesaid backdrop, a consultation paper was issued by SEBI on March 27, 2025, in the matter. The comments received were examined by SEBI, and the matter was further deliberated in Secondary Market Advisory Committee (SMAC) of SEBI.

3. Based on the aforesaid and in exercise of powers conferred under Section 11 (1) read with Section 11(2) (a) of the SEBI Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, following has been decided with regard to final settlement day / expiry day for equity derivatives contracts:
 - 3.1. Expiries of all equity derivatives contracts of an exchange will be uniformly limited to either Tuesday or Thursday.
 - 3.2. Every exchange will continue to be allowed one weekly benchmark index options contract on their chosen day (Tuesday or Thursday).
 - 3.3. Besides benchmark index options contracts, all other equity derivatives contracts, viz., all benchmark index futures contracts, non-benchmark index futures / options contracts, and all single stock futures / options contracts will be offered with a minimum tenor of 1 month, and the expiry will be in the last week of every month on their chosen day (that is last Tuesday or last Thursday of the month).
 - 3.4. Exchanges will now seek prior approval of SEBI for modifying the settlement day of their derivatives contracts from the one which has been existing.
4. To operationalize the aforesaid circular, stock exchanges shall submit their proposal to SEBI, in compliance with Clause 3 above, by June 15, 2025.
5. Stock Exchanges and Clearing Corporations are directed to take necessary steps to put in place systems for implementation of this Circular, including necessary amendments to the relevant bye-laws, rules and regulations, if any.
6. This circular is available on SEBI website at www.sebi.gov.in under the category “Legal → Circulars”.

ANSUMAN DEV PRADHAN
General Manager

05 i. Process for appointment, re-appointment, termination or acceptance of resignation of specific Key Management Personnel (KMPs) of a Market Infrastructure Institution (MII); and ii. Cooling-off period for KMPs of an MII joining a competing MII iii. Provision relating to re-appointment of Public Interest Directors (PiDs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/75 dated 26.05.2025]

- A. **Process for appointment, re-appointment, termination or acceptance of resignation of specific KMPs of an MII**
 1. To strengthen the governance framework of Stock Exchanges, Clearing Corporations and Depositories (collectively referred as Market Infrastructure Institutions (MIIs)), it is required that the Key

Management Personnel (KMPs) of MIIs in the crucial areas of operations such as compliance, risk management, technology and information security are of appropriate stature and independence. These KMPs namely the Compliance Officer (CO), Chief Risk Officer (CRiO), Chief Technology Officer (CTO) and Chief Information Security Officer (CISO) are crucial for any MII to deliver on its core public interest mandate of giving primacy to compliance, risk management, technological resilience and market integrity, over commercial considerations.

2. While the Governing Board of the MII sets the overall tone, a culture of prioritizing efficient discharge of responsibilities towards public interest falling under Verticals 1 and 2, over commercial interest under Vertical 3 must be ingrained at the operating level as well.
3. Along with having a capable and efficient Managing Director (MD), there is a need for KMPs of appropriate stature and ability in Vertical 1 and 2 to ensure that the MII delivers its primary mandate as a public utility infrastructure institution and a first line regulator.

HRUDA RANJAN SAHOO
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 Accessibility and Inclusiveness of Digital KYC to Persons with Disabilities

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/SECFAF/P/CIR/2025/74 dated 23.05.2025]

1. The Hon'ble Supreme Court in its judgement dated April 30, 2025, emphasized the need for equal and accessible inclusion of persons with disabilities for availing financial services and directed to ensure that the process of digital KYC is accessible to persons with disabilities.
2. SEBI is committed to the cause of enabling equal access of services of its registered intermediaries to persons with disabilities, including persons with visual impairments and in order to make the digital KYC process inclusive and accessible, FAQ on Account opening by Persons with Disabilities has been revised and is available on 'SEBI Website → FAQs → Know Your Client Requirements, Demat / Trading Account Opening → FAQ on Account Opening by Persons with Disabilities.
3. Intermediaries shall extend their services enabling digital accessibility to client including persons with disabilities and shall be guided by the said FAQ on Account opening by Person with Disabilities.
4. This circular is being issued in exercise of the powers confined under Section 11(1) of the Securities and Exchange Board of India Act, 1992
5. This circular is available at www.sebi.gov.in under the link "Legal → Circulars"

SAPNA SINHA
Deputy General Manager

07 Norms for Internal Audit Mechanism and composition of the Audit Committee of Market Infrastructure Institutions

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/POD 3/P/CIR/2025/69 dated 19.05.2025]

1. Stock Exchanges, Clearing Corporations and Depositories (hereinafter referred as Market Infrastructure Institutions (MIIs)) are institutions that provide vital capital market infrastructure for trading; clearing & settlement; and holding, transfer & record keeping of securities. MIIs have a unique operating model in that they are empowered by law to regulate their members such as Trading Members, Clearing Members, Depository Participants, etc. The primary objective of an MII is to focus more towards serving as a crucial public utility infrastructure institution and a first line regulator for its constituents, while operating as efficient, innovative and competitive commercial entity.

A. Norms for the Internal Audit Mechanism at MIIs

2. It is essential that the MIIs shall operate in an efficient and transparent manner, be accountable for their actions, maintain highest standards of governance and risk management, etc. Internal audit helps to identify, assess, and mitigate risks that could impact the MII's operations, efficiency, financial stability, etc. Internal audit also ensures that the MII's comply with relevant laws, regulations, circulars, guidelines, industry standards, etc.
3. MIIs being corporate entities governed by the provisions of Companies Act, 2013 are required to conduct Internal Audit. Further, in terms of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations, 2018) and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (D&P Regulations, 2018), the governing boards of the MIIs are required to provide for three lines of defense of which the third line of defense comprises the Internal Audit Function.
4. In order to further strengthen the governance mechanism at MIIs, based on the feedback received from various stakeholders and recommendations of Secondary Market Advisory Committee of SEBI (SMAC), the following guidelines for the internal audit mechanism at MIIs have been prescribed:
 - 4.1. Every MII shall conduct internal audit of all functions and activities of the MII (i.e. functions and activities of Vertical 1 (Critical operations), Vertical 2 (Regulatory, compliance, risk management and investor grievances) and Vertical 3 (Other functions including business development)) at least once in a Financial Year.
 - 4.2. The internal auditor of the MII shall be an independent audit firm(s). The MIIs shall have a policy for appointment of internal auditors

approved by the Audit Committee and governing board of the MII.

- 4.3. Internal auditor of an MII shall report only to the Audit Committee of the MII.
- 4.4. The scope of the internal auditor shall include all functions and activities of the MIIs (i.e. functions and activities of Vertical 1, Vertical 2 and Vertical 3) and shall be approved by the Audit Committee of the MII (including any other area as may be specified by the Audit Committee). Further, in order to standardize the terms of reference of the internal auditor across similar MIIs, the MIIs may do so in consultation with the Industry Standards Forum of MIIs (ISF).
- 4.5. The observations of the internal auditor shall be sent to the respective Head of Departments (HoDs) for their comments in a time bound manner.
- 4.6. The internal auditor after incorporating comments of the HoDs shall share the final report with the Audit Committee in a time bound manner. Further, any initial observation(s) of the internal auditor, which have been dropped/closed subsequent to the clarifications/comments of HoDs, shall also be included in the Final Report, along with rationale/justifications for dropping such observation(s). Wherever required, the Audit Committee may seek views of other Statutory Committees of the MII on the observations of the internal auditor.
- 4.7. The various timelines for internal audit shall be prescribed by the Audit Committee of the MII.
- 4.8. The internal auditor of the MII shall appraise the Audit Committee, at least once in every six months within 60 days from the end of September and March, on critical issues concerning the MII, in the absence of the management.

HRUDA RANJAN SAHOO
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

08 Review of provisions pertaining to Electronic Book Provider (EBP) platform to increase its efficacy and utility

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/0000000073 dated 16.05.2025]

1. In order to increase the efficacy and utility of the EBP platform and have a review of various feedback received on the primary issuance of various securities on a private placement basis, SEBI had set up a working group. It may be mentioned that the Master circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 in its Chapter VI – “Electronic Book Provider platform”, Chapter VII – “Standardization of timelines for listing of securities issued on a private placement basis” and

Chapter XV – “Reporting of primary issuances” of (hereinafter referred as “Master circular”) prescribes provisions related to the EBP platform.

2. Based on the recommendations of the working group, due public consultations & feedback received and internal deliberations and evaluation of the recommendations and feedback, certain provisions of the Master circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024, specifically in the Chapter VI and Chapter VII, are hereby modified as stated in the following paragraphs.
3. The following clauses shall replace and substitute the clauses under Chapter VI of SEBI Master Circular dated May 22, 2024:
 2. The following issues of securities shall be made through the EBP platform:
 - 2.1. A private placement of debt securities and NCRPS as per the provisions of SEBI NCS Regulations, 2021 and municipal debt securities as per provisions of SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, if it is:
 - i. a single issue, inclusive of green shoe option, if any, of Rs. 20 crore or more;
 - ii. a shelf issue, consisting of multiple tranches, which cumulatively amounts to Rs. 20 crore or more, in a financial year; and
 - iii. a subsequent issue, where aggregate of all previous issues by an issuer in a financial year equals or exceeds Rs. 20 crore.
 3. An issuer, if desirous, may choose to access EBP platform for private placement of securitised debt instruments or security receipts or CPs or CDs, and issuers constituted as REITs, SM REITs and InvITs may also access the EBP platform for private placement of units of REITs, SM REITs and InvITs.
 4. Issuers of debt securities, NCRPS and municipal debt securities on private placement basis of issue size less than Rs. 20 crore may also choose to access the EBP platform for such issuances.

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

09 Extension of timeline for implementation of provisions of SEBI circular dated December 17, 2024 on Measures to address regulatory arbitrage with respect to Offshore Derivative Instruments (ODIs) and FPIs with segregated portfolios vis-à-vis FPIs

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-POD-3/P/CIR/2025/71 dated 16.05.2025]

1. SEBI vide Circular No. SEBI/HO/AFD/AFD-POD-3/P/CIR/2024/176 dated December 17, 2024, inter alia, provided for additional disclosures to be made by ODI subscribers and FPIs with segregated portfolios.

The provisions were contained in paragraphs 2.2 to 2.7 of the said circular.

- Paragraphs 4 and 5 of the said circular, inter-alia, specifies the following:

“4. The provisions of this circular except Para 2.2 to 2.7 shall come into force with immediate effect. Para 2.2 to 2.7 shall come into effect after 5 months from the date of this Circular.....

5. Depositories are advised to put in place appropriate systems, procedures and mechanisms to ensure compliance with the provisions of this Circular within 5 months from the date of this Circular.”

- Based on representations received from market participants and in order to ensure smooth implementation of the said circular, it has been decided to extend the above timeline, prescribed under Paragraphs 4 and 5 of the said circular, to November 17, 2025.
- All other provisions of SEBI circular dated December 17, 2024 shall remain unchanged.
- This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 21, 22(1), 22(6), 22(7) and 44 of SEBI (Foreign Portfolio Investors) Regulations, 2019, and Sub-rule 14 (i) of Rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
- This Circular is available at www.sebi.gov.in under the link “Legal ---Circulars”.

APARNA THYAGARAJAN

Chief General Manager

10 Rating of Municipal Bonds on the Expected Loss (EL) based Rating Scale

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/ 70 dated 15.05.2025]

- Para 5.6.1 of the Master Circular for Credit Rating Agencies (CRAs) ("Master Circular") dated May 16, 2024 provides that in addition to the standardized rating scales prescribed for various instruments, an Expected Loss (EL) based Rating Scale may be used by CRAs for ratings of projects/ instruments associated with infrastructure sector.
- Pursuant to deliberations with various stakeholders, including the Corporate Bonds and Securitisation Advisory Committee (CoBoSAC), it is felt that EL Ratings, when used along with standardized rating scale/ Probability of Default (PD) Rating, can better reflect the recovery prospects of municipal bonds. Further, Urban Local Bodies/ Municipalities issue bonds primarily for the creation/ development of

infrastructure. Therefore, it has been decided that CRAs may, in addition to the standardised rating scale, extend the EL-based Rating Scale for rating of Municipal Bonds which are issued for financing infrastructure assets.

- This circular shall be applicable with immediate effect.
- This circular is issued with the approval of competent authority, in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 20 of CRA Regulations to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.
- 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



Investor Charter for Registrars to an Issue and Share Transfer Agents (RTAs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/67 dated 14.05.2025]

- SEBI, vide Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/670 dated November 26, 2021 (hereinafter mentioned as ‘Circular’) and Clause 29 of Master Circular for RTAs dated May 07, 2024 (hereinafter mentioned as ‘Master Circular’), inter alia, issued Investor charter for RTAs.
- 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 RTAs.
- In view of the above and based on consultation with RTAs’ Industry Standards Forum (ISF), updated investor charter for RTAs is placed at Annexure A.
- In this regard, all the registered RTAs shall take necessary steps to bring the Investor Charter to the notice of existing and new shareholders by way of
 - disseminating the Investor Charter on their websites/through e-mail;
 - displaying the Investor charter at prominent places in offices etc.
- The Registrar Association of India (RAIN) shall also disseminate the Investor Charter on its website.
- Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the registered RTAs shall continue to disclose on their

respective websites, 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.

7. These disclosure requirements are in addition to those already mandated by SEBI.
8. The provisions of this circular shall come into force with immediate effect.
9. With the issuance of this circular, SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/670 dated November 26, 2021 stands rescinded and Clause 29 of Master Circular for RTAs dated May 07, 2024 stands amended as per this circular.
10. 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 read with Regulation 15D of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
11. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars

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

12 Composition of the Internal Audit team for CRAs

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/68 dated 14.05.2025]

1. Para 33.1.3 of the Master Circular for Credit Rating Agencies (CRAs) dated May 16, 2024, in respect of requirements related to Internal Audit of CRAs, specifies as under:

"The audit team must be composed of, at least, a Chartered Accountant (ACA/ FCA) and a Certified Information Systems Auditor/ Diploma in Information Systems Auditor (CISA/ DISA)."

2. In order to provide CRAs with a larger pool of eligible professionals with the relevant experience/ qualifications for conducting the internal audit, it has been decided to include Cost Accountant (ACMA/ FCMA) and Diploma in Information System Security Audit (DISSA) qualifications from the Institute of Cost Accounts of India (ICMAI) to the audit team. Accordingly, Para 33.1.3 of the Master Circular for CRAs stands modified as under:

"The audit team must be composed of at least a Chartered Accountant (ACA/ FCA) or a Cost Accountant (ACMA/ FCMA) and a Certified Information Systems Auditor/ Diploma in Information System Security Audit (CISA/ DISA/ DISSA)."

3. The circular shall be applicable with immediate effect.
4. This circular is issued with the approval of competent authority, in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 20 of SEBI (Credit Rating Agencies) Regulations, 1999 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.
5. This Circular is available 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

13 Simplification of operational process and clarifying regarding the cash flow disclosure in Corporate Bond Database pursuant to review of Request for Quote (RFQ) Platform framework

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHSPD1/P/CIR/2025/72 dated 13.05.2025]

Based on the recommendations of the working group formed for the purpose of review of RFQ platform and due public consultation on the proposals and feedback thereat, the following has been decided:

1. Simplification of the operational process relating to yield to price computation on the Request for Quote (RFQ) Platform
 - 1.1. Chapter XXII of the SEBI Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated May 22, 2024 ('NCS Master Circular') stipulates provisions for trade execution and settlement of trades in listed Nonconvertible Securities, Securitised Debt Instruments, Municipal Debt Securities and Commercial Paper on the RFQ platform of the Stock Exchanges.
 - 1.2. In order to simplify the process of yield to price computation for non-convertible securities, cash flow dates regarding payment of interest/ dividend/ redemption for the securities traded on RFQ platform for the purpose for yield to price computation shall not be adjusted for day count convention and shall accordingly be based on the due date of payment as per the cash flow schedule and not as per the date of payment.
 - 1.3. Accordingly, the following clause will be inserted as clause 9 in the said Chapter XXII of NCS Master Circular:

"(9) Yield to Price computation

In order to simplify the process of yield to price computation for non-convertible securities, cash flow dates regarding payment of interest/ dividend/ redemption for the securities traded on RFQ platform

for the purpose for yield to price computation shall not be adjusted for day count convention and shall accordingly be based on the due date of payment as per the cash flow schedule and not as per the date of payment.”

2. Disclosure of cash flow regarding payment of interest/dividend/ redemption in the centralized corporate bond database.
 - 2.1. Clause 3.3.34 of Schedule I of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 requires Issuer to disclose cash flow with date of with date of interest/dividend/ redemption payment as per day count convention in the offer document.
 - 2.2. Chapter XIV of the NCS Master Circular requires issuers to submit and update certain information in the centralized database at the time of activation of the ISIN and post listing of securities. Presently, the information regarding the cash flow schedule is not captured in the centralized bond database.

ROHIT DUBEY
General Manager

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14 Extension of timeline for complying with the certification requirement for the key investment team of the Manager of AIF

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-PoD-1/P/CIR/2025/066 dated 13.05.2025]

1. In terms of Regulation 4(g)(i) of SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”), the key investment team of the Manager of an Alternative Investment Fund (AIF) shall have at least one key personnel with relevant certification as may be specified by SEBI from time to time. The said Regulation has come into force with effect from May 10, 2024.
2. Further, notification issued under SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 on May 10, 2024 prescribed ‘NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination’ for the compliance with Regulation 4(g)(i) of AIF Regulations.
3. Subsequently, SEBI vide circular dated May 13, 2024 has, inter alia, specified that schemes of AIFs as on May 13, 2024 and schemes of AIFs whose application for launch of scheme were pending with SEBI as on May 10, 2024, may comply with the aforesaid certification requirement by May 9, 2025.
4. In this regard, based on representation received from the AIF industry, and with the objective of providing ease of compliance to the AIF industry, it has been

decided to extend the said timeline from May 9, 2025 to July 31, 2025 to obtain the requisite NISM certification.

5. The provisions of this circular shall come into force with immediate effect.
6. This circular is issued with the approval of the competent authority.
7. 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 Regulations 4(g)(i) and 36 of AIF Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. The circular is available on SEBI website at www.sebi.gov.in under the categories “Legal framework - Circulars” and “Info for - Alternative Investment Funds”.

SANJAY SINGH BHATI
Deputy General Manager

15 Review of - (a) disclosure of financial information in offer document, and (b) continuous disclosures and compliances by Real Estate Investment Trusts (REITs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/64 dated 07.05.2025]

1. Chapter 3 of the Master Circular for REITs dated May 15, 2024 (“Master Circular”) provides guidelines for disclosure of financial information in the offer document by REITs along with the framework for calculation of Net Distributable Cash Flows. Chapter 4 of the Master Circular specifies provisions for continuous disclosures and compliances by the REITs, post listing of units.
2. The Working Group for review of compliance requirements for REITs and InvITs, constituted under the aegis of Hybrid Securities and Advisory Committee (HySAC), submitted its report on Ease of Doing Business recommendations for REITs and InvITs.
3. Based on the report of the Working Group, inputs of Indian REITs Association, recommendations of the HySAC and internal deliberations, Chapter 3 and Chapter 4 of the Master Circular shall stand revised and the revised chapters are placed at Annexure – A.
4. Further, Paragraph 7 of Annexure – 5 of the Master Circular shall be substituted with the following:

“7. Financials:

- a) *Disclosure as per clauses 11(a) to 11(c) and 11(e) of the Schedule III of the REIT Regulations:*

Provided that if the REIT has undertaken any acquisition or divestment of any material assets after the latest period for which the financial

information is disclosed in the placement document but before the date of filing of the placement document, the certified proforma financial statements shall be disclosed for at least the period covering last completed financial year and the stub period, if any. The preparation and certification of proforma financial statements shall be as provided in Section '(H)' of Chapter 3 of this master circular.

- b) Disclosure as per clause (a) above may be incorporated by reference to any public disclosures of financials made under the REIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the REIT and the stock exchanges.
- c) Summary of the audited financial statements of the assets proposed to be acquired for the previous three years and the stub period (if available).

Provided that in cases where the general purpose financial statement of the assets being acquired are not available, combined / carved-out financial statements for those assets shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. The combined / carved-out financial statements shall be audited by the auditor of the seller in accordance with applicable framework.

- d) If the REIT has been in existence for a period lesser than the last three completed financial years, then disclosure as per clause (a) above may be provided for such financial years for which the REIT has been in existence and for the stub period (if applicable)."

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

16

Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Infrastructure Investment Trusts (InvITs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/63 dated 07.05.2025]

1. Chapter 3 of the Master Circular for InvITs dated May 15, 2024 ("Master Circular") provides guidelines for disclosure of financial information in the offer document / placement memorandum by InvITs along with the framework for calculation of Net Distributable Cash Flows. Chapter 4 of the Master Circular specifies provisions for continuous disclosures and compliances by the InvITs, post listing of units.
2. The Working Group for review of compliance requirements for REITs and InvITs, constituted

under the aegis of Hybrid Securities and Advisory Committee (HySAC), submitted its report on Ease of Doing Business recommendations for REITs and InvITs.

3. Based on the report of the Working Group, inputs of Bharat InvITs Association, recommendations of the HySAC and internal deliberations, Chapter 3 and Chapter 4 of the Master Circular shall stand revised and the revised chapters are placed at Annexure A.
4. Further, Paragraph 7 of Annexure – 5 of the Master Circular shall be substituted with the following:

"7. Financials:

- a) Disclosure as per clauses 11(a) to 11(c) and 11(e) to 11(f) of the Schedule III of the InvIT Regulations:

Provided if the InvIT has undertaken any acquisition or divestment of any material asset(s) after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer, the certified proforma financial statements shall be disclosed for at least the period covering last completed financial year and the stub period, if any. The preparation and certification of proforma financial statements shall be as provided in Section '(H)' of Chapter 3 of this master circular.

- b) Disclosure as per clause (a) above may be incorporated by reference to any public disclosures of financials made under the InvIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the InvIT and the stock exchanges.

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

17

Publishing Investor Charter for KYC (Know Your Client) Registration Agencies (KRAs) on their Websites

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/PODFATF/P/CIR/2025/62 dated 06.05.2025]

1. In order to facilitate investor awareness about various activities where an investor/client has to deal with KRAs for availing Investor Service Requests, SEBI has developed an Investor Charter for KRAs, inter-alia, detailing the services provided to Investors, Rights of Investors, various activities of KRAs, Dos and Don'ts for Investors and Grievance Redressal Mechanism.
2. In this regard, all the registered KRAs shall take necessary steps to bring the Investor Charter, as provided at 'Annexure – A' to the notice of existing and new investors by way of:
 - a) disseminating the Investor Charter on their websites / through e-mail;

- b) displaying the Investor charter at prominent places in offices etc.
3. These disclosure requirements are in addition to those already mandated by SEBI.
4. 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.
5. The Circular is issued with the approval of the competent authority.
6. This circular is available at www.sebi.gov.in under the link "Legal --- Circulars".

SAPNA SINHA

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

18 Measure for Ease of Doing Business – Facilitation to SEBI registered Stock Brokers to undertake securities market related activities in Gujarat International Finance Tech-city – International Financial Services Centre (GIFT-IFSC) under a Separate Business Unit (SBU)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/61 dated 02.05.2025]

1. In order to facilitate SEBI registered stock brokers to undertake securities market related activities in Gujarat International Finance Tech-city – International Financial Services Centre (GIFT-IFSC), it has been decided to do away with the requirement of obtaining specific approval from SEBI.
2. Stock brokers proposing to undertake securities market related activities in GIFT-IFSC are permitted to do so under a Separate Business Unit (SBU) of the stock broking entity itself. These activities can also be carried out if the branch qualifies as an SBU.
3. Existing practice of carrying out securities market related activities in GIFT-IFSC through a subsidiary is also allowed. Thus, the form in which these activities are to be carried out is at the discretion of the entity.
4. The matters related to policy, eligibility criteria, risk management, investor grievances, inspection, enforcement, claims etc. for SBU in GIFT-IFSC would be specified under the regulatory framework issued by the concerned regulatory authority and all activities of the SBU in GIFT-IFSC would be under the jurisdiction of that regulatory authority.
5. In pursuance of the above regulatory jurisdiction, to demarcate the regulatory obligations and to ring fence the activities of the stock brokers in Indian securities market and that of SBU in GIFT-IFSC, some of the key safeguards are being prescribed as under:

- 5.1 Stock brokers shall ensure that securities market related activities of the SBU in GIFT-IFSC are segregated and ring-fenced from the Indian securities market related activities of the stock broker and arms-length relationship between these activities is maintained.
- 5.2 Such SBU in GIFT-IFSC shall be exclusively engaged in providing securities market related activities as permitted by the IFSCA. Further that, the activities to be carried out by the SBU shall be as permitted by the IFSCA.
- 5.3 Stock brokers shall prepare and maintain a separate account for the SBU on arms-length basis.
- 5.4 The net worth of the SBU shall be kept segregated from the net worth of the stock broker in the Indian securities market. Net worth criteria for stock broker shall be satisfied after excluding account of the SBU. The net worth for the purpose of the SBU shall be as per regulatory framework issued by the concerned regulatory authority.

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

19 Inclusion of "The Vishweshwar Sahakari Bank Ltd., Pune" in the Second Schedule of the Reserve Bank of India Act, 1934

[Issued by the Reserve Bank of India vide RBI/2025-26/41 DoR.RET.REC.21/12.07.160/2025-26 dated 27.05.2025]

It is advised that "The Vishweshwar Sahakari Bank Ltd., Pune" has been included in the Second Schedule of the Reserve Bank of India Act, 1934 vide Notification DoR.REG./LIC. No.S75/08.27.300/2025-26 dated April 07, 2025 and published in the Gazette of India (Part III - Section 4) dated May 09, 2025.

MANORANJAN PADHY

Chief General Manager

20 Reporting on FIRMS portal – Issuance of Partly Paid Units by Investment Vehicles

[Issued by the Reserve Bank of India vide RBI/2025-26/40 A.P. (DIR Series) Circular No. 06 dated 23.05.2025]

Attention of Authorised Dealer (AD) Category - I banks is invited to the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (hereinafter referred as 'Rules'), notified by the Central Government on October 17, 2019, which have been amended through the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2024 vide S.O. 1361(E), dated March 14, 2024, enabling issuance of partly paid units to persons resident outside India by investment vehicles. Reference is also invited to Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 and A.P. (DIR Series) Circular No. 7 dated May 21, 2024, issued by the Reserve Bank.

2. In terms of Regulation 4(10) of the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, an investment vehicle which has issued its units to a person resident outside India shall file Form InVI within 30 days from the date of issue of units. In this connection, it is advised that investment vehicles may report issuances of partly paid units made prior to the date of this circular in Form InVI within 180 days from the date of this circular. No late submission fees shall be applicable for such reporting made within this period. However, issuances of partly paid units by investment vehicles on or after the date of this circular shall continue to be reported within 30 days, in accordance with the timelines specified under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019.
3. These directions will become operative with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their customers / constituents concerned.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

DR. ADITYA GAIHA

Chief General Manager-In-Charge

21 Withdrawal of Master Circular on Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM) and related circulars

[Issued by the Reserve Bank of India vide RBI/2025-26/39 FIDD.CO.GSSD. BC.No 06/09.16.003/2025-26 dated 21.05.2025]

The Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM) has officially concluded on September 30, 2024. Consequently, the Master Circular dated April 5, 2021 on DAY-NULM and other related circulars listed in the Annex, stand withdrawn with effect from October 1, 2024.

2. Accordingly, banks are not required to submit returns prescribed in the aforesaid circulars.

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

22 Alteration in the name of “North East Small Finance Bank Limited” to “slice Small Finance Bank Limited” in the Second Schedule to the Reserve Bank of India Act, 1934

[Issued by the Reserve Bank of India vide RBI/2025-26/38 DoR.RET. REC.20/12.07.160/2025-26 dated 21.05.2025]

It is advised that the name of “North East Small Finance Bank Limited” has been changed to “slice Small Finance Bank Limited” in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification DoR.LIC.No.S1134/16.13.216/2025-26 dated May 14, 2025, which is published in the Gazette of India (Part III-Section 4) dated May 16, 2025.

MANORANJAN PADHY

Chief General Manager

23 Exim Bank's GOI-supported Line of Credit (LoC) for USD 700 million to the Govt. of Mongolia (GO-MNG), for financing construction of Crude Oil Refinery Plant in Mongolia

[Issued by the Reserve Bank of India vide RBI/2025-2026/37 A.P. (DIR Series) Circular No. 05/2025-26 dated 26.05.2025]

Export-Import Bank of India (Exim Bank) has entered into an agreement dated January 16, 2025, with the Government of Mongolia (GO-MNG), for making available to the latter, Government of India supported Line of Credit (LoC) of USD 700 Mn(USD Seven Hundred Million only) for financing construction of Crude Oil Refinery Plant in Mongolia.

2. The export of eligible goods and services from India, as defined under the agreement, would be allowed, subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement.
3. The Agreement under the LoC is effective from May 06, 2025. Under the LoC, the last date for disbursement will be 48 months after scheduled completion date of the contract.
4. Shipments under the LoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time.
5. No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in any foreign currency. Authorised Dealer (AD) Category- I banks may allow such remittance after realization of full eligible value of export, subject to compliance with the extant instructions for payment of agency commission.
6. AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in.
7. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

N SENTHIL KUMAR

Chief General Manager

24 Reserve Bank of India (Digital Lending) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/36 DOR.STR. REC.19/21.07.001/2025-26 dated 08.05.2025]

1. Preamble

Reserve Bank is statutorily mandated to operate the credit system of the country to its advantage. In this endeavour, Reserve Bank encourages innovation in the financial systems, products and credit delivery methods while ensuring orderly

growth, financial stability and protection of depositors' and borrowers' interest. Certain concerns had emerged around the methods of designing, delivering and servicing digital credit products, which if not mitigated, may impact the borrower's confidence in the digital lending ecosystem. The concerns primarily relate to unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices. To address these concerns, pursuant to the recommendations made by the "Working Group on Digital Lending", the Reserve Bank has, from time to time, issued guidelines to its regulated entities on digital lending. These Directions consolidate the earlier instructions along with certain new measures for arrangements involving Lending Service Providers partnering with multiple regulated entities as mentioned under para 6, and for creation of a directory of digital lending apps as mentioned under para 17 of these Directions.

Accordingly, in exercise of powers conferred by sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, sections 30A and 32 of the National Housing Bank Act, 1987, section 6 of the Factoring Regulation Act, 2011 and section 11 of the Credit Information Companies (Regulation) Act, 2005, the Reserve Bank of India being satisfied that it is necessary and expedient in the 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

25 Investments by Foreign Portfolio Investors in Corporate Debt Securities through the General Route – Relaxations

[Issued by the Reserve Bank of India vide RBI/2025-26/35 FMRD.FMD. No.01/14.01.006/2025-26 dated 08.05.2025]

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA. 396/2019-RB dated October 17, 2019, as amended from time to time; and the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 dated January 07, 2025 [hereinafter, 'Master Direction'].

- At present, investments by Foreign Portfolio Investors (FPIs) in corporate debt securities through the General Route are subject to the short-term investment limit and the concentration limit as prescribed in paragraphs 4.4(iii) and 4.4(v) of the Master Direction, respectively. On a review, and with a view to providing greater ease of investment to FPIs, it has been decided to withdraw the requirement for investments by FPIs in corporate debt securities to comply with the short-term investment limit and the concentration limit.
- The directions in this circular are issued with immediate effect.
- The updated Master Direction is enclosed herewith.
- AD Category-I banks may bring the contents of these directions to the notice of their constituents.

- The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) without prejudice to permissions/approval, if any, required under any other law.

DIMPLE BHANDIA
Chief General Manager

26 Amendments to Directions - Compounding of Contraventions under FEMA, 1999

[Issued by the Reserve Bank of India dated 07.05.2025]

1. Introduction

This Framework for Formulation of Regulations (hereinafter referred to as 'the Framework') lays down the broad principles for formulation and amendment of Regulations by the Reserve Bank of India (hereinafter referred to as "the Bank"). The Framework seeks to standardize the process of making Regulations in a transparent and consultative manner after conducting impact analysis, as may be feasible.

2. Definition:

- For the purpose of this Framework, "Regulations" shall include all regulations, directions, guidelines, notifications, orders, policies, specifications, and standards as issued by the Bank in exercise of the powers conferred on it by or under the provisions of the Acts and Rules, given in Annex.
- The Bank may also follow the process laid down in the Framework for any other regulation, direction, guideline, notification, order, policy, specification, or standard made pursuant to any other legal provisions, as deemed fit.

3. Public Consultation

- Before issuance of a Regulation, the Bank shall publish the draft of such Regulation along with a statement of particulars on the Bank's official website (www.rbi.org.in) and seek public comments.
- The statement of particulars shall, among others, include:
 - the enabling provision(s) that empower the Bank to issue the Regulation;
 - the objective(s) of the Regulation, including an impact analysis, to the extent feasible;
 - guidance from the international standard setting bodies and best practices, if any;
 - the manner of implementation of the Regulation; and
 - the timelines for receiving comments from the public.

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in



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President, The ICSI

CS Pawan G Chandak
Vice President, The ICSI

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

CS Asish Mohan
Secretary, The ICSI

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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

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

5

NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF APRIL 2025
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF APRIL 2025
- NEW ADMISSIONS
- OBITUARIES
- CHANGE / UPDATION OF ADDRESS
- PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2025-2026
- PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2025-2026
- UPLOADING OF PHOTOGRAPH AND SIGNATURE



Institute News

MEMBERS RESTORED DURING THE MONTH OF APRIL 2025

SL. NO.	NAME	MEMB NO.	REGION
1	CS NAVDEEP KUCHHAL	ACS - 61144	NIRC
2	CS AKASH TOSHNIWAL	ACS - 62368	NIRC
3	CS VENNAPOSA KARUNAKARA REDDY	ACS - 71047	SIRC
4	CS SAROJ KUMAR SENAPATI	FCS - 2898	NIRC
5	CS SWEETY KILLA	ACS - 19166	EIRC
6	CS MEGHA JOSHI	ACS - 24794	SIRC
7	CS POOJA RAJU THANAWALA	ACS - 31473	WIRC
8	CS JINAL DHARMENDRA JAIN	ACS - 59185	WIRC
9	CS KARUNA SUDHIR NAIK	ACS - 42830	WIRC
10	CS SHALINI AGGARWAL	ACS - 50847	NIRC
11	CS STUTI PAREEK	ACS - 70965	NIRC
12	CS SHAGUN MANOJ AGRAWAL	ACS - 72106	WIRC
13	CS TANVI ANANT GARATY	ACS - 72489	WIRC
14	CS NITIN GAUTAM	ACS - 17634	NIRC
15	CS GAURANGI HARENDRA KR SHUKLA	ACS - 19372	WIRC
16	CS JAYARANI GOLLABOINA	ACS - 19952	SIRC
17	CS YASHODHARA DEEPAK GADGIL	ACS - 26028	WIRC
18	CS MANISHA BABUBHAI SOLANKI	ACS - 31655	WIRC
19	CS POOJA BHATACHARYA	ACS - 34336	SIRC
20	CS JEENAL GOYAL	ACS - 63504	WIRC
21	CS NARESHKUMAR SHANKARLAL TRIVEDI	ACS - 43681	SIRC
22	CS ANUJA PODDAR	ACS - 47151	SIRC
23	CS NASRA ALI HABIB	ACS - 48656	NIRC
24	CS RAJIV AGARWAL	FCS - 4022	NIRC
25	CS TARA RAWAT	ACS - 46756	NIRC
26	CS SITAR GANDHI	ACS - 57264	WIRC
27	CS ABHINAV KUMAR MISHRA	ACS - 60570	EIRC
28	CS MONIKA AGARWAL	ACS - 37161	NIRC
29	CS GAURAV TYAGI	ACS - 40454	NIRC

30	CS SHREYA KATHPAL	ACS - 62731	NIRC
31	CS PRACHI SHANTANU SAWARGAONKAR	ACS - 29279	WIRC
32	CS MAHIMA LALWANI	ACS - 60680	WIRC
33	CS NIDHI MAHESHWARI	ACS - 67397	NIRC
34	CS RUTU SHYAM AMBANI	ACS - 68714	WIRC
35	CS SUKESHINI SARKAR	ACS - 20838	EIRC
36	CS RUCHI DEVAKANT SHARMA	ACS - 53765	WIRC
37	CS ANUBHA PANT	ACS - 27830	SIRC
38	CS SUMIT DASS	ACS - 44223	NIRC
39	CS JINU MENON	ACS - 61531	SIRC
40	CS SANKET SHIVKANT SHARMA	ACS - 44982	WIRC
41	CS POOJA MITTAL	ACS - 67211	NIRC
42	CS PREETHI NAYAGANTI	ACS - 24212	SIRC
43	CS KOMAL SURI	ACS - 56595	NIRC
44	CS ADITI PATIDAR	ACS - 72276	WIRC
45	CS KRISHNA RAKESH SHAH	ACS - 72414	WIRC
46	CS CYRUS RAJA	FCS - 3138	WIRC
47	CS PANKAJ JAIN	FCS - 7730	NIRC
48	CS SAGAR PRAKASH GAIKWAD	ACS - 38186	WIRC
49	CS HIMANI NARANG	ACS - 61466	NIRC
50	CS SANKALP MOHINDRA	ACS - 69565	NIRC
51	CS D MURALI	ACS - 21215	SIRC
52	CS HARSHITA MAHESHWARI	ACS - 30764	NIRC
53	CS GAURAV GUPTA	ACS - 39118	NIRC
54	CS KHYATI JAIN	ACS - 44403	NIRC
55	CS R K RAVISHANKAR	ACS - 7733	SIRC
56	CS SUSHMA	ACS - 34410	NIRC
57	CS SALONI NAGPAL	ACS - 36995	NIRC
58	CS KSHAMA VINAYAK CHIKNE	ACS - 53947	WIRC
59	CS ANUPRIYA JHANWAR	ACS - 65582	EIRC
60	CS ROHIT GANDHI	ACS - 21831	NIRC
61	CS KOSHA BHADRESHBHAI SHAH	ACS - 45090	WIRC
62	CS PRAVEEN BANSAL	ACS - 55274	NIRC
63	CS RAVINDRA KASTIA	FCS - 2583	WIRC
64	CS VYJAYANTHI G RAJAN	ACS - 16320	SIRC
65	CS MOHAN JAYARAMAN	ACS - 6811	SIRC
66	CS G CHALAPATHI RAO	ACS - 20955	SIRC
67	CS REENA JAIN	ACS - 42121	WIRC
68	CS GUNJAN JAIN	ACS - 45068	NIRC
69	CS JUHIE GULATI	ACS - 23586	NIRC
70	CS MONIKA JAIN	ACS - 55705	NIRC
71	CS NISHA KAMLESHKUMAR CHAWLA	ACS - 55812	WIRC

72	CS SURBHI JAIN	ACS - 58504	NIRC
73	CS RICHA SAXENA	ACS - 25098	NIRC
74	CS SANTOSH KUMAR M S	ACS - 30947	SIRC
75	CS DHIRAJ KUMAR JHA	FCS - 9631	NIRC
76	CS ANURAG SRIVASTAV	ACS - 17983	WIRC
77	CS URMI DHANSUKHLAL SHAH	ACS - 20216	WIRC
78	CS PRIYANKA JAIN	ACS - 34446	SIRC
79	CS LAXMI TRILOKCHAND SORTE	ACS - 50109	WIRC
80	CS NEHA CHAUDHARY	ACS - 57503	EIRC
81	CS CHARU LATA SETH	ACS - 28322	NIRC
82	CS ANJU PUGALIYA	ACS - 61708	EIRC
83	CS MANOJ GOYAL	FCS - 3479	WIRC
84	CS BHAVIK HIMATLAL DESAI	ACS - 16611	NIRC
85	CS RITIKA NAYYAR	ACS - 30018	NIRC
86	CS RAHUL RAMA SHINDE	ACS - 43252	WIRC
87	CS ROHIT BOORA	ACS - 58453	WIRC
88	CS TEJAL MAHESH VEDAK	ACS - 66396	WIRC
89	CS VIJAYA BATTH	ACS - 14003	EIRC
90	CS MANSI BHATI	ACS - 30699	NIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF APRIL 2025

SL. NO.	NAME	MEMB NO	COP NO.	REGION
1	CS SHIKHA AGARWAL	ACS - 28545	10343	WIRC
2	CS NADEEM NAYEEM KHAN	FCS - 12252	19048	WIRC
3	CS POOJA GOYAL	ACS - 56027	27582	NIRC
4	CS PRATEEK GHATIYA	FCS - 10750	27247	WIRC
5	CS BHAWNA	FCS - 12539	20105	NIRC
6	CS BHAWNA KAPOOR	FCS - 12408	26540	NIRC
7	CS SUHAS DINKAR PATWARDHAN	FCS - 4457	25873	WIRC
8	CS KRISHA YASH SHAH	ACS - 64813	24972	WIRC
9	CS ABHAY AJAY ATHAVLE	FCS - 11963	15575	WIRC

10	CS KISHAN JAYESH SURATWALA	ACS - 70528	26944	WIRC
11	CS SAKSHI BHATT	ACS - 55879	27740	NIRC
12	CS SHILPIKA GOGOI	ACS - 60306	23526	EIRC
13	CS SUMIT KUMAR SUREKA	FCS - 12722	27500	EIRC
14	CS AYALASOMAYAJULA SAI SUPRIYA	ACS - 70824	26697	SIRC
15	CS AKSHAYA KUMAR PRUSTY	ACS - 37230	16801	EIRC
16	CS KIRAN SHARMA	FCS - 12095	20518	NIRC
17	CS PRIYANKA KUMAWAT	ACS - 62219	27532	NIRC
18	CS SHRUTI NITIN BHANUSHALI	ACS - 43684	16318	WIRC
19	CS GOVIND RAVEENDRAN PILLAI	ACS - 67664	26382	SIRC
20	CS DIANA PIRZAD PALIA	ACS - 40554	26531	WIRC
21	CS PALLAVI GARG	ACS - 69848	26121	NIRC
22	CS SHARAD CHANDRA SHUKLA	FCS - 6342	6852	NIRC
23	CS ABHIRUP GHOSH	ACS - 39076	21571	EIRC
24	CS HEENA RAJENDRA JAYSINGHANI	FCS - 11432	20242	WIRC
25	CS NIKHIL VASANTBHAI GAJJAR	FCS - 12591	18328	WIRC
26	CS AARTI CHAUHAN	FCS - 10936	22425	NIRC
27	CS NILESH RANJAN	FCS - 13223	16086	NIRC
28	CS VARADA PRASAD BHIDE	ACS - 57525	22016	WIRC
29	CS ASHISH THARD	ACS - 37079	14095	EIRC
30	CS PRASHANT SINGH	ACS - 38866	26802	NIRC
31	CS YASHI GOYAL	ACS - 57754	22402	NIRC
32	CS SWETA CHOUDHARY	ACS - 36441	13589	EIRC
33	CS VIJAY KUMAR GUPTA	ACS - 34197	24057	EIRC
34	CS SHRUTI JAIN	ACS - 67207	26685	NIRC
35	CS ANJALI BINDAL	ACS - 18618	11665	NIRC
36	CS JAY NARAYAN NAYAK	FCS - 11776	16721	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 REKHA SAINI (23.08.1967 – 08.12.2024) an Associate Member of the Institute from New Delhi.

CS SAMBASIVAM NAKKIRAN (31.05.1955 – 02.04.2025) a Fellow member of the Institute from Salem, Tamil Nadu.

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and 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>

PAYMENT OF ANNUAL LICENTATE SUBSCRIPTION FOR THE YEAR 2025-2026

The annual Licentiate subscription for the year 2025-2026 has become due for payment w.e.f. 1st April, 2025. The last date of making payment is 30th June, 2025. The Licentiate subscription payable is Rs.1180/- inclusive of applicable GST@18%. The subscription will be paid ONLINE only using the link - <http://stimulate.icsi.edu/> with your student login credentials.

Log in to the link - <http://stimulate.icsi.edu/> with your student credentials.

Username – Will be your registration number.

You may reset the new password at <https://smash.icsi.in/Scripts/GetPassword.aspx> and login at <https://smash.icsi.in/Scripts/login.aspx> and <https://stimulate.icsi.edu/>.

Click Renew option and make the payment.

For any further queries, please write to member@icsi.edu or raise query at <http://support.icsi.edu>

PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2025-2026

The Annual Membership Fee and Certificate of Practice Fee for the Financial Year 2025-26 have become due for payment w.e.f. 1st April, 2025. The last date for payment of Annual Membership Fee and Certificate of Practice Fee is 30th June, 2025.

Details of fee payable are as under:

Fee* Particulars	ACS	FCS
Annual Membership fee	Rs. 2950/-	Rs. 3540/-
Annual Membership fee. (Opting out to receive physical copy of Chartered Secretary Journal)	Rs. 2360/-	Rs. 2950/-
Annual Fee for Certificate of Practice	Rs. 2360/-	Rs. 2360/-

* All Fee inclusive of 18% GST.

A Member who is of the age of Seventy years and above is eligible for 75% concession in Annual Membership Fee.

A Member, who is Divyangjan, can avail 50% concession in Annual Membership Fee subject to submission of medical certificate issued by competent authority.

Mode of Remittance of Fee:

Fee can be remitted through ONLINE mode only as per steps given below :

1. Use ONLINE SERVICES tab on www.icsi.edu
2. Select Member Portal from dropdown
3. Login using membership number e.g. A1234/F1234
4. Enter password
5. Click on renew link under "Announcements"
6. Fill the KYM Form and proceed to pay the fee

The online KYM (Know Your Member) Form is required to be filled before making online payment of Annual Membership Fee.

For more information, kindly refer FAQs available on home page of www.icsi.edu or write at <http://support.icsi.edu>

Team ICSI

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

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.

6

MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER
- MARITIME CORNER
- ESG CORNER
- MSME CORNER
- GIST OF ROC & RD ADJUDICATION ORDERS

REPORTING OF HSN CODES IN TABLE 12 AND LIST OF DOCUMENTS IN TABLE 13 OF GSTR-1/1A

In a move to further streamline the Goods and Services Tax (GST) filing process, the GST Portal has announced the implementation of Phase 3 of reporting HSN codes in Table 12 of GSTR-1 and 1A, effective from the May 2025 return period.

Vide Notification No. 78/2020 – Central Tax dated 15th October 2020, taxpayers are required to report a minimum of 4 digits or 6 digits of HSN Code in table-12 of GSTR-1, based on their Aggregate Annual Turnover (AATO) in the preceding Financial Year.

The GST Portal has been implementing these changes in a phase-wise manner, with Phase 2 being implemented on November 1, 2022. The latest update marks the third phase of this implementation.

Taxpayers will need to ensure that they report the required HSN codes in Table 12 of GSTR-1 and 1A, and complete Table 13, to avoid any errors or penalties.

The GST Portal has been working to simplify the GST filing process, and this update is expected to further enhance the accuracy and efficiency of the system.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/597>

ADVISORY FOR BIOMETRIC-BASED AADHAAR AUTHENTICATION AND DOCUMENT VERIFICATION FOR GST REGISTRATION APPLICANTS OF SIKKIM

This advisory informs applicants about recent developments in the GST registration process in Sikkim.

1. Rule 8 of the CGST Rules, 2017 has been amended to provide that an applicant can be identified on the common portal, based on data analysis and risk parameters for Biometric-based Aadhaar Authentication and taking a photograph of the applicant along with the verification of the original copy of the documents uploaded with the application.
2. This functionality has been developed by GSTN and implemented in Sikkim effective **May 1, 2025**.
3. Following submission of Form GST REG-01, applicants will receive one of these links *via* email:
 - (a) A link for OTP-based Aadhaar Authentication, OR
 - (b) A link for booking an appointment at a GST Suvidha Kendra (GSK) for biometric-

based Aadhaar authentication and document verification, including GSK location and jurisdictional details.

4. Applicants receiving the link mentioned in 3(a) may proceed with the existing application process.
5. Applicants receiving the link mentioned in 3(b) must book an appointment at the designated GSK using the provided link.
6. The appointment booking feature is available for Sikkim applicants effective **May 1, 2025**.
7. Upon booking, applicants will receive an appointment confirmation email and should visit the designated GSK as scheduled.
8. When visiting the GSK, applicants must bring:
 - (a) A copy (hard/soft) of the appointment confirmation email
 - (b) Jurisdictional details as specified in the initial email
 - (c) Original Aadhaar and PAN cards
 - (d) Original copies of all documents uploaded with the application
9. Biometric authentication and document verification will be conducted at the GSK for all individuals required in the GST application Form REG-01.
10. Applicants must schedule their biometric verification appointment within the maximum permissible period indicated in the email. Application Reference Numbers (ARNs) will be generated only after completion of biometric authentication and document verification.
11. GSK operating days and hours will follow state administration guidelines.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/598>

INVOICE-WISE REPORTING FUNCTIONALITY IN FORM GSTR-7 ON PORTAL-REG

- The Goods and Services Tax (GST) Portal will soon implement invoice-wise reporting in Form GSTR-7, as per the amendments made vide Notification No. 09/2025 – Central Tax dated 11.02.2025.

Form GSTR-7 has been amended to capture invoice-wise reporting, effective from April 1, 2025, for the return period of April 2025 onwards.

The GST Portal is currently undergoing development and testing to implement the enhanced functionality.

Taxpayers will soon be required to report invoices in a more detailed manner in Form GSTR-7, which is expected to improve the accuracy and efficiency of the GST filing process.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/599>

UPDATES IN REFUND FILING PROCESS FOR VARIOUS REFUND CATEGORIES-REG

The Goods and Services Tax Network (GSTN) has introduced significant changes to the refund filing process for the following categories:

1. Export of Services with payment of tax
2. Supplies made to SEZ Unit/SEZ Developer with payment of tax
3. Refund by Supplier of Deemed export

The significant changes are as following:

1. Taxpayers can now directly select the refund category and proceed with filing the refund application without selecting a specific tax period.
2. The refund categories have been changed from 'Tax Period based filing' to 'Invoice based filing'. Taxpayers can upload eligible invoices and claim refunds in the following statements:
3. Export of Services with payment of Tax (Statement 2)
4. SEZ Supplies with payment of Tax (Statement 4)
5. Deemed Exports (Statement 5B)

Once uploaded, invoices will be locked for any further amendment and will not be available for subsequent refund claims. Invoices will be unlocked only if the refund application is withdrawn or a deficiency memo is issued.

Taxpayers must ensure that all returns (GSTR-1, GSTR-3B, etc.) due till the date of refund application are filed.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/600>

UPDATES IN REFUND FILING PROCESS FOR RECIPIENTS OF DEEMED EXPORT

The process for filing refund applications has been streamlined, allowing taxpayers to submit applications without the need to file them in chronological order of the tax period. This means that taxpayers are no longer required to specify "From Period" and "To Period" when applying for refunds.

Key points regarding the new process include:

1. **Filing Requirements:** Taxpayers must ensure that all returns, including GSTR-1 and GSTR-3B, are filed up to the date of the refund application.
2. **Revised Refund Table:** The "Amount Eligible for Refund" table has been modified. The columns in the revised table are as follows:
 - a) Column 1: 'Balance in ECL at the time of filing of refund application' will auto-populate the balance available under various heads in the Electronic Credit Ledger (ECL).



- b) Column 2: 'Net Input Tax Credit (ITC) of Deemed Exports (as per uploaded invoices)' will show the claimed ITC amount based on invoices provided in Statement 5B.
- c) Column 3: 'Refund amount as per the uploaded invoices' will reflect the total ITC claimed under all major heads (IGST/CGST/SGST/UT) based on the invoices uploaded by the taxpayer in Statement 5B and will be editable.
- d) Column 4: 'Eligible Refund Amount' will auto-calculate the maximum ITC available for refund claims based on the debit order specified in Circular No. 125/44/2019-GST dated November 18, 2019.
- e) Column 5: 'Refund amount not eligible due to insufficient balance in the ECL' will show the difference between the total claimed ITC and the available ITC in the ECL.

The system has been improved to maximize the refund amount a taxpayer can claim based on uploaded invoices, regardless of the balance in the respective heads of the electronic credit ledger. The total claim under various heads (IGST, CGST, SGST) will be compared with the total ITC available in the ECL.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/601>

ADVISORY ON APPEAL WITHDRAWAL WITH RESPECT TO WAIVER SCHEME

New protocols have been established regarding the withdrawal of appeal applications (APL 01) before and after the issuance of final acknowledgment (APL 02) by the Appellate authority.

1. **Automatic Withdrawal Before Acknowledgment:** If a withdrawal application (APL 01W) is filed before the final acknowledgment is issued, the system will automatically withdraw the appeal application (APL 01). In this scenario, the status of the appeal application will change from "Appeal submitted" to "Appeal withdrawn" without requiring further action.
2. **Approval Required After Acknowledgment:** Conversely, if the withdrawal application is submitted after the final acknowledgment has been issued, the withdrawal is subject to the approval of the Appellate authority. Once the authority approves the withdrawal application, the status of the appeal application will similarly change from "Appeal submitted" to "Appeal withdrawn."
3. **Compliance with Waiver Scheme:** Under the waiver scheme outlined in Section 128A, it is

mandated that any appeal against the requisite demand order should not remain pending with the Appellate authority. In both scenarios mentioned above, the status of the appeal application is updated to "Appeal Withdrawn," thereby fulfilling this requirement.

4. **Documentation for Waiver Applications:** When filing a waiver application or in cases where a waiver application has already been submitted, taxpayers are required to upload a screenshot of the appeal case folder that displays the status as "Appeal withdrawn."

These updates aim to streamline the appeal withdrawal process and ensure compliance with the regulatory framework governing GST appeals.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/602>

ADVISORY ON REPORTING VALUES IN TABLE 3.2 OF GSTR-3B

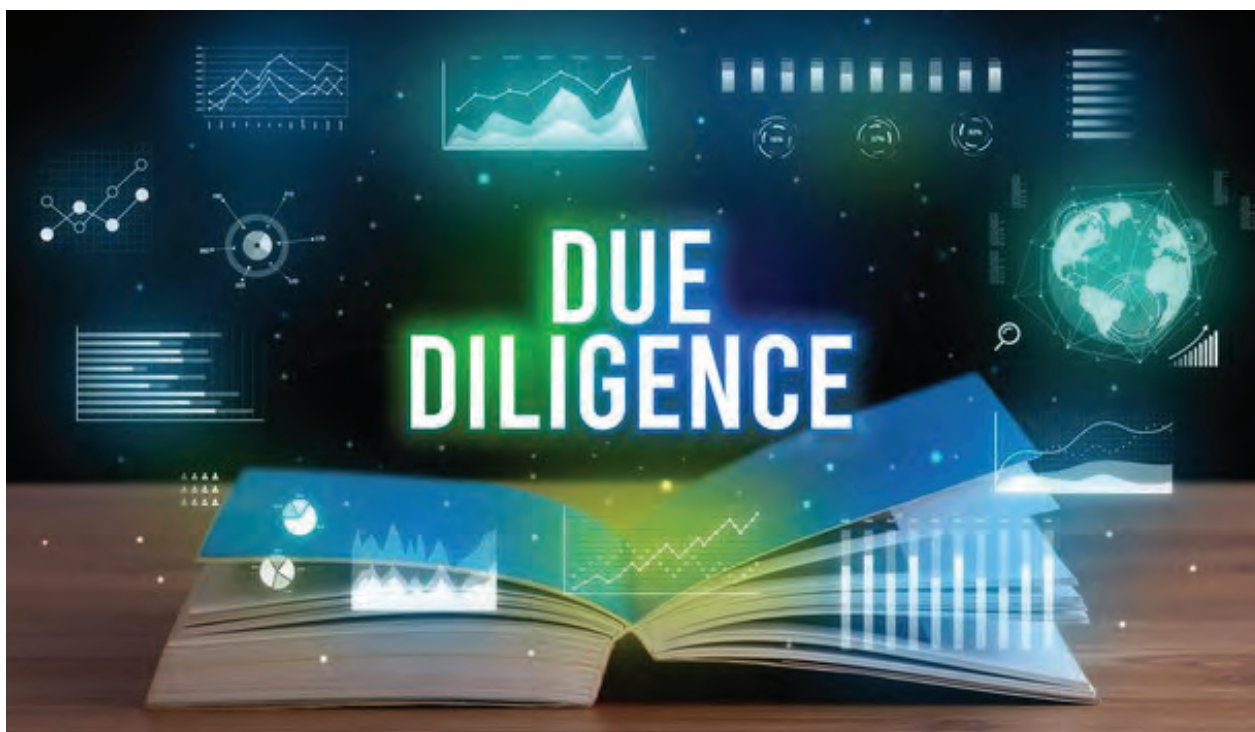
The following developments have been announced concerning Table 3.2 of Form GSTR-3B:

1. **Previous Advisory:** An earlier advisory dated April 11, 2025, indicated that the auto-populated values in Table 3.2 of Form GSTR-3B would become non-editable starting from the April 2025 tax period, which pertains to returns to be filed in May 2025.
2. **Taxpayer Concerns:** In response to this advisory, the Goods and Services Tax Network (GSTN) has received numerous representations and grievances from taxpayers expressing concerns about the proposed change. These issues are currently under review and will be addressed appropriately.
3. **Current Decision:** To ensure taxpayer convenience and facilitate a smooth filing process, it has been decided that Table 3.2 will remain editable for the time being. Taxpayers are encouraged to review and amend the auto-populated entries as necessary to ensure the accuracy of the information disclosed in their returns.
4. **Future Communication:** Taxpayers will receive further updates through a separate communication once the proposed changes are implemented on the GST Portal.

Taxpayers are advised to stay informed and ensure the correctness of their filings during this period.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/604>

Due Diligence in incorporation of companies having foreign directorships



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 extra caution and due diligence while undertaking assignments related to incorporation of a company having foreign directorships.

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 certain foreign Directors or individuals of one Private Limited Company (hereinafter referred to as ‘the company’) were using BOTIM and WhatsApp to communicate with the Professionals and other perpetrators in the absence of any physical presence of business, their activities were going without any monitoring, and the payment gateways are allowing the transfers without any verification of the business. They are offering loans through mobile apps viz. cash master, crazy rupee, rupee menu, e-rupee etc. Later, they harass people with exorbitant interest rates and EMI.

2. The Complainant has further stated that the company has changed its name in January, 2022 and was incorporated in June, 2017 with its given registered office situated in India. The owner of the property is also the statutory auditor of the company and the concern is that the company is using the statutory auditors’ premises as its registered office. On the day of change in name of the company, object clause also changed from “*Computer and related activities*” to “*to carry on the business of trading of goods, B2B, single brand product retail trading, import and export of goods,*

digital marketing and consulting, provide services to e-commerce operation and management in India or elsewhere”.

3. The Complainant has alleged that the company was initially incorporated with two directors, one is Indian Director, and the other one is a Chinese national. The shareholding pattern was 99.99:1 share, respectively and later the shareholding of the said Indian Director transferred to one foreign entity. Both the directors resigned on in January, 2019 and December, 2021, respectively. It is seen that the said Indian Director was just used as conduit to transfer of shares to the foreign entity.
 4. The Complainant has also stated that the Balance Sheet and profit and loss account filed for the financial year ended 31st March, 2020 is signed by two individuals and place of signature is mentioned as Bengaluru (India), however, one director who has signed the said financials is a Chinese national. The Complainant has further alleged that one Indian director has signed the Balance sheet and profit and loss account as a Managing Director, however, no DIR-12 has been filed for his change in designation. The company has made revenue from operations to the tune of Rs. 99.24 lakh and Rs. 2.87 crore during the year 2019-20 and 2018-19, which was shown as received from another foreign entity towards sale of services.
 5. The Respondent has denied all the charges and claimed that he has followed the entire required process of verification of incorporation documents for Indian and foreign national, the Notarial Certificate was duly apostilled, stamped by Indian Embassy from China. The Respondent has stated that he has never shown any disregard to the interest of the nation and never suggested or gave any opinion to his client for doing any illegal/suspicious activities. He has neither concealed material facts or Information; nor had he hide the real identity of foreign persons at the time of incorporation. Being a Professional, he duly discharged his duties as per the law and he has also submitted the proof that the Chinese director of the company was physically present in India in the year 2017 with proper and valid visa and passport.
 6. The Respondent further stated that all the papers were proper and in order, the concerned ROC accepted all the documents, papers and forms and after their subjective satisfaction, approved the filed forms and after following a due procedure under the law have granted the certificate of incorporation.
- The Respondent further stated that the Complainant reported that in form INC-32, the ownership documents/ rent agreement are not attached, but the fact is that two documents are attached in form-32 for the confirmation of registered office of the company viz. (i) Utility Bill (Telephone Bill) with the name of (the owner of premises) (ii) No Objection Certificate (NOC) from the owner of the property. The form was accepted, and the company was approved with the registered office at the given address in 2017. The company was approved with the given attachments, and no query was ever raised at that point of time. Merely non-attachment of the rent agreement does not tantamount to concealing of material facts and that the company or its directors were engaged in suspicious activities.
7. The Respondent further submitted that his role was limited to the incorporation and later he was not involved in any other activities or professional assignments of the company. The Respondent has submitted that he has exercised due diligence. The Respondent has also submitted regarding declaration that in the notary place is mentioned, consent form DIR-2 is physically signed. The Respondent pleaded not guilty to the charges. The Respondent contended that the alleged documents were physically signed.
 8. The Disciplinary Committee observed that Rent agreement is not attached with form INC-32. Affidavit (INC-9), DIR-2 and Declaration by subscriber-cum-first director is unsigned. Place is also not mentioned in declaration. Further, the signature of the Director who is a Chinese National, on the alleged documents was not found proper as different signatures of him in Chinese as well as English were observed in various documents available on records such as on engagement letter of the Respondent, his resignation letter and the alleged documents such as Affidavit (INC-9), DIR-2 and Declaration by subscriber-cum-first director. The Disciplinary Committee observed lack of due diligence on part of the Respondent during incorporation of the company.
 9. The Disciplinary Committee held the Respondent ‘Guilty’ of Professional Misconduct under Clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980. After giving an opportunity of being heard to the Respondent, the Disciplinary Committee passed an order of ‘Reprimand’ and Fine of ₹ 25000/- (Rupees Twenty-five thousand) under Section 21B (3) of the Company Secretaries Act, 1980.



UK's Cyber Governance Code of Practice, 2025

The Cyber Governance Code of Practice is a guiding framework developed by the UK Government's Department for Science, Innovation and Technology (DSIT) to help organizations integrate cybersecurity into their overall corporate governance. The Code has been created to support boards and directors in governing cyber security risks. The Code is complemented by Cyber Essentials, a UK government-backed certification scheme that helps organizations implement fundamental, cyber security controls. Though it is not a code, Cyber Essentials, together with the Cyber Governance Code of Practice, set out the minimum standard that organizations should have in place to manage their cyber risk.

The Code is tailor-made for boards and directors of both public-sector and private organizations and has been designed for medium and large organizations. However, whilst it has not been specifically created for small organizations, they play a critical role in the resilience of the UK economy and should seek to implement the Code's principles.

A: Risk management

Action 1	Gain assurance that the technology processes, information and services critical to the organization's objectives have been identified, prioritized and agreed.
Action 2	Agree on senior ownership of cyber security risks and gain assurance that they are integrated into the organization's wider enterprise risk management and internal controls.
Action 3	Define and clearly communicate the organization's cyber security risk appetite and gain assurance that the organization has an action plan to meet these risk expectations.
Action 4	Gain assurance that supplier information is routinely assessed, proportionate to their level of risk and that the organization is resilient to cyber security risks from its supply chain and business partners.
Action 5	Gain assurance that risk assessments are conducted regularly and that risk mitigations account for recent, or expected, changes in the organization, technology, regulations or wider threat landscape.

B: Strategy

Action 1	Gain assurance that the organization has developed a cyber strategy and this is aligned with, and embedded within the wider organizational strategy
Action 2	Gain assurance that the cyber strategy aligns with the agreed cyber risk appetite (Action A3), meets relevant regulatory obligations, and accounts for current or expected changes (Action A5).
Action 3	Gain assurance that resources are allocated effectively to manage the agreed cyber risks (Action A3 and A5).
Action 4	Gain assurance that the cyber strategy is being delivered effectively and is achieving the intended outcomes.

C: People

Action 1	Promote a cyber security culture that encourages positive behaviours and accountability across all levels. This should be aligned with the organization's strategy (Action B1).
Action 2	Gain assurance that there are clear policies that support a positive cyber security culture.
Action 3	Undertake training to improve your own cyber literacy and take responsibility for the security of the data and digital assets that you use.
Action 4	Gain assurance, using suitable metrics, that the organization has an effective cyber security training, education and awareness program.

D: Incident planning, response and recovery

Action 1	Gain assurance that the organization has a plan to respond to and recover from a cyber incident impacting business critical technology processes, information and services.
Action 2	Gain assurance that there is at least an annual exercise of the plan involving relevant internal and external stakeholders and that lessons from the exercise are reflected in the incident plan (Action D1) and risk assessments (Action A5).
Action 3	In the event of an incident, take responsibility for individual regulatory obligations, such as reporting, and support the organization in critical decision-making and external communications
Action 4	Gain assurance that a post incident review process is in place to incorporate lessons learned into future risk assessments (Action A5), response and recovery plans (Action D1) and exercising (Action D2).

E: Assurance and oversight

Action 1	Establish a cyber governance structure that is embedded within the wider governance structure of the organization. This should include a clear definition of roles and responsibilities, including ownership of cyber at executive and non-executive director levels.
Action 2	Require formal reporting on at least a quarterly basis, set suitable metrics to track, and agree tolerances for each. These should be aligned with the cyber strategy (Action B1) and based on the agreed cyber risk appetite (Action A3).
Action 3	Establish regular two-way dialogue with relevant senior executives, including but not limited to, the chief information security officer (or equivalent).
Action 4	Gain assurance that cyber security considerations (including the actions in this code) are integrated and consistent with existing internal and external audit and assurance mechanisms.
Action 5	Gain assurance that senior executives are aware of relevant regulatory obligations, as well as best practices contained within other Codes of Practice.

Source: https://assets.publishing.service.gov.uk/media/67f3e8fb7ed82b90fcf5bfea/Cyber_Governance_Code_of_Practice.pdf

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.

TERMINOLOGY

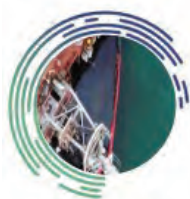
MARINE POLLUTION is a global concern that threatens marine biodiversity, ecosystems, and human livelihoods. As the world's oceans play a vital role in regulating climate and supporting economic activities such as fisheries and transportation, protecting them from pollution is essential. Sources of marine pollution include oil spills, chemical discharges, plastic waste, sewage, and emissions from ships. In response to these threats, the international community has adopted several conventions aimed at preventing and controlling pollution in marine environments. These legal instruments serve

as the foundation of global efforts to ensure ocean sustainability.

The “OILPOL” convention refers to the International Convention for the Prevention of Pollution of the Sea by Oil, 1954. It was the first international agreement to address oil pollution from ships, aiming to prevent the discharge of oil into the sea. OILPOL prohibited the discharge of oily residues into the sea within certain distances from land, particularly in “special areas” where environmental damage was more severe. While initially a standalone convention, OILPOL was later incorporated into the **International Convention for the Prevention of Pollution from Ships (MARPOL)** in 1973.

The MARPOL Convention is the most comprehensive international agreement dedicated to preventing marine pollution from ships. Originally adopted in 1973 and strengthened by the 1978 Protocol, it sets strict regulations on operational and accidental pollution. This convention has been instrumental in reducing oil discharges, regulating ship design, and improving waste management practices on board vessels. MARPOL is divided into six annexes, each addressing a specific pollutant: oil (Annex I), noxious liquid substances (Annex II), harmful substances in packaged form (Annex III), sewage (Annex IV), garbage (Annex V), and air pollution (Annex VI).

The International Convention for the Prevention of Pollution from Ships (MARPOL) contains six annexes:



OIL

ANNEX I

Prevention of Pollution by Oil
(entered into force 2 October 1983)



SEWAGE

ANNEX IV

Prevention of Pollution by
Sewage from Ships (entered into
force 27 September 2003)



NOXIOUS LIQUID SUBSTANCES

ANNEX II

Control of Pollution by Noxious
Liquid Substances in Bulk (entered
into force 2 October 1983)



GARBAGE

ANNEX V

Prevention of Pollution
by Garbage from Ships (entered
into force 31 December 1988)



HARMFUL SUBSTANCES

ANNEX III

Prevention of Pollution by Harmful
Substances Carried by Sea in
Packaged Form (entered into
force 1 July 1992)



AIR

ANNEX VI

Prevention of Air Pollution from Ships
(entered into force 19 May 2005)

UNCLOS (1982) – United Nations Convention on the Law of the Sea

UNCLOS is widely regarded as the legal framework governing all activities in the oceans. Adopted in 1982, it outlines the rights and responsibilities of nations regarding the use of marine resources and navigation. Part XII of the convention specifically deals with the protection and preservation of the marine environment. It obliges states to take necessary measures to prevent, reduce, and control marine pollution from various sources, including land-based activities, seabed operations, dumping, vessels, and even atmospheric sources. UNCLOS also promotes international cooperation, research, and the exchange of scientific data.

The London Convention (1972) and London Protocol (1996)

The London Convention of 1972, along with its 1996 Protocol, addresses the dumping of wastes and other matter at sea. The original convention classified substances based on their potential harm, creating black and grey lists to regulate dumping activities. The 1996 Protocol introduced a more modern and precautionary approach by prohibiting all dumping activities unless explicitly permitted. This protocol prioritizes environmental protection and sustainable waste disposal methods, making it a key instrument in preventing deliberate sea dumping.

The Basel Convention (1989)

Although primarily focused on the transboundary movement of hazardous waste, the Basel Convention plays an important indirect role in marine pollution control. Adopted in 1989, it seeks to minimize hazardous waste movements, especially from developed to developing countries, and ensure their environmentally sound management. By regulating illegal waste exports and promoting better waste disposal practices, the convention contributes to reducing instances where hazardous waste ends up polluting the marine environment.

Regional Conventions

In addition to global treaties, several regional agreements have been established to tackle marine pollution issues specific to particular areas. These include the OSPAR Convention for the Northeast Atlantic, the Barcelona Convention for the Mediterranean Sea, the Cartagena Convention for the Caribbean, and the Nairobi Convention for the Western Indian Ocean. These regional frameworks encourage cooperation among neighbouring states, enable the development of region-specific action plans, and promote environmental monitoring and assessment activities. They are crucial in addressing localized pollution problems and implementing tailored solutions.

MARITIME NEWS

INDIA SUCCESSFULLY HOSTS THE 2ND BLUE TALKS AHEAD OF THE 3RD UN OCEAN CONFERENCE

Government of India, in collaboration with the Embassy of France and the Embassy of Costa Rica in India, hosted the “Second Blue Talks” on May 20, 2025 at New Delhi. This event aimed to serve as a milestone in the lead-up to the 3rd United Nations Ocean Conference (UNOC3), which will be held in France from June 09-13, 2025. The forum aimed to accelerate action and galvanize concrete commitments towards the conservation and sustainable use of our oceans, directly aligning with the UNOC3 theme.

At the event, Government of India launched a white paper titled “Transforming India’s Blue Economy: Investment, Innovation and Sustainable Growth” in collaboration with its strategic knowledge partner.

The core objective of the second Blue Talks was a dynamic stakeholder consultation session centred around four themes:

- Conserving, Sustainably Managing, and Restoring Marine and Coastal Ecosystems
- Increasing Ocean-Related Scientific Cooperation, Knowledge Building, Marine Technology, and Education for Enhanced Ocean Health
- Preventing and Significantly Reducing Marine Pollution from Land-Based Activities and Beyond
- Leveraging the Interconnectedness of Ocean, Climate, and Biodiversity

This event fostered detailed discussions, encouraging collaborative problem-solving and the generation of innovative solutions essential for long-term ocean sustainability.

Source: <https://tinyurl.com/PIBbtalk>

INDIA AND JAPAN AGREES TO DEEPEN MARITIME RELATIONS

With a goal to deepen the maritime relations between the India and Japan, the meeting of ministers of two nation was held on 2nd June, 2025 in Oslo, entailing discussions on multiple areas including investment by Japanese Shipyards, collaboration on port digitisation and green port initiatives, increase in R&D cooperation, upskilling human resources, employment of Indian seafarers in Japan among others.

Emphasising the need to deepen bilateral ties in maritime training and development, as well as cooperation in research and development, both sides agreed to further strengthen collaboration in the maritime sector, especially on sustainable maritime technologies and next-generation ship design.

India is developing the National Maritime Heritage Museum (NMHC) at Lothal in Gujarat which aims to showcase India's rich maritime history and legacy. It also serves as a world-class centre for heritage tourism, education, and research in the maritime sector. India has shared interest to have Japan as a partner for this project. Japan's Vice Minister was also invited to participate in the India Maritime Week, 2025 in Mumbai between 27th and 31st October this year. This major event will bring together key stakeholders from the global maritime community to discuss and facilitate exploration of opportunities for investment, collaboration, innovation, and growth in the maritime sector.

Source: <https://tinyurl.com/pibindjap>

IMO-WISTA WOMEN IN MARITIME SURVEY INDICATES ONGOING GENDER DISPARITY IN THE MARITIME SECTOR, SPARKING RENEWED CALLS FOR ACTION

The second Women in Maritime survey, jointly published by the International Maritime Organization (IMO) and the Women's International Shipping & Trading Association (WISTA), provides new insights into gender diversity within the industry.

The report presents data on the proportion and distribution of women working in the maritime sector from IMO Member States and the private sector.

The results are based on an analysis of a larger number of women working in maritime across the public and private sectors: 176,820 women in 2024 compared to 151,979 in 2021. In particular, there was a substantial increase in the number of Member States participating. However, the latest dataset shows that women account for just under 19% of the total workforce sampled, compared to a share of 26% in the catchment group reported in 2021.

As part of the commitment from the IMO and WISTA International to enhance gender diversity within the maritime sector, the survey and its findings contribute to the implementation of the fifth United Nation's Sustainable Development Goal (UN SDG5) – to achieve gender quality and empower all women and girls – by providing comparable data to support the development

of programmes and policies to encourage female participation within the maritime industry.

Source: <https://www.imo.org/en/MediaCentre/PressBriefings/pages/IDWIM-2025-WISTA-Survey.aspx>

IMO SECRETARY-GENERAL UNDERScores WOMEN'S POTENTIAL TO TRANSFORM OCEAN INDUSTRIES

The International Day for Women in Maritime, observed annually on 18th May, was celebrated globally in 2025 under the theme: "An Ocean of Opportunities for Women".

This year's observance highlighted pathways for women's leadership, participation, and impact in the global ocean economy, with a strong emphasis on advancing gender diversity and inclusion across the maritime sector.

IMO Secretary-General Mr. Arsenio Dominguez said:

"Our theme this year recognizes the vast potential for inclusion, innovation and equality across the many different areas of work in the maritime world, from deck to boardroom, from ocean scientist to maritime administrator."

Source: <https://www.imo.org/en/OurWork/Technical-Cooperation/Pages/IMO-WISTA-Women-in-Maritime-Survey-2024.aspx>

NEW SULPHUR EMISSION LIMITS ENTER INTO EFFECT IN THE MEDITERRANEAN

Effective 1st May 2025, the Mediterranean Sea was officially designated as a Sulphur Oxide Emission Control Area (Med SOx ECA) under MARPOL Annex VI. This designation mandates that ships operating in the area use fuel oil with a sulphur content not exceeding 0.1%, significantly reducing air pollution and benefiting both human health and the marine environment.

Source: <https://www.imo.org/en/MediaCentre/Pages/WhatsNew-2254.aspx>

COUNTRIES SHARPEN OIL SPILL RESPONSE IN THE RED SEA

Countries in the Red Sea region are taking steps to improve their preparedness and response systems for major marine pollution incidents involving oil and hazardous and noxious substances (HNS) spills. Efforts include enhancing inter-agency coordination, developing robust regional contingency plans, and conducting training exercises to manage and mitigate pollution incidents effectively.

Source: <https://www.imo.org/en/MediaCentre/Pages/WhatsNew-2256.aspx>

MEGHALAYA LAUNCHES 'GREEN DEPOSIT' INITIATIVE TO COMBAT PLASTIC POLLUTION

The Government of Meghalaya has introduced a “Green Deposit” initiative to curb plastic pollution across the state’s most environmentally sensitive travel destinations.

The Green Deposit scheme requires tourists visiting specific eco-tourism zones in Meghalaya to pay a refundable deposit of INR 100 if they carry plastic items such as water bottles, food wrappers, or other non-biodegradable materials. This amount is returned only when visitors demonstrate that they have properly disposed of or returned the plastic waste before leaving the site. The purpose of this deposit system is to discourage the casual disposal of plastic and promote the globally recognized principle of “leave no trace.”

By encouraging tourists to think twice before carelessly discarding plastic and rewarding those who adhere to eco-conscious disposal methods, the policy is poised to significantly reduce the environmental footprint of tourism in Meghalaya. To complement the Green Deposit initiative, Meghalaya’s High Court has ordered strict enforcement of existing plastic bans, particularly targeting plastic items below 120 microns in thickness.

Source: <https://tinyurl.com/meghalaya>

EU LAWMAKERS AGREE TO EXEMPT 90% OF COMPANIES FROM CBAM IMPORT CARBON TAX

The European Parliament has endorsed a major revision to the EU’s Carbon Border Adjustment Mechanism (CBAM), exempting companies importing less than 50 metric tons of covered goods annually from the tariff. The covered goods include cement, electricity, fertilizers, iron and steel, aluminium, and hydrogen. This move aims to simplify compliance for small businesses while keeping the policy’s climate impact intact.

Adopted in 2023, and coming into force in 2026, CBAM was established to avoid “carbon leakage,” a situation in which companies move production of emissions intensive goods to countries with less stringent environmental and climate policies. CBAM is aimed at equalizing the price of carbon paid for EU products operating under the EU Emissions Trading System (ETS) – the EU’s internal cap and trade carbon pricing mechanism – with that paid for products produced in other countries, with companies that import into the EU required to purchase CBAM certificates in order to make up the difference.

The most significant change to CBAM under the Commission’s proposals is the introduction of a new 50 tonne threshold, eliminating 90% of importers – primarily small and medium-sized enterprises – from the scope of the regulation. Despite removing approximately 182,000 importers, the Commission said that more than 99% of emissions from iron, steel, aluminium and cement imports will still be covered by CBAM. The new proposals also include simplifications around the calculation of emissions and other reporting requirements.

Source: <https://tinyurl.com/EUCBAMCT>

IFRS FOUNDATION PUBLISHES EDUCATIONAL MATERIAL ABOUT GREENHOUSE GAS EMISSIONS DISCLOSURE REQUIREMENTS IN IFRS S2

The IFRS Foundation has released educational guidance to clarify how companies should report greenhouse gas (GHG) emissions under IFRS S2 Climate-related Disclosures, enhancing investor visibility into transition risks and sustainability performance.

IFRS S2 Climate-related Disclosures requires an entity to disclose information about climate related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance or cost of capital over the short, medium or long term. These disclosures include cross industry climate-related metrics such as greenhouse gas (GHG) emissions. IFRS S2 mandates disclosure of absolute gross GHG emissions—Scopes 1, 2, and 3—based on materiality, without considering removal offsets like carbon credits.

The educational material includes answers to questions about:

- the context and reasoning underlying the GHG emissions-related requirements;
- the use of the materials of the GHG Protocol in IFRS S2 requirements; and
- specific aspects of the GHG emissions-related requirements.

The GHG emissions-related requirements in IFRS S2 can be categorised into two distinct types, one related to measurement and the other related to disclosure. This release provides operational clarity as organizations prepare to implement IFRS S2, with a focus on data quality, full value chain consideration, and decision-useful disclosures for investors.

Source: <https://tinyurl.com/ESGNEWSIFRSS2>

WORLD ENVIRONMENT DAY 2025 (JUNE 05, 2025)

World Environment Day led by the United Nations Environment Programme (UNEP), and held annually since 1973, is the biggest international day for the environment. It has grown to be the largest global platform to safeguard and restore our planet, empowering governments, businesses, communities and individuals to drive sustainable change.

The World Environment Day was established by United Nations General Assembly in 1972, to mark the opening of the Stockholm Conference on the Human Environment. It is celebrated worldwide on 5th June every year, to raise awareness on environment and mobilise action for environment protection. It was celebrated for the first time in 1973, with the slogan “Only One Earth.”

The theme for the World Environment Day, 2025 is “Beat Plastic Pollution” and hosted by Republic of Korea with a focus on ending plastic pollution globally. Ridding the planet of plastic pollution is an important contribution to achieving

the Sustainable Development Goals, including those on climate action, sustainable production and consumption, protection of seas and oceans and repairing ecosystems and retaining biodiversity.

For decades, plastic pollution has seeped into every corner of the world, leaching into the water we drink, into the food we eat, and our bodies. Plastic pollution exacerbates the deadly impacts of the triple planetary crisis:

- the crisis of climate change;
- the crisis of nature, land and biodiversity loss; and
- the crisis of pollution and waste.

Globally, an estimated 11 million tonnes of plastic waste leak into aquatic ecosystems each year, while microplastics accumulate in the soil from sewage and landfills, due to the use of plastics in agricultural products. The annual social and environmental cost of plastic pollution ranges between US\$300 billion and US\$600 billion.

Some of the ways to celebrate World Environment Day as suggested by UNEP are:

- Give seedlings as gifts;
- Grow organic garden;
- Form a group of family/ friends/ colleagues to plant and maintain trees;
- Reduce, reuse, re-cycle and recover etc.

Source: <https://www.unep.org/events/un-day/world-environment-day-2025>

INITIATIVES IN INDIA ON WORLD ENVIRONMENT DAY

(i) Ministry of Environment, Forest and Climate Change (MoEFCC) launches campaign to mark World Environment Day 2025 (WED 2025) celebrations

The Union Ministry of Environment, Forest and Climate Change on 22nd May, 2025 launched a nationwide mass mobilisation campaign 'One Nation, One Mission: End Plastic Pollution', in the run up to World Environment Day, 2025. This campaign highlights India's unwavering commitment to environmental protection and sustainability, aligned with India's flagship initiative—Mission LiFE (Lifestyle for Environment).

The key areas of the campaign are:

- Awareness and Advocacy regarding Plastic pollution
- Reduced Use and Generation of Plastic waste including Single Use Plastic
- Manage Plastic Waste including Single Use Plastic through Segregation, Collection, Disposal and Recycling of Plastic waste.
- Promoting development of sustainable alternatives to single use plastic.

Key areas of engagement with Central Ministries, State/UT Governments, local bodies, educational institutions, industry, civil society, and community groups include:

- Awareness and Outreach through social media campaigns, nukkad nataks, public pledges, poster and essay competitions, activities like Marathon
- Clean-up Drives at beaches, parks, riversides, campuses, tourist sites, railway stations, and rural areas, etc.
- Workshops and Webinars on sustainable practices and alternatives to single use plastic
- Educational Activities including art and craft from recycled plastic, school exhibitions, hackathons, quizzes, and interactive games on the theme
- Community and Institutional Involvement by RWAs, municipal bodies, Anganwadi workers, cooperatives, etc. in localized waste segregation and recycling efforts

The participating stakeholders are encouraged to align their initiatives with the campaign theme and upload activity details on the 'Meri LiFE' portal.

Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2130464>

(ii) Summer Programme launched at Delhi Zoo, under Mission LiFE's Mass Awareness Campaign for the World Environment Day 2025

The National Zoological Park (NZP), New Delhi, in collaboration with the National Museum of Natural History (NMNH) and WWF-India, launched its Summer Vacation Programme 2025 from 22nd May, to 4th June, 2025. This initiative is part of the Mass Awareness Campaign under Mission LiFE, and aligns with the World Environment Day 2025 theme: "*Ending Global Plastic Pollution*." It aims to inspire young minds to become champions of biodiversity and environmental stewardship, contributing meaningfully to India's sustainability goals.

The programme involves 240 students from junior and senior classes across Delhi NCR, and is designed to raise awareness about environmental conservation and sustainability. It includes a range of interactive activities such as:

- Slogan writing
- Painting and mask making
- Storytelling and clay modeling
- Waste segregation workshop
- Quiz competition on environmental themes

The inaugural day saw enthusiastic participation from students. A short film on biodiversity was also screened to mark the International Day for Biological Diversity, offering insights into India's rich natural heritage. On concluding day, an exhibition of paintings, models, and crafts created by the students were showcased for zoo visitors. Additionally, a cleanliness and awareness drive on plastic waste and a tree plantation drive was programmed involving students, staff and visitors.

Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2130642>

ESG Risk for MSMEs : Banks/FI's and Government's Response

“Sustainability Is Here To Stay, Or We May Not Be”

To start with, I will put few real-life examples before you. Firstly,

Example 1 - BP's Deepwater Horizon Oil Spill: Back in April 2010, popular gasoline company BP suffered financially when an oil rig of theirs called “Deepwater Horizon” erupted near the Gulf of Mexico – and subsequently impacted the surrounding wildlife and biodiversity. BP ended up paying a hefty cleaning fee after the oil explosion, totalling around \$65 billion dollars for both the fines issued and fees to clean the surrounding areas. BP could have avoided this from happening with ESG risk management, as the governance component wouldn't have allowed for BP to be subject to those exorbitant fines in the first place.

Example 2 – In 2010, for example, a series of suicides at Foxconn, **Apple's leading** manufacturing partner in China, shocked the tech industry. The tragedy thrust into the global spotlight an uncomfortable truth: The sleek iPhones and iPads that had become symbols of innovation and progress were produced under highly stressful conditions for workers.

Apple faced a reckoning about the true cost of its products and the extent of its responsibility for the people working in its global supply chain. The Foxconn crisis marked a turning point for how Apple and other businesses worldwide evaluate their ethical footprint. It was a stark example of an ESG risk that became a business priority.

Thirdly & lastly

Example 3 - Wells Fargo Scandal: Between 2011 and 2016, Wells Fargo employees created approximately 2 million unauthorized accounts, including checking, savings, and credit card accounts, in the names of existing customers without their knowledge or consent. The scandal resulted in significant fines and settlements, totalling over \$3 billion. The scandal resulted in significant fines and settlements from various regulatory bodies and lawsuits. Reuters reported that three former Wells Fargo executives were fined for their role in the scandal. Bank made significant changes to its management, risk, and control frameworks, as well as its culture and policies. Wells Fargo stated that they are committed to rebuilding trust.

This highlights the financial risk associated with unethical practices and lack of governance.

Road Map

What does it imply for Banks/ FIs & how above examples related to risk being taken by them:

A sustainable approach to credit risk management implies incorporating environmental, social, and

governance (ESG) factors into the risk assessment and management processes. This means considering how a borrower's sustainability practices, and potential risks could impact their ability to repay loans or other obligations. Essentially, it's about ensuring that financial decisions are not only profitable but also aligned with sustainable development goals.

A sustainable approach to credit risk management involves integrating ESG factors into the standard credit risk assessment process. This means evaluating a borrower's environmental footprint, social impact, and governance practices, alongside traditional financial metrics like creditworthiness and capacity to repay.

Understanding how Environmental, Social, and Governance (ESG) risks manifest in real-world scenarios is crucial for companies aiming to mitigate these risks and of course to their lenders also.

Environmental risks often involve direct or indirect damage to the natural environment due to a company's operations. **One clear example is the oil spill incidents** which not only lead to severe environmental degradation but also affect the offending company's reputation and financial stability.

Social risks pertain to the relationships between a company and its employees, suppliers, customers, and communities. Issues such as poor labour practices can lead to strikes, legal actions, and **regulatory penalties like the example of Apple.**

Governance risks involve the systems of rules, practices, and processes by which a company is directed and controlled. Poor governance can lead to scandals and legal troubles, as seen in **the case of Wal Fargo, where governance failures led to misleading regulatory bodies** and the public, resulting in hefty fines and diminished brand trust.

What World bodies/ regulator says/ doing?

Having understood the gravity of the matter, let us see what the regulatory bodies mandates and the steps taken to address it/ encouragement for adoption and adherence.

According to World Economic Forum's Global Risk Report 2021, Environmental, Social & Governance (ESG) risks accounts for four of the top five risks. OECD's report on 'ESG Investing: Practices, Progress and Challenges' state that ESG Investing may improve existing Risk Management practices and may lead to returns that are better than traditional investments.

Collecchio Declaration on Financial Institutions advised financial Institutions to adopt its 6 principles which reflect civil society's expectations of the role and responsibilities of the financial services sector in fostering sustainability.

Basel III reforms require systematic management of ESG risks. Banks must integrate these risks into their overall risk assessments and financial reports.

The European Banking Authority (EBA) has created roadmaps to allow institutions to bring in objectives and timelines to assess the materiality of ESG and is trying to understand the most appropriate approach for the banking frameworks themselves.

The Securities and Exchange Board of India (SEBI) has mandated that all listed companies in India make ESG disclosures for their value chain, which must include both upstream and downstream partners and contribute at least 75% of their revenues (by value). With regulators like SEBI demanding companies to report on ESG policies and RBI recommending banks include ESG norms in borrowers' credit evaluations, ESG compliance in India is experiencing significant growth in adoption.

Reserve Bank of India has also encouraged banks to extend finance towards renewable energy. RBI has identified 'Renewable Energy' as one of the categories under its Priority Sector Lending mandate. Banks are also investing in Green bonds/funds.

The RBI has increased the loan limits for renewable energy projects eligible under priority sector lending. For example, loans up to ₹35 crore per borrower are eligible for renewable energy projects.

Eligible Activities: Renewable energy includes various activities like solar and biomass-based power generators, windmills, micro-hydel plants, and non-conventional energy-based rural electrification.

This policy helps to ensure that banks are lending to sustainable and environmentally friendly initiatives like renewable energy projects, which contribute to India's overall sustainability goals.

What does the data & Research say:

Acknowledging the relevance of ESG factors in decision making of policymakers, corporates and others CRISIL had published ESG Scores in 2021 on select companies. The report suggests that **70% of academic studies on ESG have positive relationship between ESG scores and financial returns like profitability, valuation & equity returns.**

Any impact on the economy at large, whether directly or indirectly exposed to ESG risks, will have a definite impact on banks' performance. Embedding ESG into bank's strategic plans will lead to long term sustainability of the respective bank, environment and society at large.

Now let us understand that where India stands and steps taken by Indian government and the regulators

Where India Stands: Government and Regulatory Bodies

Govt has set target of achieving 500 GW Renewable Energy by 2030 and has commitment for achieving Net Zero by 2070 and reaching 500 GW of non-fossil fuel-

based capacity by 2030. **Mobilising finance is key to achieving** same and financial institutions need to align their lending policies with India's renewable energy growth strategy.

Understanding Risks for Banks & FIs:

Credit Risk: The increasing frequency and severity of extreme weather events can devalue assets held by banks' customers, disrupt supply chains, affect customers' operations and profitability.

Market Risk: Banks may experience declines in valuation and increased investment volatility due to shifts in investor preferences or adverse climate-induced effects on underlying economic activities.

Liquidity Risk: There may be increased demand for liquidity to respond to extreme weather events or challenges in liquidating assets due to their negative impact.

RBI's initiatives in ESG Implementation- Reserve Bank of India (RBI) has taken several initiatives to implement ESG policies within financial institutions:

Read this Verbatim - In the Discussion paper on Climate Risk and Sustainable Finance- RBI asserts that Climate change is increasingly recognized globally as a significant financial risk for financial institutions as well as posing a threat to the safety, soundness, and resilience of individual Regulated Entities (REs), which in turn impacts the stability of the entire financial system. Therefore, it is essential for REs to proactively manage the risks and opportunities arising from climate change and environmental degradation.

Recognizing the critical impact of climate-related risks on financial stability, RBI has introduced a draft disclosure framework, 2024 for Regulated Entities ("RE").

Applicability:

All Scheduled Commercial Banks (SCB), excluding Local Area Banks, Payments Banks, and Regional Rural Banks.

All Tier-IV Primary (Urban) Co-operative Banks (UCBs).

All All-India Financial Institutions (AIFI), (viz. EXIM Bank, National Bank for Agriculture and Rural Development (NABARD), National Bank for Financing Infrastructure and Development (NaBFID), National Housing Bank (NHB), and Small Industries Development Bank of India (SIDBI)).

All Top and Upper Layer Non-Banking Financial Companies (NBFCs).

Adoption of these guidelines remains voluntary for entities other than those specified in the above-mentioned categories. However, foreign banks must make disclosures specific to their operations in India.

Thematic Pillars of Disclosure:

The REs must disclose under the following four key thematic schemes, which include, **Governance, Strategy, Risk Management and Metrics and Targets.** The RBI seeks disclosures on a two-tier level: (a) baseline; and (b) enhanced disclosures. These disclosures highlight accountability and demand a potential shift in the corporate governance process.

Thematic Pillar	Description	Key Disclosure Requirements
Governance	Details the governance processes, controls and procedures used to manage climate-related financial risks and opportunities.	<ul style="list-style-type: none"> Board oversight of climate-related risks and opportunities. Senior Management's role in assessing and managing climate-related risks and opportunities.
Strategy	Describes the RE's strategy for managing climate-related financial risks and opportunities, including identification of risks and opportunities over different time horizons.	<ul style="list-style-type: none"> Identified climate-related risks and opportunities over short, medium, and long term. Impact of these risks and opportunities on business, strategy and financial planning. Resilience of the strategy under different climate scenarios.
Risk Management	Outlines the processes to identify, assess, prioritize, and monitor climate-related financial risks and opportunities and their integration into the overall risk management framework.	<ul style="list-style-type: none"> Policies and processes for identifying, assessing, prioritizing and monitoring climate-related financial risks. Processes used for managing climate-related risks. Integration of climate-related risk management into overall risk management processes.
Metrics and Targets	Details performance metrics related to climate-related financial risks and opportunities, including progress towards climate-related targets.	<ul style="list-style-type: none"> Metrics used to assess climate-related risks and opportunities. Scope 1,⁶ Scope 2⁷ and Scope 3⁸ GHG emissions- Targets for managing climate-related risks and progress against these targets.

Implementation Plan:

Recognizing the need for a pragmatic and phased approach, RBI has outlined a staggered implementation plan for the framework:

	Governance, Strategy, and Risk Management	Metrics and Targets
SCBs, AIFIs, Top and Upper layer NBFCs	FY 2025-26 onwards	FY 2027-28 onwards
Tier IV UCBs	FY 2026-27 onwards	FY 2028-29 onwards

Implication for MSME

While ESG principles have traditionally been associated with large conglomerates and Fortune 500 giants, **a new narrative is emerging - one** that champions the role of Small and Medium Enterprises (SMEs) and Micro, Small, and Medium Enterprises (MSMEs) in driving sustainable change.

For SMEs and MSMEs, it's not just a choice; it's a strategic necessity.

There is a strong business use case for SMEs and MSMEs to adopt sustainable practices. Big corporations are starting to base their procurement decisions more and more on sustainability factors, including carbon footprint/emissions, sustainable materials, etc. The need for businesses to be more sustainable is crucial in the current environment, which includes growing climate change uncertainties, widespread supply chain disruptions, rising resource scarcity, and a call to action for companies to address their negative environmental and social impacts.

Sustainability is becoming the main differentiator for large buyers to identify suppliers in their value chains. International initiatives like the EU Green Deal, which must be implemented by 2050, and the follow-up EU Circular Economy Action Plan have broad ramifications and will affect supply chains.

The World Bank recognizes Micro, Small, and Medium Enterprises (MSMEs) as crucial for sustainable development, and they are actively involved in supporting their growth and development through various initiatives. These initiatives focus on providing finance, risk-sharing mechanisms, and technical assistance to empower MSMEs and enable them to contribute to the Sustainable Development Goals (SDGs).

MSE SPICE is a pioneering initiative by the Ministry of Micro, Small and Medium Enterprises (MoMSEs) dedicated to empowering Micro, Small Enterprises (MSEs) in embracing sustainable practices through the circular solutions.

In the overall global sustainability effort, encouraging circular practices in micro and small enterprises (MSEs) has become a strategic necessity. The introduction of the **MSE - Scheme for Promotion and Investment in Circular Economy (MSE - SPICE)** is a proactive step to harness the potential of MSEs in driving sustainable development. **This is initiated by Ministry of MSME in collaboration with World bank.**

The primary goal of this scheme is to promote resource efficiency, reduce environmental impact, and enhance the competitiveness of MSEs in India.

Contributed by CS Gaurav Mahani, EVP and Head - MSME, CSB Bank Ltd. Member, MSME & Startup Board, ICSI



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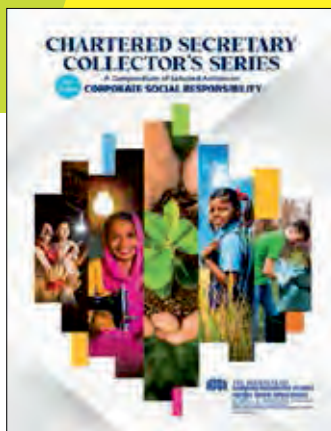


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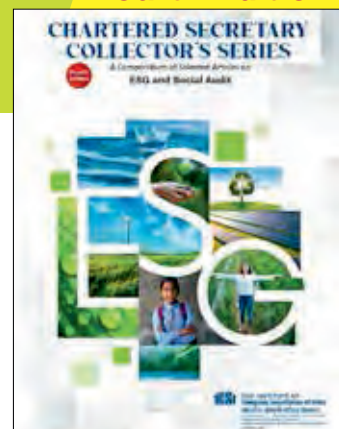


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GIST OF ROC & RD ADJUDICATION ORDERS

GIST OF ROC ORDERS

1. Adjudication order for violation of Section 134(3)(h) of the Companies Act, 2013 in the matter of BGR MINING & INFRA LIMITED

ROC Hyderabad issued an adjudication order dated 6th May, 2025, in the matter of BGR Mining & Infra Limited for violating Section 134(3)(h) of the Companies Act, 2013, as the company failed to disclose particulars of lease rentals paid to directors and their relatives in the form AOC-2 attached to the Board Report for the FY 2016-17 to FY 2018-19. The Adjudication Authority imposed the penalty of ₹3,00,000 upon the company, for each financial year from 2016-17 to 2018-19 and penalty of ₹50,000 each was imposed on the Managing Director and the Company Secretary for FY 2016-17. Further, a penalty of ₹50,000 imposed on each of seven directors and on one Company Secretary for FY 2017-18 and FY 2018-19 respectively for their defaults.

<https://www.mca.gov.in/bin/dms/getdocument?mds=epKFKYazjB6j8vAyfkjWSA%253D%253D&type=open>

2. Adjudication order for violation of Section 134(3)(e) of the Companies Act, 2013 in the matter of BGR MINING & INFRA LIMITED

ROC Hyderabad issued an adjudication order dated 6th May, 2025, in the matter of BGR Mining & Infra Limited for violating Section 134(3)(e) read with Section 178(1) of the Companies Act, 2013 as the company failed to disclose the constitution of the Nomination and Remuneration Committee in its Board's Report for the FY 2016-17 to FY 2018-19. The Adjudicating Authority imposed a penalty of ₹3,00,000 upon the company for each financial year from 2016-17 to 2018-19, a penalty of ₹50,000 each were imposed on the Managing Director and the Company Secretary for FY 2016-17. Further, a penalty of ₹50,000 imposed on each of seven directors and on one Company Secretary for FY 2017-18 and FY 2018-19 respectively for their defaults.

<https://www.mca.gov.in/bin/dms/getdocument?mds=EIpsuxVnoyQq85l7wbz6Uw%253D%253D&type=open>

3. Adjudication order for violation of Section 134(3)(g) of the Companies Act, 2013 in the matter of BI MINING PRIVATE LIMITED

ROC Hyderabad issued an adjudication order dated 6th May, 2025, in the matter of Bi Mining Private Limited for violating Section 134(3)(g) of the Companies Act, 2013 as the company failed to include details of loans, guarantees, or investments in its Board Report for the Financial Year 2016-17. The Adjudicating Authority imposed penalty of ₹3,00,000 upon the company and ₹50,000 each on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Osz5A%252F0kzS%252FqvxXjMk-SWmA%253D%253D&type=open>

4. Adjudication order for violation of Section 134(3)(h) of the Companies Act, 2013 in the matter of BI MINING PRIVATE LIMITED

ROC Hyderabad issued an adjudication order dated May 06, 2025, in the matter of Bi Mining Private Limited for violating Section 134(3)(h) of the Companies Act, 2013 as the company failed to disclose particulars of contracts or arrangements with related parties in its Board Report for the Financial Year 2016-17, as required. The Adjudicating Authority imposed a penalty of ₹3,00,000 upon the company and ₹50,000 each on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=VX2YnKk7MYlq2CeEM38enQ%253D%253D&type=open>

5. Adjudication order for violation of Section 29(1) of the Companies Act, 2013 in the matter of NEPTUNE PETROCHEMICALS LIMITED

ROC Ahmedabad issued an adjudication order dated 13th May, 2025, in the matter of Neptune Petrochemicals Limited for violating Section 29(1) of the Companies Act, 2013 as the company delayed the dematerialization of shares issued in physical form. The Adjudicating Officer imposed a penalty of ₹1,19,000 upon the company and a penalty of ₹50,000 on the Managing Director in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=a%252FTfl6jdokQNRyZ4WbZrNw%253D%253D&type=open>

6. Adjudication order for violation of Section 203(1) of the Companies Act, 2013 in the matter of SAMYAMA JYOTHI SOLAR ENERGY PRIVATE LIMITED

ROC Hyderabad issued an adjudication order dated 15th May, 2025, in the matter of Samyama Jyothi Solar Energy Private Limited for violating Section 203(1) of the Companies Act, 2013 as the company failed to appoint the whole-time Company Secretary within the stipulated timeframe. The Adjudicating Authority imposed a penalty of ₹5,00,000 upon the company and ₹1,96,000 each on two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=CGM8fyB%252FBdK0UpTCmIsETg%253D%253D&type=open>

7. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of ALPS LIFE SCIENCES PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 16th May, 2025, in the matter of Alps Life Sciences Private Limited for violating Section 12(1) of the Companies Act, 2013 as the company failed to maintain its registered office. The Adjudicating Authority imposed a penalty of ₹50,000 upon the company and ₹50,000 each on two directors for default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=xxemDFZAlbZpGuhC0Lu5kA%253D%253D&type=open>

8. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of PRATEEK REALTORS INDIA PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 16th May, 2025, in the matter of Prateek Realtors India Private Limited for violating Section 12(1) of the Companies Act, 2013 as the company failed to maintain its registered office. The Adjudicating Authority imposed a penalty of ₹1,00,000 upon the company and ₹1,00,000 each on its two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=T1CGJsceEw2OsGtMmRiO7w%253D%253D&-type=open>

9. Adjudication order for violation of Section 158 of the Companies Act, in the matter of VAISHALI PROFICIENT NIDHI LIMITED

ROC Patna issued an adjudication order dated 30th May, 2025 in the matter of Vaishali Proficient Nidhi Limited as its directors failed to include the Director's Identification Number (DIN) in the annexures to the financial statements for the financial years from 2014-15 to 2018-19. The Adjudicating Authority imposed a penalty of ₹2,50,000 upon the company and penalties ranging from ₹50,000 to ₹2,00,000 on its six directors for their respective period of default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=6HED7lt9gSovD1rum%252FMKMG%253D%253D&-type=open>

10. Adjudication order for violation of Section 158 of the Companies Act, 2013 in the matter of TILAK PROFICIENT NIDHI LIMITED

ROC Patna issued an adjudication order dated 30th May, 2025 in the matter of Tilak Proficient Nidhi Limited as its directors failed to include the Director's Identification Number (DIN) in the annexures to the financial statements for the financial years from 2014-15 to 2018-19, thus violating the provisions of Section 158 of the Companies Act, 2013. The Adjudicating Authority imposed a penalty of ₹2,50,000 upon the company and penalties ranging from ₹50,000 to ₹2,00,000 on its six directors for their respective period of default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=4ty%252FM7YpsZrodnpXF%252BioJA%253D%253D&-type=open>

11. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of MANIKRAJ MOTORS PRIVATE LIMITED

ROC Patna issued an adjudication order dated 30th May, 2025 in the matter of Manikraj Motors Private Limited, as the company failed to maintain a registered office of the company, thus violating the provisions of Section 12(1) of the Companies Act, 2013. The Adjudicating Authority imposed a penalty of ₹1,00,000

upon the company and ₹1,00,000 each on the two directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=fdwaoi%252BxfB2oJ1519RgHfw%253D%253D&-type=open>

12. Adjudication order for violation of Section 118 of the Companies Act, 2013 in the matter of TILAK PROFICIENT NIDHI LIMITED

ROC Patna issued an adjudication order dated 30th May 2025 in the matter of Tilak Proficient Nidhi Limited for violation of Section 118 of the Companies Act, 2013 for non-maintenance of proper minutes books of General Meetings and other company meetings since its incorporation. The Adjudicating Authority imposed a penalty of ₹25,000 upon the company ₹5,000 each on eight directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252FhTY21r1psKhgtZDd%252BBygA%253D%253D&-type=open>

GIST OF RD ORDERS

1. Adjudication order for violation of Section 203 of Companies Act, 2013 in the matter of RS. PABBLA CONSTRUCTIONS PRIVATE LIMITED

In the matter of RS. Pabbla Constructions Private Limited *the RD (SOUTH EAST)* vide order dated 19th May, 2025 after considering the facts of the case, *rejected* the appeal against the RoC order for violation of *Section 203* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=RmIVnckmI%252Fa3tMHDSfb69A%253D%253D&-type=open>

2. Adjudication order for violation of Section 203 of Companies Act, 2013 in the matter of KAUTILYA WAREHOUSING PRIVATE LIMITED

In the matter of Kautilya Warehousing Private Limited *the RD (SOUTH EAST)* vide order dated 23rd May, 2025 after considering the facts of the case, *Reduced* the quantum of penalty amount to 40% of the RoC order to ₹2,00,000 upon the company and 20% of the RoC order to ₹1,00,000 upon two of the directors in default for violation of *Section 203* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=RvDuREHth63uCsJ9uhfJnw%253D%253D&-type=open>

3. Adjudication order for violation of Section 89 of Companies Act, 2013 in the matter of CREDIL TECHNOLOGIES PRIVATE LIMITED

In the matter of Credil Technologies Private Limited *the RD (SOUTHEAST)* vide order dated 28th May, 2025 after considering the facts of the case, *Reduced* the quantum of penalty amount of the RoC order to ₹1,00,000 upon the company and ₹40,000 upon five directors in default for violation of *Section 89* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252FB%252FCQwReu%252BNpRQZcuH%252Fm-Ww%253D%253D&-type=open>



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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.



*The Hon'ble National Company Law Appellate Tribunal,
Principal Bench*

In the matter titled

M/s. MVP Pvt. Ltd..... Appellants

versus

*M/S. SIP Pvt. LtdRespondents ("Corporate Debtor"
hereinafter referred as "CD")*

Facts of the case:

1. According to the request of the CD, the Appellant had infused some funds in the form of share application money in the CD during the FY 2009-10.
2. In return of which, the CD allotted 3000 equity shares amounting to Rs. 6.97 lakhs to the Appellant. Subsequently, the Appellant infused another Rs. 1.32 Crores during the financial years, out of which Rs. 40 lakhs were refunded back to the Appellant.
3. However, due to a financial crunch, the CD was not able to refund the remaining amount of Rs. 92 lakhs and consequently agreed to allot additional shares of the same amount, on the condition that the Appellant shall provide some additional funds to the CD. Thus, in accordance with the condition, the Appellant infused additional funds of Rs. 79.60 Lakhs, whereas neither the shares were allotted by the CD nor the amount refunded to the Appellant.
4. Owing to the default on the part of the CD, the Appellant issued a Demand Notice to the CD seeking the outstanding dues along with an interest @ 12% p.a., in accordance with Section 42(6) of the Companies Act, 2013.
5. Since, the CD had failed to repay the amount as per the Demand Notice, the Appellant filed a Section 7 Application before the Ld. National Company Law Tribunal ("NCLT"), which was later dismissed on the ground that share application money cannot be deemed to be a financial debt.
6. There was no proof of private placement offer made as per the provisions of the Companies Act, 2013.

There is no evidence of any valid concluded agreement between the two parties with respect to allotment of shares

7. Aggrieved by the Order passed by the Ld. NCLT, the Appellant filed an Appeal before the Hon'ble National Company Law Appellate Tribunal ("NCLAT") under Section 61(1) of the Code.

Argument on behalf of Appellant:

1. In terms of the Companies Act, shares are to be allotted within 60 days of receipt of share application money and that if shares are not allotted within such period, money is to be refunded within 15 days from the expiry of 60 days.
2. It was also submitted that any delay in the refund of share application money beyond the period of 15 days attracts interest at the rate of 12% per annum. Furthermore, it was pointed out that under Rule 2 of the Companies (Acceptance of deposit) Rules (herein after referred to as "CADR Rules") provides that if shares are not allotted within 60 days of receipt of share application money, the same amount is deemed to be treated as deposit money.
3. Making further submissions, the Ld. Counsel for the Appellant stated that since in the present factual matrix, shares were not allotted within the time-period as prescribed by the Companies Act, 2013 against the share application money provided by the Appellant, the share application money provided by a Financial Creditor to the Corporate Debtor should have been deemed by the Adjudicating Authority to be deposit money which would have come within the meaning of 'financial debt' under Section 5(8) of the IBC.
 - In case of the non-allotment of shares, the interest is levied as per Section 42(6) of the Companies Act, 2013, hence it falls within the scope of Financial Debt u/s 5(8) of Code.

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")?

Q2. Whether such amount can be treated as "deposits" pursuant to Rule 2(c)(vii) of the Companies (Acceptance of Deposits) Rules, 2014 ("CADR")?

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 – May 2025

CS Anjali Darshan Paliwal
ACS-75009

BEST ANSWER - CASE STUDY - MAY, 2025

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL NO. ____ OF ____.

BSN.... (Appellant)

Versus

M/s WIL Ltd... (Respondent)

The facts of the given case pertain to the interpretation of limitation provisions under Section 34(3) of the Arbitration and Conciliation Act, 1996, in conjunction with Section 4 of the Limitation Act, 1963, and Section 10 of the General Clauses Act, 1897.

The factual matrix aligns closely with the recent judgement given by the Hon'ble Supreme Court of India on 10th January, 2025 in the matter of **My Preferred Transformation & Hospitality Pvt. Ltd. v. Faridabad Implements Pvt. Ltd.**

Issue No.1: Whether the benefit of Section 4 of the Limitation Act, 1963 is available to a party when the “prescribed period” of 3 months for filing a petition under Section 34(3) of the Arbitration Act has already expired and the discretionary period of 30 days under the proviso to Section 34(3) falls on a day when the Court is closed?

Section 34(3) of the Arbitration and Conciliation Act, 1996 (hereinafter “Arbitration Act”) prescribes a strict limitation period for filing an application for setting aside an arbitral award. The statutory scheme contemplates:

A primary limitation of 3 months (90 days) from the date of receipt of the award; and an additional 30-day period which may be granted by the Court upon showing sufficient cause for delay, but not thereafter.

The phrase “**but not thereafter**” has been consistently interpreted by the Hon'ble Supreme Court to imply an absolute and non-extendable ceiling on the permissible filing period.

Judicial Precedent:

The leading case of **Union of India v. Popular Construction Co.** [(2001) 8 SCC 470] held that:

“The intent of the legislature in enacting the proviso to Section 34(3) is to exclude the application of Section 5 of the Limitation Act and to make the 120-day outer limit sacrosanct.”

Applicability of Section 4 of the Limitation Act.

Section 4 of the Limitation Act, 1963 reads:

“Where the prescribed period for any suit, appeal or application expires on a day when the court is closed, the suit, appeal or application may be instituted on the day the court reopens.”

However, in **P. Radha Bai v. P. Ashok Kumar** [(2018) 13 SCC 445], the Supreme Court held that the Arbitration Act is a self-contained code, and the benefit of Section 4 is not available once the outer limitation period of 120 days has expired, even if the last day falls on a holiday.

This position was reaffirmed in the most recent 2025 judgment in **My Preferred Transformation & Hospitality Pvt. Ltd. & Anr. v. Faridabad Implements Pvt. Ltd.**, Civil Appeal No. 336 of 2025, where the Apex Court ruled:

“Section 4 of the Limitation Act is applicable only to the prescribed period of 90 days and not to the 30-day discretionary condonable period under the proviso to Section 34(3). Once the extended period lapses—even during court vacation—the court becomes functus officio and cannot entertain the petition.”

The Court emphasized that the condonable period is not part of the “prescribed period” under Section 4 and thus falls outside its protective ambit.

Conclusion:

The benefit of Section 4 of the Limitation Act, 1963 is not available when the 30-day condonable period under Section 34(3) of the Arbitration Act expires during court vacations. Filing the application on the reopening day of the court after the expiry of the 120-day ceiling is barred by law and not maintainable.

This interpretation aligns with the legislative object of the Arbitration Act—to ensure expeditious resolution of disputes and finality of arbitral awards.

Issue No. 2: When the last day of the condonable period of 30 days falls on a holiday or during a court vacation, would the benefit of Section 10 of the General Clauses Act, 1897 be available to the appellant separately in such circumstances?

Section 10 of the General Clauses Act provides that if any act or proceeding is directed to be done within a prescribed period and the last day falls on a holiday, it shall be deemed to have been done in time

if performed on the next working day. However, its application is confined to periods “prescribed” for doing an act within a statutorily allowed timeframe. Under Section 34(3) of the Arbitration and Conciliation Act, 1996, an application to set aside an arbitral award must be made within:

- 3 months (90 days) from the date of receipt of the award, and
- A further 30 days’ condonable period, if the applicant shows sufficient cause.

The provision explicitly states “but not thereafter”, signifying that the 30-day extension is strictly capped. This language indicates a non-extendable statutory embargo.

Judicial Precedent:

In the latest Supreme Court judgment, **My Preferred Transformation & Hospitality Pvt. Ltd. & Anr. v. Faridabad Implements Pvt. Ltd., Civil Appeal No. 336 of 2025** (decided on 10 January 2025), the Hon’ble Court clarified:

“The benefit of Section 10 of the General Clauses Act, 1897, is confined to the prescribed period. The condonable period under Section 34(3) is not part of the prescribed limitation and hence does not attract the saving mechanism of Section 10.”

The Court further emphasized that:

“The statutory outer limit of 120 days under Section 34(3) is absolute. Filing beyond this, even on account of court closure, is impermissible. Judicial discretion cannot override a legislative embargo.”

Earlier judgments such as:

1. **Union of India v. Popular Construction Co. [(2001) 8 SCC 470],**
2. **P. Radha Bai v. P. Ashok Kumar [(2018) 13 SCC 445].**

also uphold that any period beyond 120 days is barred, and general provisions of limitation law or statutory interpretation cannot override the mandatory cut-off.

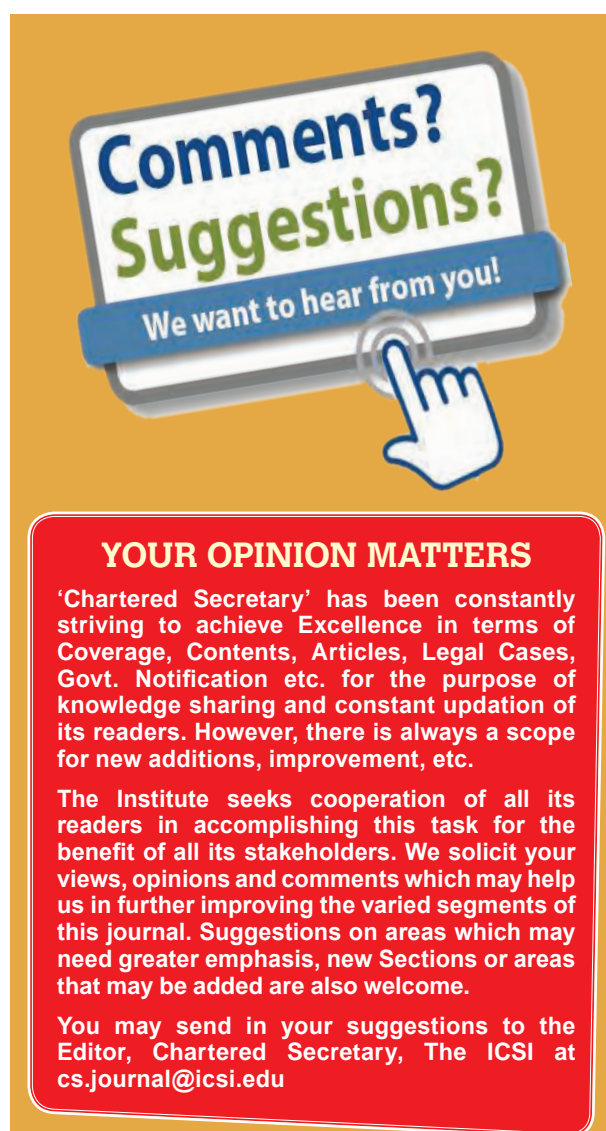
Conclusion:

No, the benefit of Section 10 of the General Clauses Act, 1897 is not available when the last day of the condonable period under Section 34(3) of the Arbitration and Conciliation Act, 1996 falls on a holiday or during a court vacation. The 30-day condonable period is not

part of the “prescribed period”, and filing on the next court-working day does not save the limitation. Courts are barred by law from entertaining the petition once the 120-day ceiling is crossed, regardless of court holidays.

Note:

This opinion is presented purely for **academic and analytical purposes**, based on the relevant statutory provisions and authoritative judicial precedents. It seeks to provide clarity on the procedural interpretation of limitation within the framework of arbitration law, particularly concerning Section 34(3) of the Arbitration and Conciliation Act, 1996, and the applicability of general provisions such as Section 10 of the General Clauses Act, 1897. This analysis is offered **without prejudice to the merits of the actual case** and does not constitute legal advice.



Comments? Suggestions?
We want to hear from you!

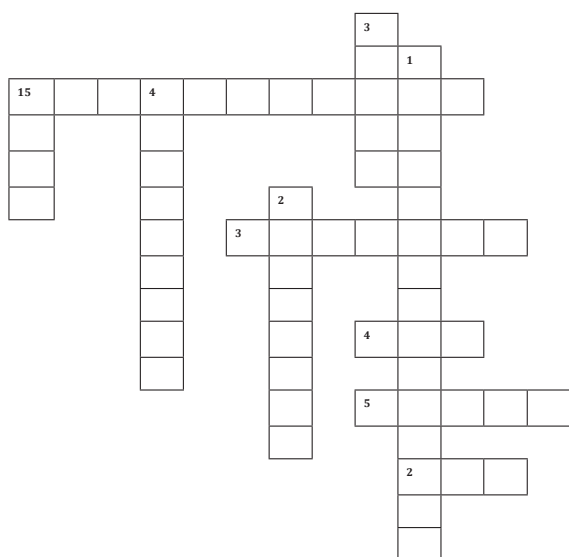
YOUR OPINION MATTERS

‘Chartered Secretary’ has been constantly striving to achieve Excellence in terms of Coverage, Contents, Articles, Legal Cases, Govt. Notification etc. for the purpose of knowledge sharing and constant updation of its readers. However, there is always a scope for new additions, improvement, etc.

The Institute seeks cooperation of all its readers in accomplishing this task for the benefit of all its stakeholders. We solicit your views, opinions and comments which may help us in further improving the varied segments of this journal. Suggestions on areas which may need greater emphasis, new Sections or areas that may be added are also welcome.

You may send in your suggestions to the Editor, Chartered Secretary, The ICSI at cs.journal@icsi.edu

CROSSWORD PUZZLE – COMPANY LAW - JUNE 2025



ACROSS

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, Where the number of creditors in a class exceeds one thousand, the committee may, direct the interim resolution professional or resolution professional, as the case may be, to appoint an insolvency professional other than the interim resolution professional, resolution professional and authorised representative, or any other person, as _____ for a sub-class within the creditors in a class.
- Under the Insolvency and Bankruptcy Code, 2016, the time period for determining the relevance of avoidable transaction- such transaction was made with a related party within the period of _____ years preceding the insolvency commencement date.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, where no claim from creditors has been received till the last date for receipt of claims, the liquidator shall prepare the list of stakeholders within _____ days from the last date for receipt of claims.
- Under Companies Act, 2013, Every company shall, unless prohibited by any provision of law or any order of Court, Tribunal or other authority, deliver the certificates of all securities allotted— within a period of _____ months from the date of allotment in the case of any allotment of debenture.
- Under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, A copy of the resolution passed at the general meeting under sub-section (2) of section 68 of the Companies Act shall be filed with the Board and the stock exchanges where the shares or other specified securities of the company are listed, within _____ working days from the date of passing of the resolution.

DOWNWARDS

- Under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, The debenture trustee shall be vested with the requisite powers for protecting the interest of holders of debt securities including a right to appoint a _____ on the Board of the issuer in consultation with holders of such debt securities and in accordance with applicable law.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016), Where the corporate debtor has no financial debt or where all financial creditors are related parties of the corporate debtor, the committee of creditors shall consist of _____ largest operational creditors by value, one representative elected by all workmen and one representative elected by all employees.
- Under Section 109 of the Companies Act, 2013, The scrutinizers appointed for the poll, shall submit a report to the Chairman of the meeting in Form No. _____.
- A contract in which one person promises to compensate the other person for the loss suffered by him, due to the conduct of the promisor or of any other person, is known as contract of _____.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, The liquidator shall make a public announcement in Form A of Schedule I within _____ days from his appointment.

Winners - Crossword May 2025

1ST CS PURVI JAIN ACS-74160

2ND CS VANSH ARORA ACS-75013

3RD CS HUSSAN KUMAR ACS-17785

Crossword Puzzle – May 2025 Answers

ACROSS

- TEN
- FORM VL-4
- SEVEN
- FIVE LAKH
- TWO

DOWNWARDS

- SPEED POST
- TWO
- FIFTEEN
- ONE
- THIRTY

NATIONAL/INTERNATIONAL REPORTS: ANALYSIS

Technical Report: Pilot Study on Annual Survey of Services Sector Enterprises (ASSSE)

Organisation: National Statistics Office, Ministry of Statistics and Programme Implementation, Government of India

Month/Year of Release: April, 2025

Source: https://www.mospi.gov.in/sites/default/files/publication_reports/TECHNICAL%20REPORT_ASSSE.pdf
(Please refer the link for complete report)

INTRODUCTION

The service sector is a key driver of India's economy, contributing a substantial portion to the country's GDP and providing millions of jobs. Accurate and comprehensive data on this sector is crucial for informed policymaking, strategic planning, and investment decisions. While the unincorporated part of the service sector is covered in Annual Survey of Unincorporated Sector Enterprises (ASUSE), there is a lack of consistent data on the economic and operational characteristics, employment, and other related aspects, especially with industry-wise or State/UT-wise breakdowns in the incorporated sector. This gap in data is primarily due to the absence of a regular national-level survey covering the various subsectors of the incorporated non-agricultural and non-manufacturing sectors. To address this issue, there was a felt need to prepare a comprehensive database for corporate service sector enterprises, providing detailed and granular data for better understanding of this vital sector. Meanwhile, PMO also advised National Statistics Office (NSO) to conduct an annual enterprise survey using Goods and Services Tax Network (GSTN), established under the aegis of Central Goods and Services Tax (CGST) Act, 2017, as sampling frame. This prompted the conceptualization of the Annual Survey of Services Sector Enterprises (ASSSE) to fill the data gap and enhance the understanding of the corporate service sector.

Significance of the Pilot Study

- Prior to the launch of the comprehensive full-fledged annual survey, a pilot study, following an enterprise approach, has been envisaged primarily to examine the suitability of the GSTN data for the purpose of sampling frame for ASSSE.
- The pilot study on Annual Survey of Services Sector Enterprises (ASSSE) covered the incorporated service sector the economy across the Broad Activity Categories of *Construction*, *Trade* and *Other Services*.
- The pilot study on ASSSE is conducted to test the operational modalities of carrying out the field work, sufficiency of the instruction, degree of co-operation of the enterprises, availability of the official records at the enterprises which can be used to fill the different

blocks of the ASSSE schedule, etc. at pan-India level. These records include books of accounts, profit and loss statements, labour registers, and other relevant documents.

- The findings of this pilot study will offer valuable insights to finalize the design and execution of the full-fledged survey. This report aims to present the key takeaways from the pilot.

Structure of the Report

This report contains three chapters and two appendices. Following the present introductory chapter (Chapter One), 'Chapter Two' highlights the concepts and definitions of various terms used in this Pilot Study on ASSSE. 'Chapter Three' presents the summary of experience gathered and also the major findings of the Pilot Study. Detailed tables forming the basis of this report have been provided at Appendix A. Appendix B provides a copy of the Schedule of both Phase-I and Phase-II of Pilot Study on ASSSE.

Scope and Timelines of The Pilot Study

The pilot study is conducted covering enterprises in the incorporated sector of the Indian economy. The Pilot Study on ASSSE has been conducted using an 'enterprise approach' using the GSTN database, which contained about 6.85 lakh corporate enterprises belonging to 'Construction', 'Trade', and 'Other Services Sector' for the Financial Year 2022-2023.

Phase-I of the Pilot Study was conducted during May 2024 to August 2024, during which 10,005 enterprises were surveyed across India. After filtering out non-existent enterprises, those with untraceable owners/occupiers, and those falling outside the study's coverage, from among the



PHASE-I



10,005 enterprises have been surveyed



The fieldwork spanned from May, 2024 to August, 2024



PHASE-II



5,020 enterprises have been surveyed under the aegis of Collection of Statistics Act



The fieldwork spanned from November, 2024 to January, 2025



Reference Period
of the Pilot Study

April, 2022



March, 2023

remaining eligible units, a total of 5,020 enterprises were selected for Phase-II. Phase-II of the Pilot Study took place over three months, from November 2024 to January 2025. The notices under Collection of Statistics Act, 2008 were issued in the month of October 2024.

- The coverage of ASSSE is essentially the **corporate entities** i.e. entities registered under Companies Act, 1956 or, Companies Act, 2013 or Limited Liability Partnership (LLP) Act, 2008 and belonging to service sector. Unincorporated entities are excluded from coverage of ASSSE.
- Geographically, the survey covers the whole of the Indian Union. Hence, all the State/UTs have been covered in the pilot study.
- As per business type, corporate entities like, Limited Liability Partnerships, Private Limited Companies, Public Limited Companies, Public Sector Undertakings, Unlimited Companies etc. have been included in the survey coverage.
- Activity-wise following sections of National Industrial Classification (NIC)-2008 were covered in the pilot:

Sections of NIC 2008	Description of activities
E	Water supply, sewerage, waste management and, remediation activities
F	Construction
G	Wholesale and retail trade, repair of motor vehicles and, motorcycles However, Maintenance and repair of motor vehicles (NIC code 45200) and maintenance and repair of motor cycles, mopeds, scooters and three Wheelers (NIC code 45403) are excluded.
H	Transportation and storage All activities except (a) Transport via railways (NIC Code 491), Urban or suburban tramways (NIC Code 49212), Urban or suburban underground or elevated railways (49213) and Transport via pipeline (NIC Code 493), and (b) Air transport (NIC Code 51). However, non-scheduled airlines (i.e., an air transport service other than scheduled air transport service and that may be on charter basis and/or non-scheduled basis; and, further, the operator is not permitted to publish time schedule and issue tickets to passengers) are to be considered.
I	Accommodation and Food service activities
J	Information and communication
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities except 'activities of trade unions' (NIC Code 942) and 'activities of political organisations' (NIC Code 9492)

There were certain activities in service sector which were **not covered** in ASSSE. The following sections of NIC - 2008 activities of service sector were **excluded** from the coverage for this Pilot Study.

Section of NIC 2008	Description of activities
K	Financial and insurance activities (NIC 64, 65, 66)
O	Public administration and defence; compulsory social security (NIC 84)
T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use (NIC 97, 98)
U	Activities of extraterritorial organizations and bodies (NIC 99)

The various NIC-2008 Divisions that are under the coverage of ASSSE are classified into Construction (NIC 2008 Divisions 41, 42, 43), Trade (NIC 2008 Divisions 45, 46, 47), and Other Services Sector (NIC 2008 divisions 36-39, 49-53, 55-56, 58-63, 68-75, 77-82, 85- 88, 90-96).

Sampling Frame and Sampling Design

The GSTN frame containing about 6.85 lakh corporate enterprises belonging to 'Construction', 'Trade', and 'Other Services' has been used as the sampling frame for the Pilot Study on ASSSE. The Pilot Study on ASSSE has been conducted using a Two-Phase sampling design. Stratified Simple Random Sampling without Replacement has been followed in both phases. A total of 10,005 enterprises have been surveyed in Phase I, with respect to the reference period FY 2022-2023 (April 2022 – March 2023), mainly to verify and update the relevant frame information like name of the enterprise, address of the enterprise, etc. From these enterprises, 5,020 units have been selected for Phase-II of the survey where the detailed schedule has been canvassed under the Collection of Statistics Act, 2008 and data have been collected from books of accounts, balance sheets, profit and loss accounts and other records maintained by the enterprises for the same reference period.

OBJECTIVES OF THE PILOT STUDY

- To verify and update selected information, viz., name, address, activity(ies), number of establishments in the State/UT, etc., that were available in the frame.
- To ascertain the current working status of the enterprise.
- To test the operational modalities, such as, response of the enterprises, whether the instruction is sufficient to collect the requisite data, etc.
- To check whether data for estimating important parameters were collectable from the official records, such as Books of Accounts (including profit and loss statement), labour register, etc., maintained by the enterprises.
- To gather experience in ASSSE for the all-India scenario.

Phase I Objectives of the Pilot Study

- To verify and update (if necessary) the selected frame information such as, name of the enterprise, address of the enterprise, activity(ies) pursued by the enterprise, number of establishments in the State, status of the enterprise etc so that Phase-II of the survey, which involved checking the feasibility of collection of detailed information using books of accounts, can be carried out under the aegis of the Collection of Statistics Act, 2008.
- To collect quantitative information such as gross sale value, employment, etc. for the accounting period, which would be used for Phase-II.
- To ascertain the current status of the enterprise.

Phase-II Objectives of the Pilot Study

- To canvass the **detailed** schedule using the Collection of Statistics Act, 2008, and examine the level of compliance among the enterprises.
- To collect information on fixed capital, working capital, employment details, expenses, receipts, etc., using records maintained by the enterprises, which may be used for compiling different parameters.

DATA COLLECTION, ANALYSIS & INTERPRETATION

The term 'enterprise' is referred to as a GSTN unit conducting operations in a particular state. As per GSTN nomenclature, the term enterprise is analogous to 'principal place of business' which may have one or more 'additional place of business' (commonly understood as establishments) in the state. Combined data of all the additional places of businesses have been collected from the principal place of business. In case of an enterprise having a single balance sheet covering multiple establishments across multiple states, suitable adjustment/apportionment has been done pertaining to the selected GSTIN of the state in consultation with the management of the unit.

All the results presented in the form of tables and statements are obtained from sample observations only, without the use of any multipliers. No attempt has been made to estimate parameters based on such a low sample size of 5,020 units in Phase II. In this report, the aggregate figures used for deriving the percentage distribution of various indicators are obtained using the total of sample values. Thus, the number of enterprises, establishments, workers, etc., for a domain will be the same as the sample total of enterprises, establishments, workers for the respective domains. Thus, indicators (say GVA or worker) at Broad Activity Category (BAC) level of Construction, Trade and Other Services have been generated by adding the corresponding parameter values (GVA or worker in this example) of all the surveyed units in that BAC without jacking them up using any weight and hence they are largely influenced by the relatively bigger units in that domain. Hence, the domain-level indicators should

be treated with adequate caution as they may not be indicative of the actual aggregates of the domain.

Results of some of the key indicators of the service sector have been presented at the Broad Activity Category (BAC) level of Construction, Trade and Other Services (operational as well as economic characteristics), and also as per different size classes of output.

In the statements, 'all' is used to denote all the enterprises taken together. A "-" has been used in the statements and tables if no enterprise was surveyed in that particular level of disaggregation. On the other hand, the figure "0" appears in some levels of disaggregation when the figure is very low and has become "0" due to rounding off.

In order to evaluate the prevailing status of the enterprise, a set of distinct status codes has been used to capture relevant data. The structure of the codes is as follows:

Codes	Description
1	Open and producing services
2	Existing with fixed assets and maintaining staff but not producing any services
3	Existing with fixed assets but neither maintaining staff nor producing any services
4	Enterprise is non-existing
5	Owner/occupier of the enterprise is not traceable
6	Out of coverage
7	Non-response due to production of services not yet started
8	Non-response due to other reasons

Data Summary of Phase-I of the Pilot Study

- A total of 10,005 enterprises were surveyed in Phase I of the Pilot Study.
- Majority of the enterprises were found to be operational.
- Majority of the existing enterprises were found to be located at the address given in the frame.
- In about 58% of the cases, where either enterprise is non-existing or the owner/occupier is non-traceable, were found to be relatively smaller entities (having annual turnover less than one crore).

Data Summary of Phase II of the Pilot Study

- A total of 5,020 enterprises have been selected for survey, under the aegis of Collection of Statistics Act, 2008 in Phase-II of the Pilot Study.
- Around 11.50% of these enterprises did not respond to the survey.
- The reference period for Phase-II was financial year 2022-23.
- Substantial difficulty faced in bifurcating GSTIN level information from Pan-India records.
- As this survey was conducted for the first time, it required multiple follow-ups and reminders.

Details of the Blocks of the Phase-II Schedule

Block No.	Block Description
Block 0	Identification of the enterprise (updated after phase I)
Block 1	Identification of the enterprise
Block 2	Operational particulars of the enterprise
Block 2.1	Distribution of establishments (additional places of businesses) over the districts of a state
Block 2.2	Verification of activity details of the enterprise
Block 3	Land and fixed assets owned and hired (long term lease)
Block 4	Working capital and loans
Block 5	Employment and labour cost
Block 6A	Purchase of goods for trading
Block 6B	Expenses (on goods and services) used for production of services (other than trading)
Block 6C	Other expenses for trading/production of services
Block 7A	Receipt from trading
Block 7B	Receipts from production of services (other than trading)
Block 7C	Other receipts from production of services
Block 8	Taxes, subsidies and distributive expenses
Block 9*	Summary block (aggregates)
Block 10*	Summary block (ratios)
Block 11	Particulars of use of Information and Communication Technology (ICT) by the enterprise
Block 12	Particulars of field operations
Block 13	Remarks by Survey Supervisor (SS) / Senior Statistical Officer (SSO)
Block 14	Comments by inspecting/higher authority

* for internal validation

Data were collected in CAPI using tablet from the selected enterprises. A notice was first sent to all selected enterprises under the Collection of Statistics Act, 2008 for this purpose. A schedule devised specifically to collect information in this phase contained blocks to capture data on identification particulars, operational particulars, land and fixed assets, working capital and loan, employment and labour cost, expenses, receipts taxes, subsidies and distributive expenses, use of Information and Communication Technology, etc. of the enterprise apart from particular of field operations and remarks by field personnel.

To assess the status of the enterprise during the reference period (FY 2022-2023), the structure of the codes has been kept by and large similar to Phase-I with one minor modification. Status Codes 7 (non-response due to production of services not yet started) and 8 (non-response due to other reasons) of Phase-I have been merged into a single code 7 (nonresponse due to production of services not yet started or accounting year not closed during the accounting period or any other reasons) in Phase-II.

Statement 1: State/UT-wise number of enterprises surveyed in the Pilot Study on ASSSE

State/UT	Phase-I	Phase-II
	No. of enterprises surveyed	No. of enterprises surveyed
Andhra Pradesh	204	123
Arunachal Pradesh	31	10
Assam	109	58
Bihar	206	103
Chhattisgarh	114	69
Delhi	978	405
Goa	88	45
Gujarat	622	306
Haryana	566	297
Himachal Pradesh	84	49
Jharkhand	143	68
Karnataka	840	446
Kerala	304	168
Madhya Pradesh	225	102
Maharashtra	1616	801
Manipur	37	17
Meghalaya	35	17
Mizoram	22	10
Nagaland	26	7
Odisha	176	80
Punjab	180	100
Rajasthan	324	184
Sikkim	32	15
Tamil Nadu	692	359
Telangana	555	291
Tripura	44	12
Uttar Pradesh	735	342

State/UT	Phase-I	Phase-II
	No. of enterprises surveyed	No. of enterprises surveyed
Uttarakhand	121	40
West Bengal	588	317
A&N Islands	30	17
Chandigarh	87	53
D&N Haveli and Daman & Diu	40	20
Jammu and Kashmir	79	56
Ladakh	11	5
Lakshadweep	4	1
Puducherry	53	24
All India*	10005	5020

*Includes enterprises surveyed in 'other territories', i.e. they belong to Union of India but not to any particular State/UT

Statement 2: Distribution of sample enterprises which were either non-existing or owner/occupier non-traceable over various GSTN turnover slabs (from Phase-I)

Annual Turnover Slab	Percentage of enterprises
Below 20 Lakh	31.07
20 Lakh to 50 Lakh	15.97
50 Lakh to 1 Crores	10.60
1 Crore to 5 Crores	20.97
5 Crores to 10 Crores	6.86
10 Crores to 25 Crores	5.95
25 Crores to 50 Crores	2.74
50 Crores to 100 Crores	1.94
100 Crores to 500 Crores	3.20
Above 500 Crores	0.69
Total	100.00

Field Experiences during Phase-II

During Phase-II of the Pilot Study, field work which spanned over three months (November, 2024 – January, 2025) the Field Operations Division (FOD) was actively engaged in the data collection process, encountering various challenges and learning opportunities that provided meaningful insights into the operational aspects of the pilot study. Based on their first-hand experiences, FOD offered valuable feedback of the study. This feedback will serve as a foundation for firming up the questionnaire, instruction manual and also data collection strategies and addressing operational challenges during a full-fledged survey in future.

Some major feedbacks provided are outlined below:

- A number of cases have been observed where the enterprise operates at pan India level and accounts are maintained in a centralised manner. Some units were having their headquarters/accounts department in other cities. Therefore, it was often challenging to communicate and get data in such cases. Further, bifurcation of the records to fill the schedule for the selected enterprise against GSTIN no. was also challenging. For units having branches pan-India, it was not possible to get region-specific data for many items. Data provided by such units even after multiple visits were insufficient to fill the schedule in some cases.
- In many units, GST & other tax data in respect of various input and output items were not readily available in the official records i.e. balance sheet and PL accounts. Units took much time in producing relevant documents.
- With regard to Block 5 (employment details), data were not readily available in the required format (gender wise and level-wise) with the units in some cases.
- Cases have been encountered where there were multiple units running on the same address. The unit which was selected is either sister concern or minor unit and the information like, expenses were prepared under main unit's books of accounts. So, books of accounts of the sister unit often did not readily have essential break-up of information required in the survey schedule.

- As this survey was conducted for the first time, it required multiple follow-ups and reminders to obtain data as enterprises were reluctant to provide financial statements, balance sheets, and GST-related data.
- In case of enterprises pursuing mixed activities (consisting of both manufacturing and service activities), difficulties were faced in bifurcation of specific activities pertaining to the survey with respect to fixed assets, expenses, receipts etc.

Statement 3: Distribution of enterprises as per status of operation in Phase-II (FY 2022-23)

Status	No. of enterprises	Percentage of enterprises
Open and producing services	3979	79.26
Existing with fixed assets and maintaining staff but not producing any services	28	0.56
Existing with fixed assets but neither maintaining staff nor producing any services	79	1.57
Enterprise is non-existing	89	1.77
Owner/occupier of the enterprise is not traceable	91	1.81
Out of coverage	175	3.49
Non-response	579	11.53
Total	5020	100

Out of the total 5,020 enterprises selected for Phase-II of the Pilot Study, **approximately 3.6%** of these enterprises were found to be either non-existent or owners/occupiers not traceable. Additionally, **about 3.5% of the enterprises** were deemed out of coverage. Another **11.5% of the enterprises** were found to be non-responding despite the fact that data in Phase-II was collected under the statutory provisions of Collection of Statistics Act, 2008.

On the evaluation scale (ranging from 1-10, 1 being the most difficult and 10 being the simplest) on the **ready availability of data from official records of the enterprises** (books of accounts, balance sheets etc.) in filling out various blocks¹ of the Phase-II schedule, the scoring pattern (in percentage) of the field enumerators have been diagrammatically represented in Figure 6. It is noteworthy that the Block 8 (Taxes, Subsidies and Distributive Expenses during the Accounting Period) was the most challenging.

MAJOR FINDINGS OF THE PILOT STUDY

Operational Characteristics

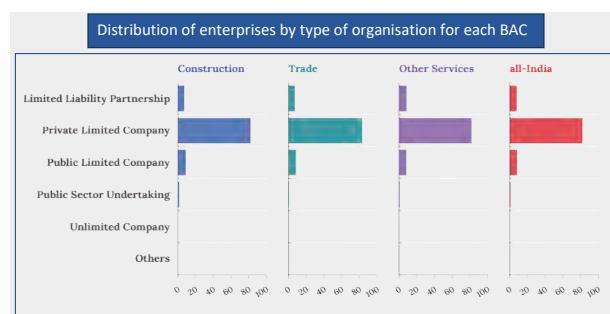
Statement 4 gives the percentage distribution of the enterprises by different types of organization. It can be seen that majority of the corporate entities in the pilot study on ASSE are private limited companies (82.40% at all-India level) during FY 2022-23. The same trend is noticeable for all the broad activity categories, i.e., construction, trade, and other services.

Statement 4: Percentage Distribution of Enterprises by types of organization (FY 2022-23)

BAC	Limited Liability Partnership	Private Limited Company	Public Limited Company	Public Sector Undertaking	Unlimited Company	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Construction	7.25	82.16	9.02	1.57	0.00	0.00
Trade	7.17	83.38	8.66	0.71	0.00	0.07
Other Services	8.63	81.83	8.26	0.97	0.05	0.28
all-India	7.95	82.40	8.49	0.95	0.02	0.17

generated based on sample observations

Ref: Table 4 of Appendix A



Statement 5 gives an idea of State/UT-wise scenario of enterprises having additional places of business. It can be seen that at all India level, 28.46% of the existing enterprises have at least one additional place of business in the State/UT.

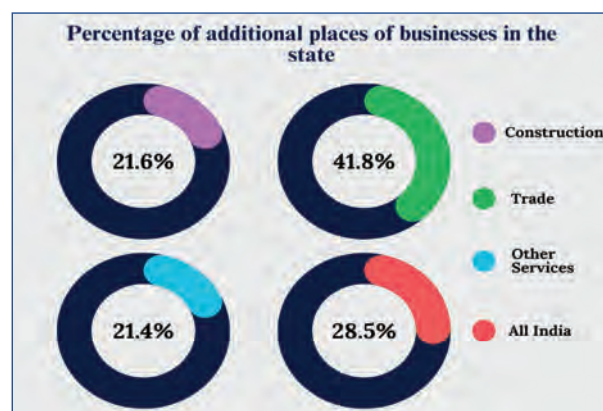
Statement 5: Percentage of Enterprises having Additional Places of Business in the State

State/UT	Percentage of enterprises having additional places of business in the state
Andhra Pradesh	45.28
Arunachal Pradesh	25.00
Assam	35.42
Bihar	22.22
Chhattisgarh	24.53
Delhi	23.67
Goa	35.71
Gujarat	29.28
Haryana	24.02
Himachal Pradesh	16.28
Jharkhand	35.29
Karnataka	24.59
Kerala	23.68
Madhya Pradesh	24.05
Maharashtra	28.73
Manipur	58.33
Meghalaya	45.45
Mizoram	25.00

State/UT	Percentage of enterprises having additional places of business in the state
Nagaland	25.00
Odisha	33.33
Punjab	26.25
Rajasthan	36.62
Sikkim	16.67
Tamil Nadu	34.49
Telangana	25.91
Tripura	41.67
Uttar Pradesh	29.93
Uttarakhand	33.33
West Bengal	30.36
A&N Islands	13.33
Chandigarh	19.57
D&N Haveli and Daman & Diu	13.33
Jammu and Kashmir	25.49
Ladakh#	0.00
Lakshadweep#	0.00
Puducherry	38.10
All India	28.46

generated based on sample observations Ref: Table 2 of Appendix

#Ladakh had only five and Lakshadweep had only one surveyed enterprise in Phase-II

Enterprises with additional places of businesses in the state

• Economic Characteristics

To understand the structure of corporate service sector enterprises, the percentage share across various size classes of output with respect to key economic indicators have been analysed. These indicators include fixed assets, capital formation measures (net, gross, and overall), outstanding loans, gross value added (GVA), and net value added (NVA). To facilitate this analysis, the following statements have been generated excluding the enterprises found non-existing, out of coverage and also, non-responding units.

Statement 6: Percentage share of economic indicators by different size classes of output (FY 2022-23)

Size Class of Output (X)	No. of enterprises surveyed	Indicator (in percentages)*						
		Fixed Assets	Net Fixed Capital Formation	Gross Fixed Capital Formation	Gross Capital Formation	Outstanding Loan	GVA	NVA
all-India								
X< 10 cr.	2720	2.64	2.19	2.44	2.78	5.91	1.19	1.07
10 cr.≤X< 100cr.	927	9.58	6.00	8.32	12.67	15.83	9.45	9.38
100 cr.≤X< 500cr.	326	25.00	29.08	26.96	27.19	42.12	19.90	19.33
X≥500cr.	113	62.77	62.73	62.28	57.36	36.14	69.47	70.21
All	4086	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*generated based on sample observations

Ref: Tables 6, 7 and 9 of Appendix A

This distribution given in statement 6 reveals a highly skewed structure, where larger enterprises dominate in terms of asset ownership, capital formation, credit, and value addition. Large enterprises (with output Rs. 500 crores or more) constitute only 2.8% of the total surveyed enterprises but account for nearly 63% of fixed assets and capital formation, over 69% of Gross Value Added (GVA), and 70.2% of Net Value Added (NVA). The enterprises with output ranging between Rs. 100 and Rs. 500 crores represent 8% of the total count and contribute about 25% of fixed assets, over 42% of outstanding loans, around 20% of GVA. Enterprises with output less than Rs. 100 crores, but more than Rs. 10 crores though forming about 23% of the total enterprises, contribute less than 10% to each of the key economic indicators viz. fixed assets, gross and net fixed capital formation, gross and net value added. The smallest class (with output less than Rs. 10 crores) constitute more than 66% of the sampled units adding just 1.2% to GVA.

Percentage share of different employment indicators, like, Persons directly associated with the production of services, Supervisory and managerial staff, Total persons engaged and their wages/salaries are summarized in Statement 7 for different size classes of output.

Statement 7: Percentage share of employment indicators by different size classes of output (FY 2022-23)

Size Class of Output (X)	No. of enterprises surveyed	Indicator*					
		Persons directly associated with the production of services	Supervisory and managerial staff	Total person sengaged	Wages/salaries of Directly associated with the production of services	Wages/salaries of supervisory and managerial staff	Total compensation#
all-India							
X< 10 cr.	2720	8.69	9.01	9.28	3.15	3.46	3.17
10 cr. ≤X<100 cr.	927	18.79	19.40	20.03	10.81	11.62	11.43
100 cr. ≤X<500 cr.	326	33.72	29.26	33.73	23.53	20.57	22.24
X≥500 cr.	113	38.81	42.33	36.96	62.51	64.35	63.17
All	4086	100.00	100.00	100.00	100.00	100.00	100.00

*generated based on sample observations

Ref: Table 8 of Appendix A

#includes bonus, contribution to provident fund and other funds and staff welfare expenses, etc.

The data reveals those smaller enterprises (with output below Rs.10 crores) constitute about two-thirds of the sample but contribute only around 9% to total employment and a mere 3% to total compensation. In contrast, larger enterprises (with output above Rs. 500 crores) represent just 2.8% of enterprises but account for nearly 37% of total employment. Enterprises with output ranging between Rupees 100 crores & Rupees 500 crores, while having almost a similar share in total persons engaged, their share in total compensation is much less in comparison to those having output Rupees 500 crores and above (22.2 % vis-avis 63.2%). Enterprises with output ranging between Rupees 10 crores and Rupees 100 crores account for about one-fifth of the total persons engaged while contributing 11.4% of the compensation.

KEY OBSERVATIONS AND RECOMMENDATIONS

1. The pilot study on ASSSE represents a significant milestone in strengthening India's statistical infrastructure for the service sector, a key contributor to both GDP and employment.
2. The findings from the pilot study provide a strong foundation for launching the full-scale annual survey starting in January 2026.
3. The pilot study confirmed the suitability of the GSTN database as a sampling frame for the survey.
4. It highlighted the importance of proper verification and validation of survey instruments, the

collectability of data from records maintained by selected enterprises and the challenges encountered during data collection.

5. The pilot study offers valuable insights for planning and finalizing the sampling design, determining the sample size and refining the questionnaire for the full-fledged survey in consultation with major stakeholders.
6. The major indicators of the survey include percentage share of Fixed Assets, Net fixed Capital Formation, Gross Fixed Capital Formation, GVA, NVA, number of persons engaged and compensation etc. over different size-classes of output.

CONCLUSION

The basic purpose of the pilot study was experience gathering on various aspects of the survey rather than generating estimates. Considering the small sample size of only 5020 units and the fact that a number of selected units were found to be non-existing and/or non-responding for various reasons, no design-based estimate (using sampling weights) has been attempted in this pilot study. Hence the estimates of any sector or Broad Activity Category (BAC) obtained by summing the estimates of all enterprises belonging to that sector/BAC tend to be skewed towards the estimates of large units present in that sector/BAC. Thus, the estimates are not indicative of or comparable to the overall actual aggregates of the sector/BAC.



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

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

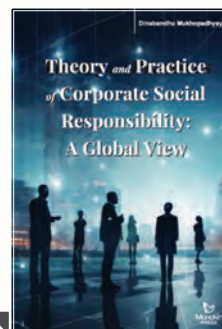
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Theory and Practice of Corporate Social Responsibility: A Global View

Author: Dr. Dinabandhu Mukhopadhyay
Publisher Name: Manakin Press
Edition: First (2025)
Total Pages: 478
Price: 995



INTRODUCTION

In the current business landscape, consumers anticipate brands to be socially responsible and contribute positively to society. In this context, Corporate Social Responsibility (CSR) is a means for organizations to express their commitment to environmental sustainability, support equality, ensure fair treatment of employees, and contribute to stakeholders' growth. By adopting sustainable CSR practices, companies can differentiate themselves from their competitors and set the tone for consumer confidence.

This book on, "*Theory and Practice of Corporate Social Responsibility: A Global View*" in a lucid manner, contemplates multidimensional facets of Corporate Social Responsibility (CSR). Building on the conceptual foundation of CSR, the book examines the present status of CSR in the Indian and global context. Throughout the book, the author has captured varied perspectives on global best CSR practices, intending to address key concerns of various stakeholders.

There are many books written on CSR, however, this book is unique as it offers a wide scope for the reader to understand the concept of CSR in the context of business ethics and sustainable business practices. It presents a value-creating business model of CSR. This book comprises nine chapters. Each chapter begins with learning objectives, detailed contents, and concludes with a chapter summary & list of references. The list of abbreviations and index, arranged in alphabetical order, assists the readers in understanding key terms and quickly navigating through the contents of the book.

DETAILED REVIEW

Chapter One outlines the historical background of CSR and aims to familiarise the reader with real-world examples and reports of various committees on CSR's philosophy as a tool for enhancing the economic well-being of marginalized populations globally, transcending geographical boundaries.

Chapter Two emphasizes the global outlook of CSR in a contemporary business environment. The author has discussed the emergence and progression of CSR concepts such as Philanthropy, Stakeholder Theory and Engagement, Legal Activism, and Shared Value Theory. Economic, Legal, Sociological, Psychological, theory of Business ethics, and Utilitarianism, representing the multidisciplinary framework of CSR, are explained. The chapter also elaborates on models of ethical decision-making in a CSR environment, Corporate Citizenship & its relevance to CSR, and integration of CSR with business strategy.

Chapter Three on legal instruments making CSR globally acceptable, Business Strategy Model, CSR global reporting and transparency, Social Impact, Environmental Sustainability, Employee Well-being, Diversity, Investor expectations and Stakeholders' perspectives are an eye-opener for the reader on international standards.

Chapter Four is dedicated to CSR in the Indian perspective- The Social, Legal and Economic issues bringing to the fore the CSR reporting and disclosure requirements, while Chapter Five distinctly captures the CSR-Global Practices-Judicial Approach and Standards, enumerating the legal frameworks and regulations on CSR.

A comparative overview of Indian and Global CSR practices, citing case studies, is covered in Chapter Six. One of the most interesting and differentiating element of this book in comparison to other titles is Chapter Seven, which elaborates on CSR as a value-creating business model with corporate cases of effective CSR implementation and impact evaluation.

The author has explicated business ethics in Chapter Eight, mentioning it as the Nucleus of CSR. In this chapter, the author critically examines Business Ethics and CSR through the lens of profitability, branding strategy, green-washing, supply chain, the stalwarts' contributions, ancient Indian perspectives, ethical dilemmas, ethical principles, and ethics in business management.

Chapter Nine is centred on Indian and Global standards and practices in the CSR reporting framework. This chapter continues to bind the reader to the book, exploring the various dynamics of CSR reporting and impact assessment.

CONCLUSION

The chapters are appropriately interspersed with case studies, case laws & precedents, and illustrations, making it more insightful and intellectual for the reader. The critical review of the existing research shall empower the readers, organizations, and society at large with in-depth information on the subject of CSR and its allied areas. This book fosters meaningful conversations supporting ethical and sustainable business practices that are in harmony with societal advancement by connecting academia, policy, and corporate strategies. The book is particularly valuable for researchers, policymakers, corporate governance professionals, academicians, NGOs, and government ministries. The book has an ample scope for development, where the future edition can focus on CSR Audit for quantitative evaluation of CSR performance with explanations on forms and formats, and reporting of CSR compliances.

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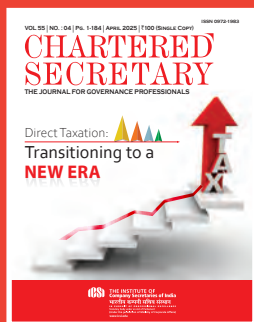
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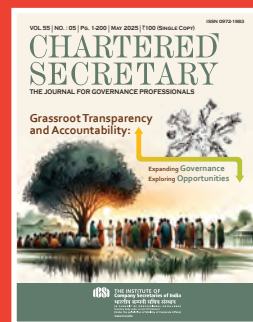


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