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2026

LEGAL MUSINGS

THE FORTNIGHTLY LEGAL UPDATES !!!

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#MUSINGS 33

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Meet our Minds

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Many Minds , One Mission !!!

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MCA: ROC ADJUDICATION ORDERS

1. ***ROC Bangalore Adjudication Order –Non-Disclosure of Interest under Section 184***

- The Registrar of Companies (ROC), Bangalore issued an adjudication order dated 28th March 2026 under Section 454 of the Companies Act, 2013 against AVK Valves India Private Limited and its directors for violation of Section 184 relating to disclosure of interest by directors.
- The ROC observed that, as per the Secretarial Audit Report (MGT-8) for the Financial Year 2021–22, the company failed to maintain and provide statutory disclosures in Form MBP-1 (disclosure of interest) and Form DIR-8 (intimation of disqualification), as required under Section 184 of the Act read with applicable rules.
- A show cause notice dated 17th June 2025 was issued to the company and its officers in default. In response, the company submitted that records were available for most directors except one. However, the adjudicating authority noted that no documentary evidence was produced either during the inquiry or in response to the notice to substantiate compliance.
- Further, during the course of inquiry under Section 206(4), it was observed that the company failed to provide necessary records to the Secretarial Auditor, thereby establishing non-compliance for the Financial Year 2021–22.
- The company and its representatives attended the e-hearing held on 19th January 2026 through an authorized representative. However, the explanation provided was not accepted by the ROC, which held that the company was obligated to maintain and furnish complete records for all directors.

- Accordingly, the ROC concluded that the company and all its directors were in default under Section 184, and penalties under Section 184(4) were imposed as follows:
- Directors (each): ₹1,00,000

The adjudicating authority also noted that the company does not qualify as a “small company” under Section 2(85), and hence, the benefit of lesser penalties under Section 446B was not applicable.

2. ***ROC Chennai Adjudication Order – Non-Constitution of Committees under Section 178***

- The Registrar of Companies (ROC), Chennai, issued an adjudication order dated 26th March 2026 under Section 454 of the Companies Act, 2013, against Garuda Aerospace Limited and its officers for violation of Sections 177 and 178 relating to the constitution of mandatory board committees.
- The ROC observed that the company, upon being classified as an unlisted public company with a turnover exceeding ₹100 crore with effect from 01 April 2025, was required to constitute an Audit Committee and Nomination & Remuneration Committee in compliance with Sections 177 and 178 of the Act, read with relevant rules.
- However, the company failed to constitute the said committees within the prescribed timeline due to delay in the appointment of Independent Directors. The required committees were eventually constituted at the Board Meeting held on 05 November 2025, resulting in a delay of 218 days.
- The company had voluntarily filed an application for adjudication (GNL-1) under Section 454, admitting the default and stating that the non-compliance was inadvertent and without mala fide intent. The company also submitted that the default had been rectified and requested a lenient view.
- Further, an e-hearing was conducted on 23rd March 2026, wherein the authorized representative of the company made submissions seeking consideration of the circumstances.

MCA: ROC ADJUDICATION ORDERS

Upon examination, the ROC concluded that the company had failed to comply with the statutory requirements for the constitution of committees within the prescribed time, thereby attracting a penalty under Section 178(8) of the Companies Act, 2013.

Accordingly, penalties were imposed as follows:

- Company: Rs.5,00,000/-
- Rs.1,00,000/- each for 2 directors

MCA: ROC ADJUDICATION ORDERS

3. ***ROC Delhi Adjudication Order – Non-Compliance with Retirement by Rotation under Section 152***

The Registrar of Companies (ROC), Delhi issued an adjudication order dated 16th March 2026 under Section 454 of the Companies Act, 2013 against Fusion Finance Limited for violation of Section 152(6) read with Section 172 relating to appointment of directors liable to retire by rotation.

The ROC observed that upon conversion from a private company to a public company on 20th July 2021, the provisions of Section 152(6) became applicable to the company. As per the said provision, at least two-thirds of the total number of directors (excluding independent directors) are required to be directors liable to retire by rotation.

However, the company had only one rotational director instead of the required minimum of two, resulting in non-compliance for a period of 718 days, i.e., from 20th July 2021 to 08th July 2023. The default was later rectified upon approval of shareholders for appointment of additional rotational directors.

The company filed a suo motu application (GNL-1) for adjudication and admitted the default, stating that the non-compliance was due to inadvertent oversight and had since been rectified.

MCA: ROC ADJUDICATION ORDERS

The ROC further examined the role of officers in default and held that certain independent and non-executive directors were not liable, as they did not fall within the definition of “officer in default” under Section 2(60) of the Act. However, key managerial personnel responsible during the period of default were held liable.

Accordingly, penalties under Section 172 were imposed as follows:

- Company: Rs. 3,00,000/- (including additional penalty component)
- Director: Rs. 1,00,000/-
- Key managerial Personnel (as applicable during the default period) were also held liable.

The ROC also noted that the company does not qualify as a “small company” under Section 2(85), and therefore, the benefit of lesser penalties under Section 446B was not available.

SEBI INFORMAL GUIDANCE

Informal Guidance request received from Ambo Agritec Limited with respect to Regulation 3(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ("SAST Regulations")

- The Securities and Exchange Board of India issued an informal guidance letter on December 12, 2025, in response to a request from Ambo Agritec Limited (Target Company) regarding the interpretation of Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The company had issued 1,43,00,000 equity share warrants on a preferential basis during the financial year 2024–25, with 90,00,000 warrants allotted to the promoter, Mr. Umesh Kumar Agarwal, and 53,00,000 allotted to the public. Under Regulation 162(1) of the SEBI (ICDR) Regulations, 2018, the tenure for these warrants was set to expire on December 19, 2025.

- By August 12, 2025, the public shareholders converted all 53,00,000 of their warrants into equity shares, and the promoter sold 10.61 lakh shares in the open market. Additionally, the promoter had already converted 51,50,000 of his warrants, leaving a remaining balance of 38,50,000 warrants. The promoter proposed to convert this remaining balance before the December 19 deadline, which would increase his individual shareholding to 62.02%. This specific conversion represented a 7.37% acquisition of voting rights within the 2024- 2025 financial year.

SEBI INFORMAL GUIDANCE

- The Target Company sought guidance because they believed that the conversion might not violate the regulations, given that the original allotment had received in-principle approval from the stock exchange and the conversions were occurring at different points across two financial years. They essentially argued that the transaction was well within the legal framework despite the promoter's shareholding percentage spiking due to the timing of these conversions and the earlier sale of shares. This created a point of confusion for the company, and their previous compliance as a valid reason to bypass the standard threshold.

- However, SEBI clarified that for the purposes of determining the quantum of additional voting rights under Regulation 3(2), gross acquisitions alone must be taken into account. This means that any intermittent fall in shareholding, such as the 10.61 lakh shares sold by the promoter, cannot be used to offset the new acquisition. SEBI noted that the promoter had already acquired 4.95% on a gross basis earlier in the year, leaving a buffer of only 0.05%. Since the proposed conversion of 7.37% would breach the 5% creeping acquisition limit, SEBI concluded that the transaction would trigger a mandatory open offer obligation, requiring the promoter to make a public announcement to acquire further shares from the public.

MINIMUM PUBLIC SHAREHOLDING NORMS - (AMENDMENT)

Based on the official notification from the Ministry of Finance dated March 13, 2026, here are the updated requirements for the minimum offer and allotment of equity shares or convertible debentures to the public:

Point No	Post-Issue Capital (calculated at offer price)	Minimum Public Offer and Allotment Required
01	**Less than or equal to 1,600 crore rupees.**	**At least 25% of each class or kind of equity shares or convertible debentures.**
02	**More than 1,600 crore rupees but less than or equal to 4,000 crore rupees.**	At least such percentage equivalent to the value of **400 crore rupees**.
03	**Above 4,000 crore rupees but less than or equal to 50,000 crore rupees.**	**At least 10% of each class or kind of equity shares or convertible debentures.**
04	**Above 50,000 crore rupees but less than or equal to 1 lakh crore rupees**	**Percentage equivalent to 1,000 crore rupees AND at least 8% of each class or kind (Whichever is higher)**

Point No	Post-Issue Capital (calculated at offer price)	Minimum Public Offer and Allotment Required
05	**Above 1 lakh crore rupees but less than or equal to 5 lakh crore rupees**	**Percentage equivalent to 6,250 crore rupees AND at least 2.75% of each class or kind (Whichever is higher).**
06	**Above 5 lakh crore rupees**	**Percentage equivalent to 15,000 crore rupees AND at least 1% of each class or kind (Whichever is higher).**

Timeline to Reach 25% Public Shareholding

Point No: 2 - For companies with post-issue capital between 1,600 crore and 50,000 crore rupees: Must increase public shareholding to at least 25% within 3 years from the date of listing.

Point No: 4 - For companies with post-issue capital between 50,000 crore and 1 lakh crore rupees: Must increase public shareholding to at least 25% within 5 years from the date of listing.

Point No: 05 & 06 - For companies with post-issue capital above 1 lakh crore rupees: If public shareholding at the time of listing is less than 15%, it must reach 15% within 5 years and 25% within 10 years.

If public shareholding at the time of listing is 15% or above, it must reach 25% within 5 years.

MINIMUM PUBLIC SHAREHOLDING NORMS - (AMENDMENT)

Key Legal Provisions

Minimum Public Offer: For companies with a post-issue capital exceeding ₹5 lakh crore, the framework prescribes a minimum public offer of at least 1% of each class of equity shares or convertible debentures, along with a value-based requirement of ₹15,000 crore.

However, notwithstanding this threshold, the law further mandates that a minimum of 2.5% of each class or kind of equity shares (or convertible debentures) must be offered to the public.
This safeguard ensures that, even for very large companies, a meaningful level of public participation is maintained, preventing the public float from being reduced to a negligible level, such as 1%.

Superior Voting Rights: Companies that have issued shares with superior voting rights to promoters must list those shares on the same recognised stock exchange alongside the ordinary shares offered to the public.

IFSC Listing: For companies listing in an International Financial Service Centre, the minimum public offer is 10%, regardless of the post-issue capital.

Legal maxim - Suprema lex salus populi

- Suprema lex salus populi translates to "the welfare of the people shall be the supreme law." This maxim establishes public interest as paramount, overriding individual rights or procedural technicalities when safeguarding societal well-being.
- In judicial practice, courts invoke it to uphold state interventions that prioritize community safety, public health, or economic stability over private claims. For example, it justifies emergency regulations, lockdowns during crises, or regulatory seizures to avert widespread harm.
- Within corporate governance, regulators like SEBI or ROC rely on this principle to enforce compliance, protecting investors and markets from fraud or insolvency risks.
- Indian jurisprudence integrates it via Article 39(c) of the Constitution, promoting economic justice, and in Public Interest Litigations (PILs) where individual defenses yield to broader public good.

TEAM’S CORNER

Key Highlights of Proposed Amendments to the Companies Act, 2013

The following are the major changes expected under the upcoming amendments:

1. **Annual General Meeting (AGM)**

Companies will be required to hold at least one physical AGM every three years. While virtual AGMs have become common, the government intends to reintroduce periodic in-person engagement with shareholders.

2. **Appointment of Auditors**

As part of the ease of doing business initiative, the government is considering removing the mandatory audit requirement for certain classes of companies. Detailed criteria and scope are awaited.

3. **National Financial Reporting Authority (NFRA)**

The role of NFRA is being significantly strengthened. It will have enhanced powers to issue directions to auditors, impose penalties, and collect fees. NFRA is expected to play a more active regulatory role going forward.

4. **Corporate Social Responsibility (CSR)**

CSR applicability is proposed to be substantially relaxed. CSR obligations will apply only to companies with profits exceeding ₹10 crore, thereby reducing the compliance burden for a large number of companies.

TEAM'S CORNER

5. Appointment of Additional Directors

An additional director must now be regularised within 3 months through an EGM. The earlier flexibility of holding office until the next AGM/EGM is proposed to be removed.

6. Director Eligibility Criteria

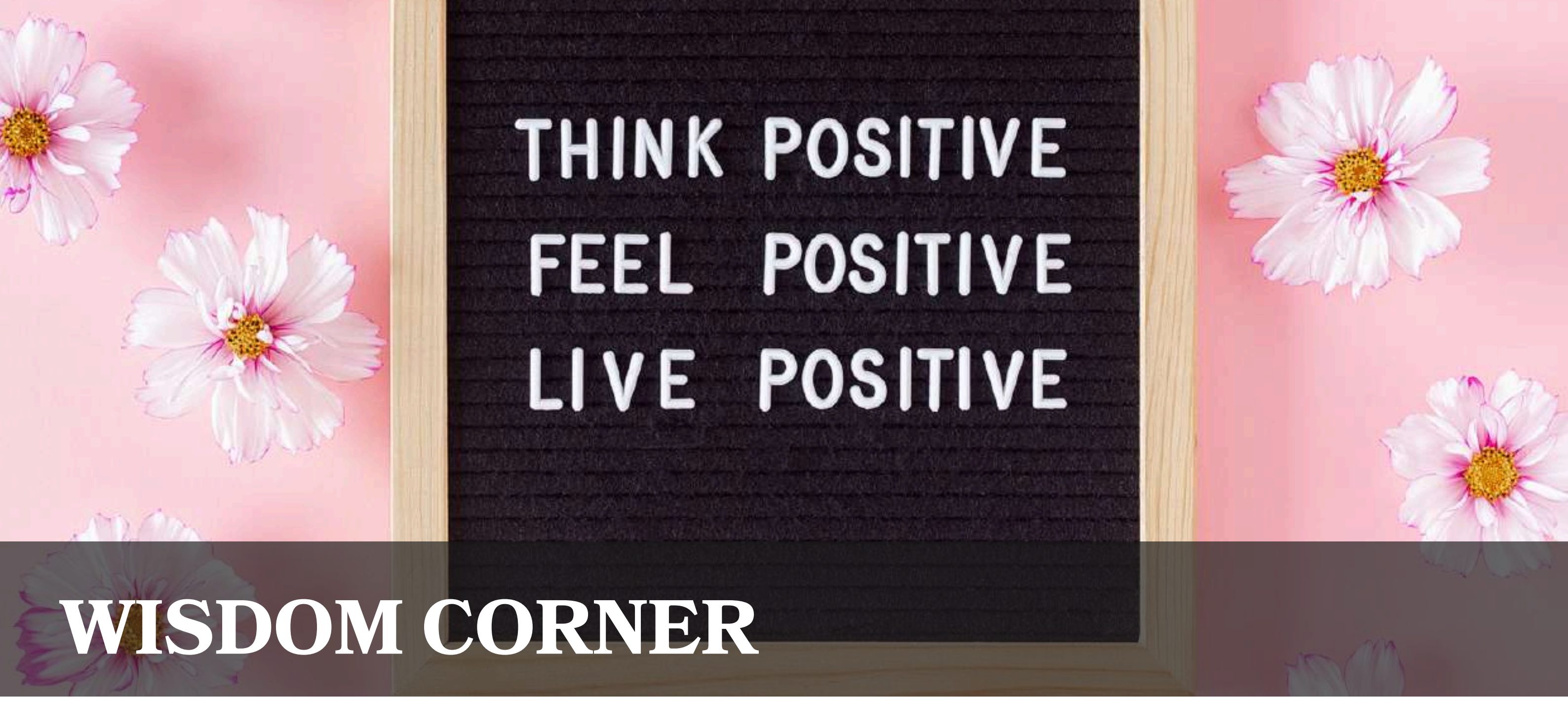
The government is expected to introduce a "fit and proper" eligibility framework for directors, similar to independent directors. Additionally, the list of disqualifications and ineligible persons is likely to be expanded.

7. Board Meetings for Small Companies

The minimum requirement for board meetings in a small company is proposed to be reduced from two meetings to one meeting per year, easing compliance.

8. Resignation of Key Managerial Personnel (KMP)

KMPs will be allowed to file their resignation directly with the Registrar of Companies (RoC) in cases where the company fails or refuses to take note of such resignation.



WISDOM CORNER

Positive thinking is the act of choosing ideas that empower you over those that limit you.

I'm certain that a positive mind gives you a positive life. Let's just analyse that statement from a purely logical angle, without any mystic correlations. If you view something as negative, how can it also be positive at the same time? Therefore, how can one ever evaluate life as being positive, from a negative sense of perception?

A positive mind is greater than a negative mind. Positive thinking is the act of choosing thoughts and actions that support us rather than hinder us, and it brings the best outcome in any situation.

For example, a cricket batsman needs six runs to win a game from the last ball. If he's fearful and believes he can't hit a six to win the game, he probably won't attempt it, so he won't manage it.

However, if he picks an empowering thought such as I can hit this six, he'll try and have a chance of succeeding. Either way, the batsman can be bowled out but the mindset is different. The empowering thought creates a possibility, while the limiting thought eradicates his chances. A negative thought such as You can't do it, will discourage you from taking steps towards achieving a goal. Obviously, you're then less likely to achieve the goal.

A positive thought such as You can do it, will allow you to try - giving you a greater chance of achieving your goal.

WISDOM CORNER

One thought restricts you, while the other moves you closer to what you want.

Believing that something is impossible means you're too focused on the barriers to success. I remember a child telling me that he couldn't play top-level football and therefore wanted to give up on his dream. He had no reason to believe in it because he looked at his life and saw the task as unrealistic; it seemed impossible from where he stood.

His friend was at a similar skill level but had a completely opposite attitude. When I asked the more optimistic youngster why he believed he could reach top level, he told me about other footballers and their success stories. He saw the task as realistic because his focus was on possibility, not impossibility.

I do this all the time to give myself hope and to change my perspective. When I had no home, a lot of the things I've since achieved might have seemed unrealistic. But I was inspired by people who'd had tough starts in life yet gone on to achieve incredible things. I said to myself, 'If they can do it, why can't I? I ended up changing my focus to what could be done, rather than what couldn't be done. Every great accomplishment in the world has grown from the idea that it's possible.

Every single one of your thoughts is either helping you move forward in life or holding you back. Positive thinking is about favouring the one that moves you forward. And it's never too late to change your thoughts and reshape your beliefs to support, rather than hinder, yourself.

Good Vibes, Good Life – By Vex King.

COMPLIANCE CALENDAR

Due Date	Form	Description
07.04.2026	TDS/TCS Deposit	Deposit TDS/TCS collected/deducted in March 2026
10.04.2026	GSTR-7	GST TDS return for March 2026
10.04.2026	GSTR-8	TCS return for March 2026 (e-commerce operators)
11.04.2026	GSTR-1 (Monthly)	Outward supplies return for March 2026 (monthly filers)
13.04.2026	GSTR-1 (IFF)	Invoice furnishing for March 2026 (QRMP taxpayers)

COMPLIANCE CALENDAR

Due Date	Forms	Description
13.04.2026	GSTR-5	Return for non-resident taxable persons, March 2026
13.04.2026	GSTR-6	Input service distributor return, March 2026

CS FELICITATION & SESSION ON YOGA AND MEDITATION

Celebrating Success, Embracing Wellness

We are delighted to celebrate the achievements of our students, with a few being recognized and honored with awards for successfully clearing their CS Professional examinations. We also extend our congratulations to those who were unable to receive the awards in person due to prior commitments, despite their keen interest to attend.

Following the CS felicitation programme, Mr. **CS Srinivasan N A (NAS)** captivated the audience with an engaging and insightful session on "The Twin Guards for Our Physical and Mental Health", offering valuable takeaways on achieving balance, strength, and inner peace.

A heartfelt thank you to our audience for their undivided attention, time, and enthusiasm, and to the venue for their kind cooperation.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Solute Life Foundation welcomes you all


Simply be happy........
It is very simple to be happy, but it is very difficult to be simple.
– Rabindranath Tagore
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Vision:
To be recognized as an excellent service provider in the field of Corporate Laws.

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To provide pragmatic and proactive solutions to our clients and to enhance the value of every stakeholder at Genicon.

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