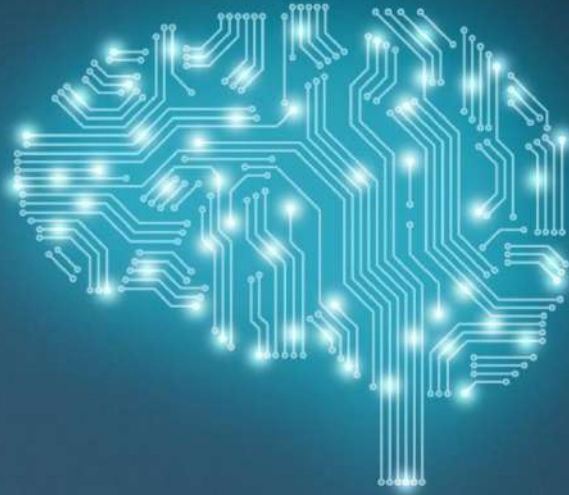




SIRC MYSURU CHAPTER



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Vision

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Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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From the Desk of Chairman

Dear Professional Colleagues!

“Leadership and learning are indispensable to each other.”

- John F. Kenney

Significance of Learning & Training:

A good leader must constantly seek knowledge, adapt to new challenges, and learn from experiences, both successes and failures. Learning keeps leaders informed, innovative, and humble, while leadership provides the real-world experience that deepens learning.

In moving this direction, the Mysuru Chapter is constantly organising various training & Induction programs for Members & CS students.

Successful Conclusion of the 2nd Three-Day Orientation Program (TDOP) for CSEET Completed Students:

On 11th, 12th & 13th Sep 2025, our Chapter successfully conducted the 2nd Three-Day Orientation Program (TDOP) for CSEET completed students. 25 Students registered & attended the program. The sessions for the TDOP were addressed by CS Abhishekh Bharadwaj, CS Prachetha M, Prof. Parimal Kumar K R, CS Harsha A, CS Parvati K R, and CS Manjunath S.

CS Arunkumar M G, Secretary of the Chapter, distributed the Certificates to all the Students.

Our Chapter expresses gratitude to all the above faculties for taking sessions in the program.

53rd National Convention of Company Secretaries at Kochi, Kerala:

We are delighted to inform you that the 53rd National Convention of Company Secretaries will be held at Kochi, Kerala, from 31st October to 2nd November 2025, on the theme “Progressive, Inclusive and Sustainable Bharat.”

We encourage all members to register and actively participate in this landmark event, and together, let us make it a grand success.

Upcoming Events/Programs of our Chapter:

Our Chapter has taken the initiative to conduct a third Three-Day Orientation Program (TDOP) for students who completed the CSEET in October 2025.

Happy & Prosperous DEEPAVALI & DHANTERAS Festivals!!!

Thank you all.

Jai Hind. Jai ICSI!

CHAPTER ACTIVITIES

Three Days Orientation Programme (TDOP): The ICSI Mysuru Chapter proudly hosted its second batch of the Orientation Programme from September 11 to 13, 2025, marking a vibrant start to the newly joined Executive Students. Over the course of three days, 22 enthusiastic students immersed themselves in structured training sessions designed to lay the foundation for their professional journey.

Members of the Chapter facilitated a series of structured sessions and addressed diverse queries raised by the student participants. These engagements served to significantly enhance the students' conceptual understanding and broaden their academic insights.

Upon successful completion, participants were awarded certificates, recognizing their commitment and readiness to embark on the next phase of their careers.





ARTICLES

Empowering the Consumer: The New FSSAI 'Food Safety Connect' QR Code Rule



CS Lalit Rajput

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The Food Safety and Standards Authority of India (FSSAI) was established under the Food Safety and Standards Act, 2006, which received the assent of the President of India on August 23, 2006, and was notified in the Gazette of India on August 24, 2006. The FSSAI operates under the Food Safety and Standards Act, 2006, which is the primary law governing the regulation of food products in India. The Food Safety and Standards Act, 2006, covers a wide range of aspects related to food safety and standards.

For a long time, the relationship between consumers and the food they eat has been marked by a lack of clarity. Despite the best intentions, labels on packaged goods often prove insufficient, and verifying the legitimacy of a dining establishment has been a

challenge. Consumers have struggled to access crucial information about product origins, ingredients, and the hygiene standards of the places where their meals are prepared. This information gap has not only created frustration but also posed a significant public health risk.

Recognizing this persistent issue, the Food Safety and Standards Authority of India (FSSAI) has introduced a landmark regulation that stands to revolutionize food safety and consumer empowerment. The new mandate requires all food businesses, from restaurants and cafes to cloud kitchens, to prominently display a QR code at their premises. This isn't just another bureaucratic requirement; it's a direct link for consumers to a wealth of vital information and a powerful tool for accountability.

The QR code will be directly linked to the FSSAI's licensing and registration portal. This means consumers can immediately verify the business's license status, ensuring it is valid and up to date. This simple check acts as a powerful deterrent against unlicensed or illegitimate operations.

FSSAI Makes QR Code Display Mandatory for Food Businesses: What You Need to Know

The Food Safety and Standards Authority of India (FSSAI) has mandated that all Food Business Operators (FBOs) prominently display the QR code of the 'Food Safety Connect' mobile app in customer-visible areas.

FSSAI has mandated all Food Business Operators (FBOs), including restaurants, dhabas, cafes, and eateries, to display the QR code of the 'Food Safety Connect' App in customer-visible areas. This QR code is available on the FSSAI License/Registration certificate.

The initiative aims to empower consumers by providing a direct platform for grievance redressal regarding food safety and hygiene issues, misleading claims on food products, and to access information about licensed FBOs. Complaints lodged through the app are routed to the concerned jurisdictional authority for prompt action. FBOs are also required to feature the QR code or a direct download link for the app on their digital assets, where applicable.

Applicability:

In a nationwide advisory, all FBOs have been asked to display this on their premises. This is in compliance with Condition of License number 1 of the FSS (Licensing and Registration of Food Businesses) Regulations, 2011.

A Small Code with a Massive Impact: FSSAI's Food Safety Connect QR Code

The QR code will be directly linked to the FSSAI's licensing and registration portal. This means consumers can immediately verify the business's

license status, ensuring it is valid and up to date. This simple check acts as a powerful deterrent against unlicensed or illegitimate operations.

The QR code will also provide access to the business's FSSAI license number, the full name and address of the food business operator, and a comprehensive overview of the type of food products they are licensed to sell. This level of detail empowers consumers to make informed choices.

Implementation:

Immediately, i.e., 01st August 2025

The Food Safety and Standards Authority of India (FSSAI) issued the advisory on July 25, 2025. The effective date for FSSAI's mandate to display the 'Food Safety Connect' app QR code at food premises.

Summary of the Key Points:

- **Mandatory Display:** All FBOs, including restaurants, dhabas, cafes, eateries, cloud kitchens, food trucks, and even online delivery aggregators, are required to display their FSSAI license or registration certificate along with the QR code of the Food Safety Connect app.
- **Visible Locations:** The QR code must be placed in areas easily visible to customers, such as entrances, billing counters, seating areas, and, where applicable, on digital assets like websites and online ordering platforms.
- **Empowering Consumers:** The primary goal of this initiative is to empower consumers by providing them with a direct and user-friendly platform to:
 - Lodge complaints about food safety and hygiene issues.
 - Report misleading claims on food products.

- Access basic information about licensed or registered FBOs.
- Stay informed about FSSAI's latest food safety initiatives and alerts.

• **Direct Complaint Routing:** Complaints lodged through the app are automatically routed to the appropriate jurisdictional authority, ensuring prompt redressal and minimizing delays in addressing food safety grievances.

• **Compliance:** This mandate is in compliance with Condition No. 1 of the FSS (Licensing and Registration of Food Businesses) Regulations, 2011, which already requires the visible display of licenses.

• **Availability:** The QR code for the app is now available on the front page of the FSSAI License and Registration certificates. The app itself is available for both Android and iOS users.

• **Penalty for Non-Compliance:** Failure to comply with this mandate may lead to penalties or suspension of food licenses under the Food Safety and Standards Act.

Impact on FSSAI License:

• For years, the FSSAI license was a document that was often seen but rarely scrutinized.

• The new QR code system, however, transforms this static information into a dynamic portal of knowledge.

• A simple scan with a smartphone camera will grant consumers instant access to a wealth of critical information about the establishment.

Conclusion:

In an age where information is power, FSSAI's QR code initiative is a game-changer. It bridges the gap that has long existed between food businesses and their customers, fostering a more transparent and accountable environment for all. It's a collective step towards a healthier and safer food landscape, where every scan can lead to greater confidence and better choices. Displaying the QR code serves as a badge of trust, indicating to customers that the business is registered, licensed, and has nothing to hide.

Disclaimer: This write-up is prepared as a Knowledge Sharing Initiative. Every effort has been made to avoid errors or omissions in this material. In spite of this, errors may creep in. Any mistake, error, or discrepancy noted may be brought to our notice, which shall be taken care of in the next edition. The Author can be contacted at cslalitrajput@gmail.com



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Introduction

The 'Clean Slate Doctrine' under the IBC has often encountered loggerheads with the accounting of tax dues and sub judice tax disputes within the Corporate Insolvency Resolution. According to the clean slate doctrine, once a resolution plan is put into effect under section 31 of the IBC, it is binding on all the stakeholders, including the government agencies, but this puts pressure on the interests of the government, especially where large tax dues remain under adjudication.

A key challenge that could be highlighted in this discussion is with regard to the classification of all types of tax dues as "operational debt" under section 5(21) under IBC. While Income tax is the direct liability that arises as a course of the business, indirect taxes like GST or VAT are collected from the customers on behalf of the

government. Can both be classified as operational debt? Another simultaneous issue that arises is when the tax liability is waived under the resolution plan. Does this waiver count as "income" under Section 28 of the Income Tax Act, 1961, and make the taxpayer liable to tax? The principle of unjust enrichment also adds another dimension to this discussion.

For India, which has been a nascent learner from the UK, branding all tax dues at par with the unsecured creditors may be avoided by granting circumscribed priority only to amounts collected but not remitted

As the supplier who collected tax from the recipient but doesn't pay to the government, and the dues are waived under the resolution plan, the corporate debtor keeping the money which would have gone to the treasury will raise the issue of unjust enrichment. Thus, this research attempts to analyze two key issues

Does the principle of unjust enrichment prevent tax dues from being treated as "operational debt" under the IBC?

- Does the waiver of tax liabilities under a resolution plan create a new tax liability under Section 28 of the Income Tax Act, 1961?

In the due process, the project also attempts to look at the historical developments of the insolvency laws in India, look at the treatment of the tax due from the perspective of the Presidency Town Insolvency Act and Provincial Insolvency Act, to the IBC. The overall aim of this project is to analyze the interaction between the insolvency and tax laws.

1. Whether the Principle of Unjust Enrichment Precludes the Classification of Tax Amount as Operational Debt of IBC Code?

1.1 Analyses of the Controversial Government Claims Issue,

Under IBC, the debts are often distributed as per the provisions of section 53, the waterfall mechanism. This provision has placed the dues owed to the government department, statutory dues, alongside other operational debts. This position of the statutory dues has been a subject of discussion, mainly because of the ambiguity in the treatment of these claims. All statutory dues are not of the same nature; every statutory debt arises from its own legislation and with its own characteristic feature.

As per the provisions of the IBC and the judicial precedents, it's understood that operational creditors are someone who are involved with the

supply of goods and services, which also includes someone who has paid the advance to receive the goods and services. Because operational debt under section 5(21) means any debt connected to the provision of goods and services, irrespective of whether you are a supplier or customer¹.

This varied origin and characteristic feature of the tax dues has created interpretational conflict within the courts. For instance, in the case of *Vijaykumar V. Iyer*² (the DoT spectrum case), The court agreed with the government's arguments that the Department of Telecommunication should be treated as a secured creditor as a virtue of the tripartite agreement, which explicitly gave the DOT's claims the status of secured claims. Whereas, in *Rainbow Papers Limited* (2022)³ case, the Supreme Court classified the dues under Gujarat VAT as secured debt under the IBC. The reasoning offered by the court was that a security interest may be created not only by the contract but also by the operation of the law. Additionally, as there is no explicit exclusion of the government departments from the definition of the secured creditors, statutory charges can be backed as the first charge⁴.

Another aspect of the ambiguity arose when in the case of *Hitro Energy Solutions Pvt. Ltd.* (2022)⁵, the Supreme Court, said that "In general circumstances the operational creditor is the one who supplies goods and services, but in this case the customers

¹ Divesh Sawhney & Sanyam Aggarwal, Facets of Operational Debt under IBC, <https://ibclaw.in/facets-of-operational-debt-under-ibc-by-divesh-sawhney-sanyam-aggarwal/>

² *Union of India V. Vijaykumar V Iyer*, SCC Online NCLAT 355

³ *State Tax Officer (1) v. Rainbow Papers Ltd.*, 2022 SCC Online SC 116

⁴ Andrew Keay, Andre Boraine and David Burdette, *Preferential Debts in Corporate Insolvency: A Comparative Study*, Vol. 10, John Wiley & Sons, Ltd, (2001), 167-19

⁵ *Consolidated Construction Consortium Ltd. v. Hitro Energy Solutions (P) Ltd.*, (2022) 7 SCC 164

court held that the customers can also qualify as operational creditors because the advance payment is linked to the supply of goods and services, the difference between the advance payment and financial debt is that, the latter involves lending money for the time value of the money.”

Changes proposed in the MCA Paper with an attempt to solve the ambiguities raised in the above cases

1. Under Section 53 of IBC, barring workmen and employees, it is mandated that all other financial creditors should be considered equally for debt. the most obvious and basic reason is that the recoveries made by the operational creditors exceed those made by the secured creditors.
2. A separate “waterfall mechanism” should be incorporated in corporate insolvency, whereby priority of the claims would be based on the liquidation value of the claims.
3. All the debts owed to the government authority should be given the same standing as with the other unsecured creditors, with the only exception to this rule being that, if a security interest has grown as a product of a governmental contract, then the governmental claims would be regarded alongside the claims of the secured creditors⁶. Despite all these

changes, there still remains the question of unjust enrichment.

1.2 From the Perspective of Unjust Enrichment

The doctrine of “unjust enrichment” relies upon the principle that no one should profit unfairly at the expense of another⁷. The implication of this principle in the tax laws can be traced back to the case of Section 11B of the Central Excise Act, 1944, as held by a nine-judge Supreme Court bench in the *Mafatlal Industries Ltd*⁸. Case, the Court ruled that the unjust enrichment standard must be applied to all refund claims. No reimbursement is permitted unless the person can demonstrate that they absorbed the tax and did not shift it.

Later, in *Solar Pesticides Pvt. Ltd.*⁹ The court upheld this approach, extending unjust enrichment to indirect tax shifting cases as well. These rulings collectively established the theory as an integral component of India’s indirect tax jurisprudence, impacting subsequent legislation such as the GST. Additionally, section 171¹⁰ of the CGST also states that any tax benefit received by the supplier should be passed on to the recipient; this is a framework imposed to prevent unfair benefits.

GST, VAT, etc, are the taxes the company collects on behalf of the government; here, the company or the supplier acts as an agent to the government, retained in confidence.

⁶ Comments on the MCA Discussion Paper on changes being considered to IBC, 2016, <https://vinodkothari.com/2023/02/comments-on-the-mca-discussion-paper-on-changes-being-considered-to-ibc-2016/>

⁷ Ruchir Rai, The Principle of Unjust Enrichment, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2353502

⁸ *Mafatlal Industries Ltd. v. Union of India* (1997) 5 SCC 536

⁹ *Union of India v. Solar Pesticides Pvt. Ltd.* (2000) 2 SCC 705

¹⁰ Central Goods and Services Tax Act No 12 of 2017 S 171, Acts of Parliament, 2017 (India)

For instance, a business sells things, collects VAT from clients, and then turns the money over to the government. The government owns the VAT money if the business becomes insolvent before making the payment. It becomes an unfair transfer of public funds to private creditors if other creditors seize it.¹¹

2. Whether the Waiver of Liabilities Attracts Tax Liability under Section 28(1v) of the Income Tax Act?

2.1. Debt Waiver under IBC and Implications under IT Act

As a part of restructuring under IBC large portion of loans are waived or written off, as these reliefs help the distressed companies. The new ventures that take over raise the issue of the applicability of the income tax. One such important question is whether the waiver of loans can be taxed as income under section 28(iv) of the Income Tax Act 1961? For instance, in 2018, Tata Steel, through its subsidiary Bamnival Steel Ltd, acquired Bhushan Steel under the IBC. As part of the resolution, Rs 25,185.51 crores of loans were waived. In March 2025, the Assessing officer sent a notice to Tata Steel to reopen the assessment, in order to tax the waived loan as the taxable income.¹²

In the landmark case of Mahindra & Mahindra Ltd (SC. 2018)¹³, a U.S.-based business had given the assessee a loan to buy machinery. This debt

obligation was later partially waived. Under Section 28(iv)¹⁴ of the Act, the Revenue attempted to tax the waiver on the grounds that it was a "benefit" resulting from the assessee's operations. However, the SC, in this case, rejected the contention of the revenue stating that the section would be applicable if the benefit is in the form other than money, which was not in the case of Mahindra's case as the waiver of the loan resulted in the cash benefit.

The reasoning given by the Supreme Court in the above judgement was short-lived, as the Finance Act, 2023, amended this very section to explicitly include

"Any benefit or perquisite arising from business or profession, whether in cash or kind, whether convertible into money or not"

Now, a crucial condition for invoking this section of the Act it should be proved that the benefit arises from the assessee's own business or profession, it must be integrally linked to the business activity of the assessee itself.

Gujarat HC in the case of Chetan Chemicals (P.)¹⁵ the court held that the waiver of loan is non-taxable under section 28(iv) as the assessee is not in the business of obtaining loans and no deduction had been claimed earlier. But in other cases, like T.V. Sundaram Iyengar & Sons Ltd¹⁶, the SC had held that Unclaimed customer deposits, though capital in

¹¹ Pratik Datta Mr, Prioritising Tax Claims in Corporate Insolvency: Boon or Bane, National law School Business Law Review, Volume, Issue1, Article 7

¹² Bhushan Steel buy case: Tata Steel gets tax notice, challenges in HC, https://www.business-standard.com/companies/news/tata-steel-gets-i-t-notice-over-bhushan-debt-waiver-moves-bombay-hc-125040401233_1.html

¹³ AIR 2018 SUPREME COURT 3007

¹⁴ Income- tax Act, No 43 of 1963 S 28(iv), Acts of Parliament, 1961- ----the value of any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession.

¹⁵ Commissioner Of Income Tax vs Chetan Chemicals Pvt. Ltd. on 23 October, 2001

¹⁶ CIT v. T.V. Sundaram Iyengar & Sons Ltd, AIR ONLINE 1996 SC 421

nature when received, transformed into trade surplus and became taxable once appropriated to P&L. To add further nuances, the Court distinguished between capital loans and trading loans in Logitronics (P.) Ltd. (Delhi HC). It was decided that capital loan waivers, like those obtained for asset acquisition, would not be eligible for tax. Waiver of loans related to trading activity, on the other hand, can be subject to taxes, especially if they are moved to the profit and loss account.

2.2 Waiver of Statutory Liability and Implications of the Income Tax Act

There has always been a complex intersection between the waivers and the income tax laws, as the question of whether the waivers give rise to the taxable income has always been a contentious issue, because of the varied nature and purpose of the liability waived. In light of the above, accounting standards provide a clear pathway for recording these events.

The derecognition of financial liabilities is covered by AS 30¹⁷ and Ind AS 109 of Indian GAAP and Indian Accounting Standards (Ind AS). According to both, a financial obligation should be passed through the Statement of Profit and Loss (P&L) once it is waived or extinguished. ¹⁸The ICAI's Expert Committee has also concurred with the view that the loans waived should be credited to the P&L account. Thus, the treatment for the waivers is to

write back to the P&L account, therefore reflecting it as an income.¹⁹

When the liability waived is statutory, like Goods and Services Tax (GST) obligations, the same rules apply. Waiving such a liability signifies the derecognition of a financial obligation, and it must also be documented in the P&L in accordance with AS 30 and Ind AS 109. The ICAI's guidelines reaffirm that the waiver of statutory or financial obligations results in a notional inflow that needs to be recorded in the financial statements.²⁰

When long outstanding creditors or the statutory dues remain unpaid, they are often written back and credited in the P&L accounts as income. This may happen due to

- statutory deadlines' expiration or lapse,
- decisions made by businesses not to release specific obligations, or
- Waivers and settlements made by authorities or creditors.

For instance, as seen in the case of Logitronics Pvt. Ltd.²¹ (Delhi HC, 2011), the court again emphasised the fact that loans which were taken for trading purposes and later written back to P&L accounts shall be treated as income for the purpose of Income Tax laws. Additionally, in the case of Streamline Industries²² NCLT held that, as per the code and the existing legal precedents, only past statutory dues not in the resolution plan are

¹⁷ AS 30 – establish principles for recognizing, measuring, and disclosing financial assets; AS 109- classification and measurement.

¹⁸ How To Write Off Accounts Payable, <https://planergy.com/blog/accounts-payable-write-off/>

¹⁹ Pradip Kapasi, Gautam Nayak, Write-back of Loans- Section 41(1) & 28(iv),

<https://bcajonline.org/journal/write-back-of-loans-sections-41-1-28-iv/>

²⁰ Nikky Jhamtani, Waiver of Loans: Accounting Treatment and Tax Implications, (2019) 107taxmann.com

²¹ Logitronics Pvt. Ltd., New Delhi vs Department Of Income Tax

²² GMT pipes vs Mr Hastimal Kachhara

extinguished, but extra tax waivers or exemptions can't be granted to the corporate debtor.

Suggestion

The debate on crown preference in the UK stands as testimony to the tension between government revenue and supporting business rescue. Subsequent to abolishing the Crown preference in 2003, the UK has reintroduced Limited Priority, 2020, for taxes like VAT and the Payee. This sheds light on the acceptance that trust money should be treated differently from other direct corporate taxes. The UK's experience, however, teaches a valuable lesson on how a balance should be met between state revenue protection and insolvency resolution efficiency.

For India, which has been a nascent learner from the UK, branding all tax dues at par with the unsecured creditors may be avoided by granting circumscribed priority only to amounts collected but not remitted. This can be a multivocal approach for regulation as, on one hand, it ensures that the government would recover money that was never truly owed in the first place, and, two, placing direct taxes in the pool would protect creditors' confidence, thereby preventing erosion of rescue incentives. This can further be solidified by placing caps and time limits.

This would be a watchguard by protecting the creditors from the companies that take trust amount and later seek shelter under the insolvency clause. This method would also encourage the viable reconstruction and equitable treatment of creditors, as it limits the preference of specific categories. Other nuances that can be borrowed are like those of the UK's "time to pay," which would further reduce

litigation. As the mantra is, a good system should be balanced on all its legs, namely, public revenue, prevention of abuse, and protection of business rescue culture, all of which are fundamentals of the Indian Insolvency framework.

Conclusion

A fundamental conflict between state revenue protection and insolvency resolution is revealed by the relationship between the tax regime and the Clean Slate Doctrine under Section 31 of the IBC. The classification of all tax dues as operational debt raises concerns of unjust enrichment, especially in cases where indirect taxes like GST and VAT are collected in trust on behalf of the State. This is because the IBC envisions the extinguishment of past claims, including statutory dues, to ensure the revival of the corporate debtor. A complete exemption from these obligations runs the risk of weakening the public coffers and skewing the balance of justice among creditors. The ongoing uncertainty regarding whether and to what degree government claims should be compared to those of other unsecured creditors is demonstrated by judicial events, such as Rainbow Papers and Streamline Industries.

However, the resolution plans' waiver of tax and financial obligations invites complicated income tax ramifications, particularly in light of the 2023 revision to Section 28(iv), which now includes both monetary and non-monetary advantages. Courts have made a distinction between capital and trade liabilities, which has increased interpretive ambiguity even though accounting standards require that waived liabilities be passed through the profit and loss account. A complex strategy is needed to achieve a balance: trust-based

collections, such as GST, should have limited priority to avoid unjust enrichment, but direct taxes related to the debtor's operations may be considered operational debt. By harmonising tax and insolvency laws, such a balanced approach would protect public funds without undermining the IBC's primary goal of effective corporate rescue.

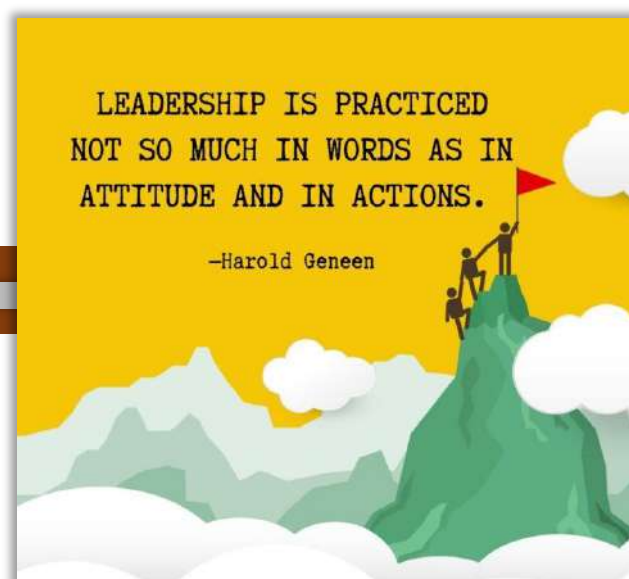
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1. Divesh Sawhney & Sanyam Aggarwal, Facets of Operational Debt under IBC,
2. Bhushan Steel buy case: Tata Steel gets tax notice, challenges in HC



COLUMNS





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Help Yourself

Food for thought

The Courage to be Disliked

by

Ichiro Kishimi and Fumitake Koga

Disclaimer: This article does not endorse any book and is not sponsored by any author or publication. Content shared here is for knowledge and learning purposes only.

Progressing into being the modern-day humans from being cavemen happened because of thriving in tribes and close-knit groups. We all know that being liked by other people in a tribe has been important for this progress. Back in those days, being disliked meant being isolated, which ultimately could lead to death. Such is the depth of the fear of being disliked, even to this day, by modern humans, as a natural instinct. When I read the title of this book, it hinted at the opposite of this, which means the possibility of getting exposed to a huge chunk of wisdom. Therefore, I immediately decided to pick it up.

This book has been written in the form of a conversation between two people, which makes the book very engaging to read. One speaker is a youth who is young and has many burning questions on the ways of life, and the other, very fittingly, is a philosopher who has lived well into the advanced years of life.

The book challenges almost every belief that we generally have about ourselves and the way life works. Let me give you an example, here is the context: A lot of words and concepts like anxiety, trauma, mental health, and so on have started to be used very loosely because of all the hyper-connectivity through the internet and social media. These concepts definitely need to be discussed, but there's always a stage where they cross the line

when it becomes en masse. Having known this, when the book stated that “trauma doesn’t exist” I was taken aback just like the youth in this book. The book goes on to deconstruct all the false beliefs and excuses that have taken the shape of “trauma.”

This book puts to test almost everything that you already know and deconstructs our beliefs to ultimately help us face hard truths and change ourselves for better. It is important for one to read the book several times in order to fully absorb the wisdom that this book has to share. And true to itself and its title, the book makes you dislike it, at first, but soon enough, it will have you nothing less than mind-blown. So, help yourself with this food for thought.

"Corporate Riddle"

Two become one, a swift deal done, Combining strengths,
the future's won. Rapid integration, a new path's laid, A
powerful union, success displayed.

Who am I?

If you know the answer then what are you waiting for...?
Send us your answer along with your Photo to the below
mentioned email id along with your full name, the first
person to provide the answer will be published in the next
edition with your Photo.

Email id: enewsletter.icsimysore@gmail.com

Answered by

Mr. Chidghan Hegde
Compliance Manager
KMH and Associates



Also, the Correct Answer by
CS Swati Hegde

Riddler

CS Pavithra P

Founder & Director

Accrescent Managed Services Pvt Ltd.

pavithra@acms.pro



Last Month's Corporate Riddle

1. I am a type of non-banking financial company (NBFC) that primarily deals with accepting deposits and lending to my members.
2. I am a type of company formed to promote the habit of thrift and savings among members.
3. I lend only to my members

Who am I?

Answer: Nidhi Company



Verdict Vista



CS Gaurav Pingle

Practising Company Secretary

gp@csgauravpingle.com

NCLT allows the Conversion of a Company Limited by shares to a Company Limited by Guarantee under 'Arrangement'

Under the Companies Act, 2013 and the Companies (Incorporation) Rules, 2014 ('Companies Incorporation Rules, 2014'), there are several provisions for the conversion of a particular type/class of company into another type/class of company. A few important and relevant examples are as follows:

1. Rule 6 of the Companies Incorporation Rules, 2014 relates to the conversion of an OPC into a public company or private company,
2. Rule 7 of the Companies Incorporation Rules, 2014 relates to the conversion of a private company into an OPC,
3. Rule 21 of the Companies Incorporation Rules, 2014 relates to conditions for conversion of a company registered under section 8 into a company of any other kind,
4. Rule 37 of the Companies Incorporation Rules, 2014 relates to the conversion of an unlimited liability company into a limited liability company by shares or guarantee,
5. Rule 39 of the Companies Incorporation Rules, 2014 relates to the conversion of a company limited by guarantee into a company limited by shares.
6. Rule 41 of the Companies Incorporation Rules, 2014 relates to the conversion of a public company into a private company.

Interestingly, under the extant provisions, there is a specific provision for the conversion of a company limited by shares into a company limited by guarantee. This issue was before the NCLT, Bengaluru Bench. This article is an analysis of the NCLT order and its implications.

Facts of the case: An application was filed by Azim Premji Trust Services Private Limited ('Petitioner Company' / 'Transferor Company') for approval of the scheme of Arrangement under the provisions of Section 230 read with Section 18 and Section 66 of the Companies Act, 2013 and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, for a conversion of the Petitioner Company from company limited by shares to a company limited by guarantee without share capital. According to the application made to the NCLT (Bengaluru Bench), the Petitioner Company stated that such conversion is permissible under Section 18 of the Companies Act.

Objections of the Registrar of Companies ('ROC'):

1. It was the contention of ROC that the corresponding Chapter II of the Companies (Incorporation) Rules, 2014, provides only for: (i) Conversion of an unlimited liability company into a limited liability company by shares or guarantee (Rule 37) and (ii) Conversion of a company limited by guarantee into company limited by shares (Rule 39). However, no rules have been provided for the conversion of a company limited by shares into a company limited by guarantee. Therefore, the ROC objected to taking recourse to provisions of Section 230 of the Companies Act for such conversion by way of a 'Scheme of Arrangement';
2. Another objection of the ROC is that u/s 66 (1) of the Companies Act, a company limited by shares or limited by Guarantee and having a share capital may, by a special resolution, reduce it in any manner;
3. Another observation of the ROC – In view of Section 4(1)(e) of the Companies Act, a company having share capital should hold a minimum of one share; and thus, the power u/s 66 of the Act can't be exercised to reduce the paid-up equity capital from Rs. 1,00,000/- to zero, as has been proposed by the company for conversion into a Company limited by Guarantee without having any capital.

Observations of NCLT (Bengaluru Bench): The observations of NCLT are summarised as follows:

1. NCLT noted that 'Company limited by guarantee' and 'Company limited by shares' have been defined under Section 2 (21) and 2 (22) of the Companies Act. NCLT observed that Rule 39 of the Companies (Incorporation) Rules, 2014 has been notified for "*Conversion of a Company Limited by guarantee into a company limited by shares*", and this Rule specifically confers powers on the Registrar of Companies, prescribed the relevant Form for filing the application within a time limit of 30 days before the ROC, and a further time limit of 30 days to the ROC to take a decision and accordingly issue necessary incorporation

certificate. NCLT observed that, however, no rules have been prescribed so far for allowing the conversion in the reverse direction, from a Company limited by shares into a company limited by guarantee;

2. NCLT stated that *“Merely because the rules have not yet been notified for the conversion of the company limited by shares into a company limited by guarantee, it does not mean that such conversion cannot be allowed when it is allowable under the provisions of Section 18 of the Companies Act, 2013. This is essentially covered within the scope of ‘arrangement’ between the company and its members, and under Section 2(21) of the Act, such a company limited by guarantee is prescribed for an undertaking to be given by the members to contribute to the assets of the Company in the event of its being wound up. Section 4(1)(d)(ii) of the Companies Act, 2013 also prescribes as to what was to be mentioned in the Memorandum of the company related to the guarantee undertaken by the members in respect of the company limited by guarantee”*;
3. NCLT concluded that *“In view of the facts and circumstances of the case, the Tribunal is of the considered opinion that the conversion as requested by the Company is liable to be allowed under the provisions of Section 230 of the Companies Act, read with Section 18 and Section 66 of the Companies Act, 2013 and read with Rule 11 of the NCLT Rules, 2016”*

Analysis & impact of NCLT Order allowing conversion of Company Limited by shares to Company Limited by Guarantee as ‘Arrangement’:

Chapter XV of the Companies Act (sections 230 to 240 of the Companies Act, corresponding to sections 390 to 396A of the Companies Act, 1956) covers aspects relating to compromise and arrangement. It also covers amalgamation or mergers, which is really one form of ‘arrangement’. The powers in respect of these matters were with the High Court (usually referred to as ‘Company Court’), however, these powers have been transferred to the National Company Law Tribunal (NCLT) under the Companies Act, 2013. As per the provisions of the law, the compromise, arrangement, and amalgamation/reconstruction require approval of the NCLT. Section 230 of the Companies Act deals with the basic procedures to be followed for any compromise and arrangement, meetings of creditors, members, and security holders for approval, and the powers of NCLT.

Based on the observations and conclusions in several judgments under the Companies Act, 1956, ‘Compromise’ means an amicable settlement of a dispute by mutual adjustments and concessions. In a ‘compromise’, each party has to yield and give some concessions. Compromise presupposes a dispute. In ‘arrangement’, there is no dispute, but it modifies rights, such as readjustment of rights may be with members or a class of them or creditors or a class of them. The term ‘arrangement’ is very wide and can include a re-organisation of capital.

The 'arrangement' or 'compromise' may be with creditors or members. This can take a variety of forms, e.g., creditors agreeing to waive part of their dues, converting part or all dues of creditors into shares, extending time for payment, reduction in capital by members, amalgamation, full or part transfer of undertaking, property, or liabilities of the company to another company, etc. According to the Explanation to section 230(1) of the Companies Act, 'arrangement' includes a reorganisation of the share capital of a company by consolidation of shares of different classes or by division of shares of different classes, or by both of the above methods.

In *Navjivan Mills Co. Ltd., In re* [1972] 42 Comp. Cas. 265 (Guj.), the High Court of Gujarat held that *“‘Compromise and arrangement’ covered by section 391 (of Companies Act, 1956) are of the widest character, ranging from a simple composition or moratorium to an amalgamation of various companies, with a complete reorganization of their share and loan capital. If this is the scope of section 391, it does appear that section 391 is a complete code by itself. There is inherent evidence which would support this conclusion. Whenever it was found necessary to provide that a particular thing such as reduction of share capital cannot be brought about by way of a scheme of compromise and arrangement unless special procedure prescribed for the same in section 100 onwards is carried out, a specific provision such as rule 85 (of the Rules made under Companies Act, 1956) was enacted for the purpose. The word ‘arrangement’ is such that, where even there is no dispute, arrangement can be brought in. ‘Compromise’ postulates the existence of a dispute and giving and taking on either side. ‘Arrangement’, on the other hand, is something by which parties agree to do a certain thing, notwithstanding the fact that there was no dispute between the parties. If such is the wide connotation of the word ‘arrangement’ as used in section 391, obviously, the arrangement by which shares of one company are taken over by the other company would not be outside the scope of the word ‘arrangement’. ‘Compromise and arrangement’ covered by section 391 are of the widest character, ranging from a simple composition or moratorium to an amalgamation of various companies, with a complete reorganisation of their share and loan capital. If this is the scope of section 391, it does appear that section 391 is a complete code by itself.”*

The NCLT order in the present case, *Azim Premji Trust Services Private Limited*, is quite relevant and important as it takes into consideration the extant provisions of the Companies Act and the Rules and notes that there is no specific provision for conversion of a company limited by share capital to a company limited by guarantee. Considering that the application was also made under section 66 of the Companies Act, the NCLT considered the relevant provisions of 'capital reduction', thereby allowing conversion of a company limited by shares to a company limited by guarantee. This precedent is also important from the perspective of the companies incorporated under section 8 of the Companies Act, and such a company is limited by shares. Such companies are not 'Small Companies' under section 2(85) of the Companies Act and hence the provisions of compulsory

dematerialisation are applicable (under Rule 9B of Companies (Prospectus and Allotment of Securities) Rules, 2014). Irrespective of the income earned, donations received, amount of share capital, and the operations of such section 8 companies, such companies are mandatorily required to make an application with the Depository (NSDL/CDSL) for obtaining an International Securities Identification Number (ISIN). If a company is incorporated under section 8 of the Companies Act (as a company Limited by Shares) and the said company is a private company, then it may make an application to the NCLT having jurisdiction under section 230 read with section 18 and 66 of the Companies Act and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and seek similar relief. It would be necessary to also make an application under section 66 of the Companies Act as the company's share capital won't exist consequent to the conversion of the company into a Guarantee Company. The only distinguishing factor between the application in the present case of Azim Premji Trust Services Private Limited and the application of a section 8 company would be that Azim Premji Trust Services Private Limited was not a company incorporated under section 25 of the Companies Act, 1956/section 8 of the Companies Act, 2013. In any case, the said precedent is relevant. As professionals, we have to consider the time, cost, and allocation of resources for the conversion of a section 8 company from Company Limited by shares to Company Limited by Guarantee, vis-à-vis the initial and recurring costs of dematerialisation of shares of the said section 8 company.

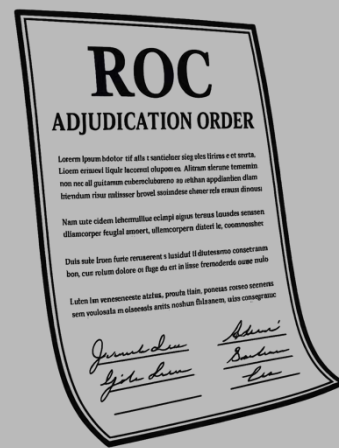


Column - 3



CS Keerthana Gopal

Company secretary and legal officer,
Mysore Steels Ltd.
keerthana92.gopal@gmail.com



*ROC Adjudication
Order*

Order passed under Section 118 of the Companies Act, 2013

Legal Provision

Section 118

Minutes of Proceedings of General Meeting, Meeting of Board of Directors, and Other Meetings and Resolutions Passed by Postal Ballot

(1) Every company shall cause minutes of the proceedings of every general meeting of any class of shareholders or creditors, and every resolution passed by postal ballot and every meeting of its Board of Directors or of every committee of the Board, to be prepared and signed in such manner as may be prescribed and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.]

(11) If any default is made in complying with the provisions of this section in respect of any meeting, the company shall be liable to a penalty of twenty-five thousand rupees, and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.

Facts

Company details: ROSMERTA AUTOTECH LIMITED [herein after known as Company] bearing CIN U74899DL1987PLC027962, is a company registered with this office under the Provisions of the Companies Act,

2013/1956, having its registered office situated at 402, 4TH FLOOR, WORLD TRADE TOWER, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI, CENTRAL DELHI, DELHI, INDIA 110001

As per the facts of the case mentioned in the petition the default was found to be committed U/S 118 of the Companies Act, 2013 r/w SS-1 and SS-2 on the basis of inspection conducted in the matter of subject company wherein following observation was raised in para 25 of preliminary findings letter issued to the company during inspection for which company applied for adjudication before this forum:

“(i)The minutes books were not properly bound for meetings held during FY 2017-18; Hence, non-compliance was observed for the period of FY 2017-18.”

Whereas in response to the E-SCN (SCN/ADJ/04-2025/DL/01069) issued on 07/05/2025, replies were received on 22.05.2025 and 08.10.2025 wherein the company and the officer-in-default have said that the alleged non-compliance and penalty should not be initiated as there is no default. And plea for a hearing on the matter and for considering the submitted copy of the Minutes book for the F.Y. 2017-18. Further, in their reply, they have mentioned that Mr. Akhil Gupta has been appointed as director on 30th September 2024 (i.e., post occurrence of the default), hence he is not an officer in default in this matter. Hence, the penalty would be imposed on the Company and its directors in default as per the provisions of Section 118(11) of the Companies Act, 2013.

Decision

The following penalty was imposed:

Company- Rs. 25,000/- (Maximum penalty limit being Rs. 25,000/-)

Directors- Rs. 5,000/- each, on two Directors. Directors' penalty amounted to Rs. 10,000/-

It was also provided that the notified officers in default/noticee shall rectify the default mentioned above and pay the penalty, so applicable within 90 days of receipt of the order.

Order passed under Section 117 of Companies Act, 2013

Legal Provision

Section 117

Resolutions and Agreements to be Filed

(1) A copy of every resolution or any agreement, in respect of matters specified in sub-section (3) together with the explanatory statement under section 102, if any, annexed to the notice calling the meeting in which the

resolution is proposed, shall be filed with the Registrar within thirty days of the passing or making thereof in such manner and with such fees as may be prescribed

Provided that the copy of every resolution which has the effect of altering the articles and the copy of every agreement referred to in sub-section (3) shall be embodied in or annexed to every copy of the articles issued after passing of the resolution or making of the agreement.

(2) If any company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, such company shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees and every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of fifty thousand rupees.

(3) The provisions of this section shall apply to—

(a) special resolutions;

(b) resolutions which have been agreed to by all the members of a company, but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as special resolutions;

(c) any resolution of the Board of Directors of a company or agreement executed by a company, relating to the appointment, re-appointment or renewal of the appointment, or variation of the terms of appointment, of a managing director;

(d) resolutions or agreements which have been agreed to by any class of members but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by a specified majority or otherwise in some particular manner; and all resolutions or agreements which effectively bind such class of members, though not agreed to by all those members;

(e) Omitted

(f) resolutions requiring a company to be wound up voluntarily passed in pursuance of section 59 of the Insolvency and Bankruptcy Code, 2016

Facts

JEEVODHAYA SAHAYA NIDHI LIMITED [herein after known as Company] bearing CIN U65999TN2020PLN138601, is a company registered with this office under the Provisions of the Companies Act, 2013/1956, having its registered office situated at DO NO. 24/3-61/3, BRETTS ROAD, DO NO. 24/3-61/3, BRETTS ROAD, NA SALEM Salem Tamil Nadu India 636001

Ministry vide order dated 08.08.2023 has rejected the NDH-4 application (for declaration as Nidhi) filed by the company Jeevodhaya Sahaya Nidhi Limited vide SRN: T60344157 dt 22.11.2021 wherein it was stated that the Company has not filed Form MGT-14 for filing Board Resolution passed for approval of Financial Statements along with attached documents for the Financial Year 2021-22 resulting in violation of Section 179(3)(g) read with Section 117 of the Companies Act, 2013.

In response to the above-mentioned order, the Registrar of Companies, Chennai, had issued notice to the company vide letter No. ROC/CHN/Adj/Jeevodhaya/2023 dt 31.08.2023. The company Jeevodhaya Sahaya Nidhi Limited and the Managing Director have filed an Adjudication application through GNL1 vide SRN: F96854039 dt 25.07.2024, and also submitted a physical application on 21.11.2024. The applicants submitted that, inadvertently, the company has not filed MGT-14 for the resolution passed within the due date. Further, submitted that the company has filed the MGT-14 with a delay. Ms. Rebecca Sarojini Stanley has been assigned the responsibility for compliance with the provisions of the Companies Act, 2013. Further, submitted that the applicants have filed Writ Petition No. 30165/2023 & 30594/2023 before the Honorable High Court of Madras for rejection NDH-4 application. The applicants further declare that they have not previously filed any application, writ petitions, or suit regarding the matter in respect of which the application has been made before any court of law or any other authority or any other bench or the Board, and not any such application, writ petition, or suit pending before any of them except the rejection of NDH-4. The details of form MGT-14 filed by the company for filing Board Resolution passed for approval of Financial Statements along with documents for the Financial Year 2021-22, are as follows: FY 2021-22 -Date of Passing of Resolution- 05.09.2022

Due Date for filing MGT-14 - 05.10.2022

AA4755593 Dt- 13.09.2023 Total delay- 343 days

Further, the company had a Managing Director w.e.f 24.02.2024 only. Hence, the Company and its directors are liable under Section 117(2) of the Companies Act, 2013, for the delay in filing MGT-14.

The adjudication authority had issued notice for e-Adjudication on 12.02.2025 to the company. The directors of the company vide letters dated 18.02.2025 submitted that the company had appointed Mrs. Rebecca Sarojini

Stanley (DIN: 02234283) as the Officer in default as of 20.09.2023. The Adjudicating authority had issued notice on 03.03.2025 for an e-hearing on 05.03.2025. Mr. Akilan B, Practicing Company Secretary, attended the e-hearing fixed on 05.03.2025 and made submissions that a violation may be adjudicated and impose a penalty solely on the company and the Managing Director of the company, Mrs. Rebecca Sarojini Stanley.

Decision:

It was noticed that the company has filed MGT-14 for the filing board resolution passed for approval of financial statements along with documents for the financial year 2021-22, with a delay of 343 days. Further, as per the MCA 21 portal, the company had a Managing Director Mrs. Rebecca Sarajini Stanley, w.e.f 24.02.2024 only and the company has not filed form GNL-3 authorizing for complying the provisions of the Companies Act, 2013, therefore, the Company and all its directors are liable under Section 117(2) of the Companies Act, 2013.

The following penalty was imposed:

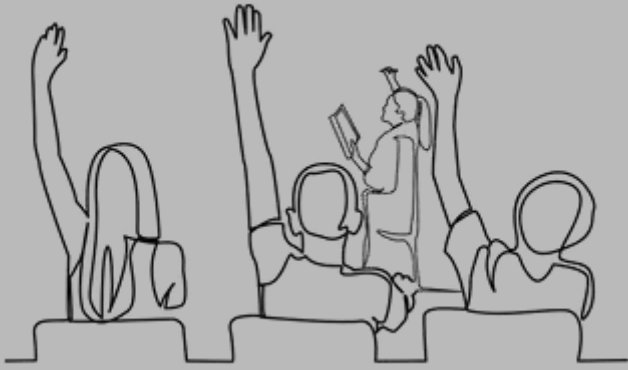
Company: Rs. 44,300/- Maximum Penalty being Rs. 2,00,000/-

Directors: Rs. 44,300/- each on three Directors amounting to Rs. 1,32,900/- - Maximum penalty being Rs.50,000/- each.



**Education is
the movement
from darkness
to light**

ALLAN BLOOM



Students Corner



Ms. Aparna U

CS Executive Student

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Instances of Real-Life Application of Statutory Interpretation

Let us widen our horizon of understanding the Interpretation of Statutes by exploring these interesting cases:

A. The Primary Rule: Literal Construction

The Literal Construction Rule, or Plain Meaning Rule, is a principle of statutory interpretation where courts give the words of a statute their ordinary and natural meaning. Judges apply this rule when the text is clear and unambiguous, focusing on "what the law says rather than what the law means".

Examples of real-life applications of Statutory Interpretation:

1. Fisher v. Bell (1961)

An English shopkeeper, James Bell, was charged with offering a flick knife for sale under the Restriction of Offensive Weapons Act 1959. He had displayed the knife in his shop window.

Literal Application: The court applied the rule of literal construction and acquitted Bell. In the law of contract, a display in a window is an "invitation to treat," not a technical "offer for sale." The wording of the statute made it an offense only to "offer for sale".

Real-life outcome: The strict, literal application of the law created a loophole that allowed the advertising of dangerous weapons. Parliament quickly closed this loophole by amending the legislation.

2. State of Kerala v. Mathai Verghese (1987)

In this Indian case, the defendant was caught with counterfeit US dollars. The accused argued that the relevant sections of the Indian Penal Code, which criminalized the possession of counterfeit "currency notes" or "bank notes," only applied to Indian currency.

Literal Application: The Supreme Court of India used the literal rule to interpret the law. It held that because the statute did not contain the qualifying words "Indian" or "foreign," the terms "currency notes" or "bank notes" should be interpreted literally to include all currencies, including US dollars.

Real-life outcome: The court held that the accused was liable to be charge-sheeted, demonstrating the literal rule's role in enforcing clear statutory language as written.

3. Ram Avtar v. Assistant Sales Tax Officer (1961)

An Indian merchant, Ram Avtar, sold betel leaves (paan) and argued they should be tax-exempt because the law exempted all "vegetables." He claimed that betel leaves, which come from a plant, fell under the dictionary definition of a vegetable.

Literal Application: The Supreme Court rejected his argument. Applying the literal rule, the court held that "vegetable," being a word of everyday use, must be construed in its popular sense. In common parlance, betel leaves are not considered a vegetable, even if the dictionary definition is broader.

Real-life outcome: The court's literal interpretation meant that Ram Avtar's business was not exempt from sales tax, affirming that common, popular usage can define a term's literal meaning in a legal context.

4. Maqbool Hussain v. State of Bombay (1953)

An Indian citizen who brought undeclared gold into the country had his gold confiscated under the Sea Customs Act. He was later charged under the Foreign Exchange Regulations Act (FERA), but argued this constituted "double jeopardy" under Article 20(2) of the Indian Constitution.

Literal Application: The Supreme Court literally interpreted "prosecuted and punished" as requiring a judicial tribunal. Since the confiscation under the Sea Customs Act was carried out by an executive authority and not a court, the court ruled that he had not been "prosecuted and punished" in the legal sense. Therefore, the later charge under FERA was not a case of double jeopardy.

Real-life outcome: The literal interpretation of the constitutional clause allowed the second prosecution to proceed. The outcome, though potentially viewed as harsh, upheld the literal text of the law over what some might consider its spirit.

B. Rule of Ejusdem Generis

Ejusdem Generis literally means “of the same kind or species”. The rule of ejusdem generis is a legal principle of statutory interpretation that states when general words follow a list of specific words, the general words are understood to apply only to things of the same kind or class as the specific words. The Latin term translates to “of the same kind and nature”. For the rule to apply, the specific words must form a recognizable category, and there should be no clear indication that the general words are meant to have a broader meaning.

Examples of real-life applications of Statutory Interpretation:

1. In the case of *Amar Chandra Chakraborty v. Collector of Excise*, the Supreme Court of India applied the rule to interpret “other intoxicating liquors.” The court limited this phrase to refer only to other alcoholic beverages similar to those already listed, not all liquors in a broader sense.
2. A statute banning “daggers, dirks, stilettos, or other dangerous weapons” was interpreted to include only similar piercing weapons, not firearms, because the general term was understood to be of the same kind as the specific examples.

Interpretation:

a. If a contract for a painter includes “paint, brushes, and other tools,” a court might interpret “other tools” to mean other tools of the painting trade (e.g., rollers, palettes) rather than all tools a painter might own (e.g., a wrench).

b. Insurance claims:

The rule can be used to interpret what constitutes an “accidental means” in an insurance policy. For instance, a heart attack from a normal activity like dancing would be considered different from a heart attack caused by an unintended and unusual event, like being chased by a dog.

C. The Mischief Rule or Heydon’s Rule

Indian courts have also adopted Heydon's Rule, often referring to it as “purposive construction”.

Here are some instances:

1. Fantasy sports legality: The court applied the Mischief Rule to legalize fantasy sports platforms like Dream11. It was determined that the Public Gambling Act was intended to address games of chance, not games that require substantial skill. By focusing on the statute's intent, the court held that fantasy sports are skill-based and exempt from gambling laws.

2. RMD Chamarbaugwalla v. UOI (1957): The Supreme Court used the rule to determine if the Prize Competitions Act applied to skill-based competitions. They concluded that the "mischief" the Act aimed to remedy was gambling, not competitions of skill, so the law was interpreted accordingly.



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- Registration for the Convention shall be through Online Mode only. Please note that payments will not be accepted through demand draft, cheque, cash, etc.

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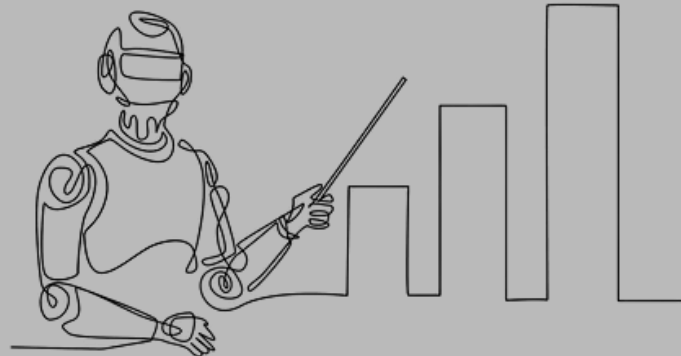
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Mr. Komal Kumar M

CS Professional Student

komalkumarm677@gmail.com



Tech Corner

The Digitally Empowered CS: How Technology Knowledge Can Make You Boardroom-Ready

Being a Company Secretary (CS) today is more than just handling compliance and filings. The modern CS is expected to be a trusted advisor in the boardroom — and to do that, understanding technology has become essential.

1. Understanding the Language of Digital Boards

Boards today rely heavily on digital reports and dashboards. From financial data to compliance trackers, information is mostly online. A CS who can read and interpret these digital tools can guide directors better and make meaningful contributions during board meetings. Technology helps you connect governance with real-time insights.

2. Digital Compliance Made Easy

With systems like the MCA V3 portal, e-signing tools, and cloud-based secretarial software, most compliance tasks are now online, and there are also many compliance software which a CS can use for better time management. Knowing how to use these tools makes your work faster, more accurate, and audit-ready. A digitally empowered CS doesn't just file reports — they manage compliance smartly and efficiently.

3. Cybersecurity and Data Privacy Matter

Boards are increasingly concerned about data privacy and security. Understanding basic cybersecurity and data protection laws, like the Digital Personal Data Protection Act, helps you advise the company on safe digital practices. This makes you a valuable voice in protecting the organization.

4. Using AI and Automation Smartly

AI tools can help draft resolutions, summarize board papers, or flag compliance issues. A digitally empowered CS uses these tools not to replace themselves but to save time for strategic tasks — like advising the board, planning policies, or spotting risks.

5. Keep Learning and Upskilling

Technology keeps changing, so staying updated is key. Learning new tools, exploring data analytics, or understanding AI and cybersecurity will make you confident and boardroom-ready.

Conclusion

In today's digital world, a CS who is digitally empowered isn't just a compliance officer — they are a strategic game-changer. Mastering digital tools, staying updated on tech trends, and leveraging AI and data analytics can make you indispensable in the boardroom. The digitally empowered CS doesn't just keep up with change — they lead it.





CS Phani Datta D N

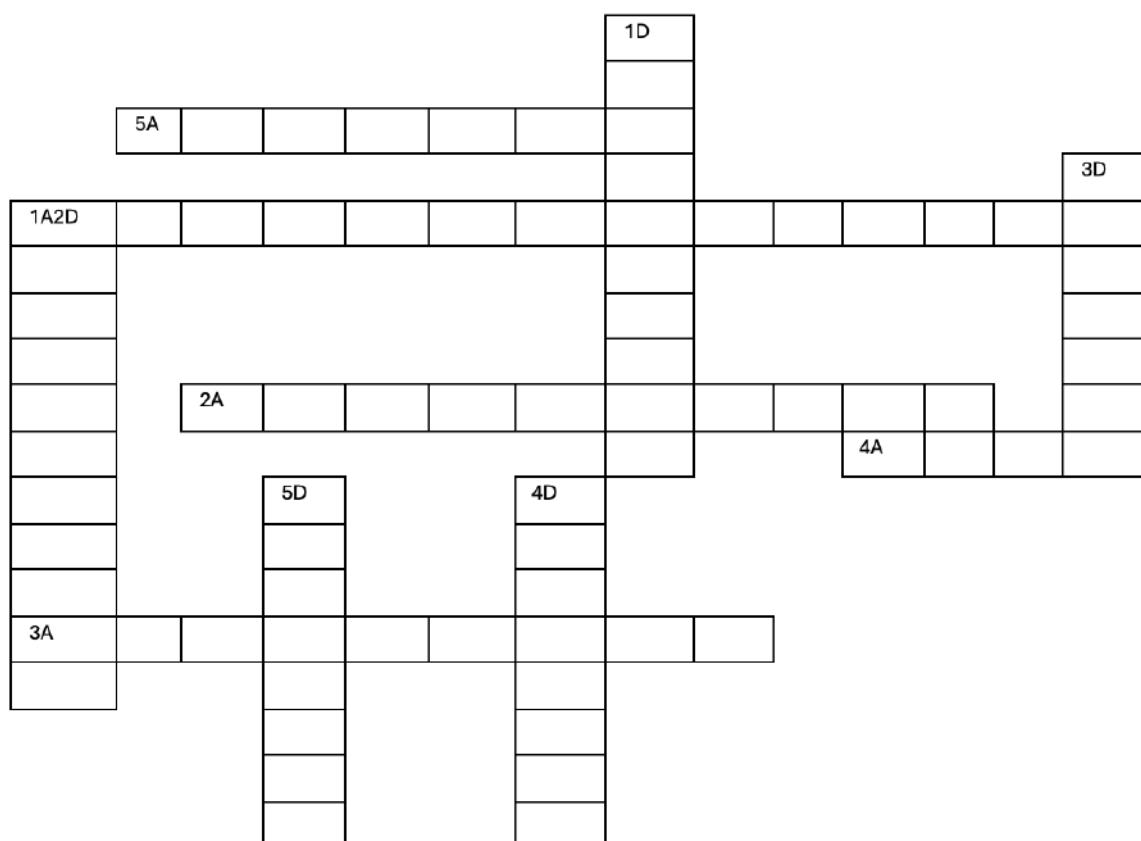
B.com, FCS

Practicing Company Secretary

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Cross Word – 7

(Based on The Buildings And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996)



CLUES

Across:

1. Employee engaged in raising structures — either telecom or plumbing, they do the work that puts the roof above. (8+6)
2. He who has engagement to deploy workers, not mere a supply of goods, either directly or through sub-agreements. (10)
3. Mandatory record kept by every employer showing particulars of engagement, hours, wages, and notices, in the prescribed form. (9)
4. Payable on construction cost: not less than one percent and not more than two percent, as notified. (4)
5. Facility to eat with more than 20 workers on site. (8)

Down:

1. One who works but is not a worker, manages, supervises, and is excluded from the worker definition. What is the nature of the work he does. (10)
2. Above 18, below 60, building and constructing not less than 90 (days) – mandated to be registered to get the benefits. (11)
3. Having more than 50 female workers? Help them with rooms for children under six (9)
4. Paper book for worker payments; entries to be made/authenticated as prescribed (8)
5. Fatal or otherwise, must be reported in the prescribed time and form. (8)

Note: Figures in the bracket indicate the number of alphabets in the answer word.

Word Search – 6

(Based on SEBI LODR Regulations)

ANSWERS

1. Audit Committees look at me, Risk Committees consult me, and disclosures revolve around me. Without me, quarterly and annual results cannot breathe life. Who am I? (3) – CFO
2. I represent equity and convertible rights; SEBI calls me the “basic building block” of capital markets. Who am I? (10+10) – DESIGNATED SECURITIES
3. I trade on international stock exchanges, allowing foreign investors to indirectly hold equity of Indian companies. Who am I? (3) – GRD
4. I am born out of Regulation 2(1)(ee) of the ICDR, 2018. My doors open only when the issuer satisfies track record, profitability, and net tangible assets. I am not the arena for SMEs. Who am I? (4+5) – MAIN BOARD
5. Whether you raise equity, issue non-convertible securities, float a mutual fund, or securitise debt instruments, I am your passport to investors — prescribed, scrutinised, and disclosed. Who am I? (5+8) – OFFER DOCUMENT
6. I am a chameleon: Companies Act defines me, Accounting Standards refine me, and SEBI extends me. My scope expands with every amendment, but one exclusion stands — listed mutual fund units. Who am I? (7+5) – RELATED PARTY
7. I pursue a social objective but carry a profit motive; I may distribute returns yet must report my social impact under ICDR's social listing route. I straddle impact and investors — what am I? (3+6+2) – FOR PROFIT SE
8. ICDR recognises me by function, not by form — whether I trade or I grant, my primary objective is measurable social impact. I am the entity around which the Social Stock Exchange orbits. Who am I? (6+10) – SOCIAL ENTERPRISE
9. SEBI requires listed entities to maintain SCORES connectivity, redressal mechanisms, and investor relations functions so that I am not ignored. What am I? (10) – GRIEVANCES
10. I don't issue debt, nor do I hold receipts. Instead, I manage the cash flows and collections of assets in a securitisation pool, ensuring investors are not cheated. Who am I? (8) – SERVICER

N	I	L	A	B	G	T	H	T	R	O	W	T	E	N	V	A	L	U	E
D	E	S	I	G	N	A	T	E	D	S	E	C	U	R	I	T	I	E	S
S	I	T	J	A	P	A	R	P	I	T	A	L	R	E	S	E	R	V	Y
O	L	E	G	R	I	E	V	A	N	C	E	S	R	E	P	O	R	T	R
C	M	D	D	T	R	D	D	D	A	U	D	I	T	R	E	G	O	R	E
I	A	P	I	R	A	I	E	I	E	F	I	N	A	N	I	D	E	N	L
A	I	E	C	E	T	R	V	V	O	V	E	V	O	T	A	R	G	O	A
L	N	U	A	P	I	K	A	I	O	N	A	S	C	R	U	T	I	R	T
E	B	Y	T	E	O	F	F	E	R	R	D	O	C	U	M	E	N	T	E
N	O	R	I	R	N	P	I	E	X	P	E	R	U	V	I	T	E	E	D
T	A	S	O	T	A	E	N	N	O	T	I	F	I	A	I	M	I	V	P
E	R	O	N	O	L	C	F	O	O	C	U	M	E	N	T	S	U	O	A
R	D	N	O	F	C	T	I	R	E	G	I	S	T	R	A	I	B	T	R
P	R	T	T	S	E	R	V	I	C	E	R	O	Y	E	E	S	O	I	T
R	R	E	Z	I	N	I	T	U	R	C	S	C	H	E	D	U	L	N	Y
I	T	B	A	N	E	R	N	S	I	N	G	L	E	W	I	N	D	G	T
S	R	F	O	R	P	R	O	F	I	T	S	E	L	U	E	R	O	W	A
E	Y	N	D	G	D	B	T	T	B	A	N	K	E	R	R	E	P	O	N

Last Month Word Search

Answered by

Mr. Santosh Kumar G B
CS Professional Student





**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)

CSBF
**COMPANY SECRETARIES
BENEVOLENT FUND**



What exactly is CSBF?

The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.

The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

The amount of ₹ 7,50,000 (in the case of death of a member under the age of 60 years) has been increased to ₹ 10,00,000

The subscription amount is being increased from ₹ 10,000 to ₹ 12,500 soon

Is it the right time to enrol in CSBF?

CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

Is it a requirement?

Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution.

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Advantages of enrolling into CSBF

1 To ensure that your immediate family has some financial support in the event of your unfortunate demise

2 To finance your children's education and other needs

3 To ensure that you have extra resource during serious illness or accident

4 Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

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