Genicon
Excel in Solutions

2026

LEGAL MUSINGS

THE FORTNIGHTLY LEGAL UPDATES !!!

1ST MAY, 2026
#MUSINGS 35

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Meet our Minds

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Many Minds , One Mission !!!

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Table of Contents

MCA: ROC ADJUDICATION ORDERS

1. VIOLATION OF SECTION 124 OF COMPANIES ACT, 2013

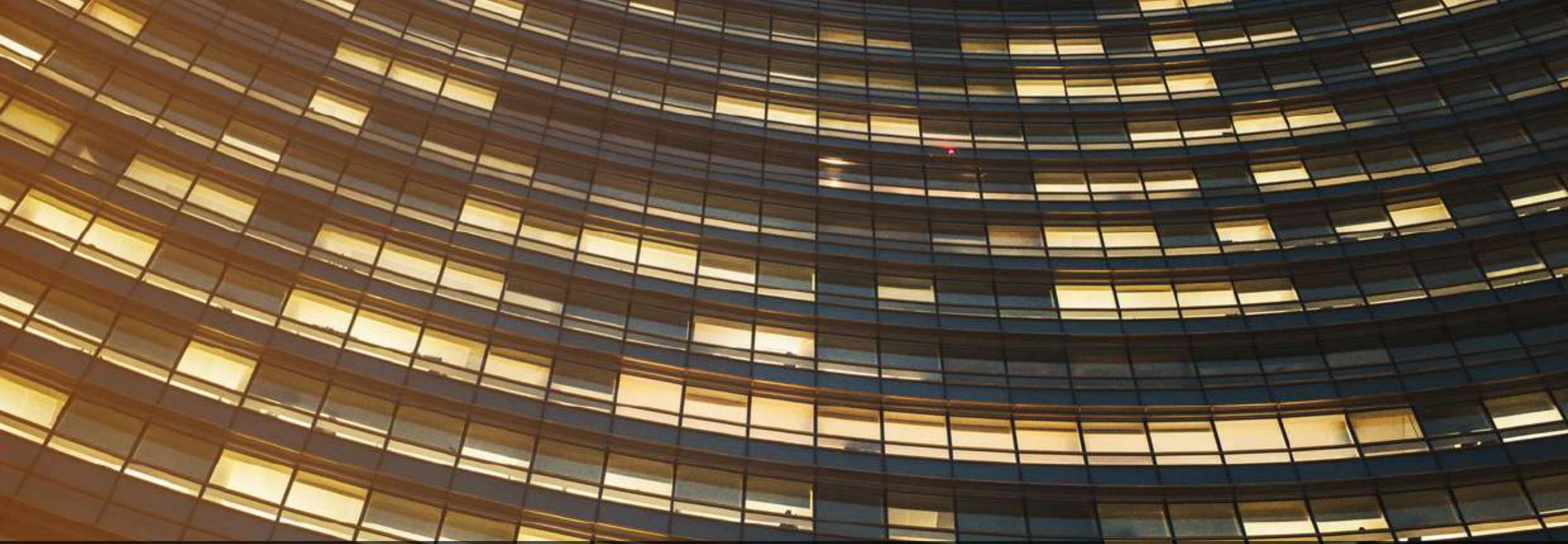
The Registrar of Companies (ROC), Ernakulam, issued an order on 30th March 2026 against Cochin Aircraft Maintenance Company Limited and two of its directors for violation of Section 124(7) of the Companies Act, 2013.

The company had declared dividend at its AGM on 25th August 2022 for FY 2021–22. As per law, any unpaid dividend must be transferred to a special “Unpaid Dividend Account” within 7 days after 30 days from declaration. In this case, the transfer should have been completed by 1st October 2022. While the account was opened on 28th September 2022, the company actually transferred the unpaid dividend of ₹1,17,331 only on 24th May 2023, causing a delay of 235 days. The dividend was later paid to the shareholder on 18th February 2025.

A show cause notice was issued on 2nd January 2026, followed by an e-hearing on 3rd March 2026. The directors requested minimum penalty, but after reviewing the facts, the ROC held that the company and its officers had violated Section 124(1), which attracts penalty under Section 124(7).

The penalties imposed were:

- Company:₹2,17,500
- Director – Pallikkavaliyaveetil Mohamed Rasheed (DIN 01331783): ₹48,500
- Director – Raveendran Erumbala (DIN 09631428): ₹48,500



MCA: ROC ADJUDICATION ORDERS

2. VIOLATION OF SECTION 118 OF COMPANIES ACT, 2013

In the matter relating to KKH Technologies Private Limited.

The Registrar of Companies (ROC), Delhi, issued an order on 7th October 2025 against KKH Technologies Private Limited and some of its directors for not following Section 118(11) of the Companies Act, 2013.

During an inspection, it was found that the company did not number the pages of its Board meeting minutes book consecutively for the years 2015–16 to 2017–18. As per Secretarial Standard-1 (SS-1), this is mandatory. Because of this mistake, the company was in violation of Section 118 of the Act.

The company itself admitted the error through a voluntary application in August 2024, saying it was an oversight. A show cause notice was issued in July 2025, and an e-hearing was held in September 2025. The directors accepted the non-compliance and requested leniency.

After reviewing the case, the ROC imposed penalties as follows:

- Company: ₹25,000
- Directors in default (Pankaj Madan, Sandeep Malik, Karn Vivek Nagpal, Kartick Vivek Nagpal): ₹5,000 each
- Brijesh Singh: No penalty, since he joined later and was not responsible for the default.

SEBI CIRCULARS

Relaxation in SSE Framework for NPO Registration and ZCZP Issuance

The Securities and Exchange Board of India (SEBI) has issued a circular introducing key relaxations under the Social Stock Exchange (SSE) framework through partial modifications under SEBI Master Circular dated January 19, 2026 to enhance ease of fundraising and encourage greater participation by Not for Profit Organizations (NPOs). The circular has been issued under Section 11(1) of the SEBI Act, 1992 read with relevant ICDR provisions and is effective immediately.

Key changes include:

- **Extension of Registration Validity**: NPOs can now remain registered on the SSE for up to 3 years without raising funds, as against the earlier limit of 2 years, subject to approval by the SSE for the additional year.
- **Reduction in Minimum Subscription Requirement:** The minimum subscription threshold for issuance of Zero Coupon Zero Principal (ZCZP) Instruments has been reduced from 75% to 50%, provided the funds raised are sufficient for meaningful project implementation.
- **Enhanced Due Diligence by SSE:** Before granting approval for partial fundraising (i.e., at 50%), the SSE must ensure that the funds raised can be effectively deployed in line with the stated objectives.
- **Additional Disclosure Requirements:** In cases of under-subscription, NPOs must disclose:
    - Plans for raising the remaining funds, and
    - The potential impact on achieving the stated social objectives.

SEBI CIRCULARS

Framework for Net Settlement of Funds for FPIs in Cash Market

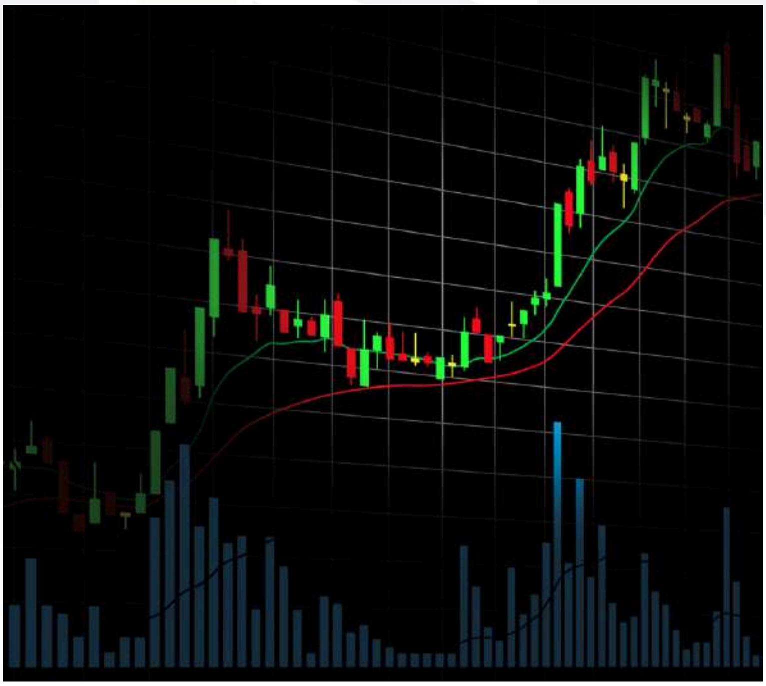
The Securities and Exchange Board of India has introduced a framework permitting net settlement of funds for transactions undertaken by Foreign Portfolio Investors (FPIs) in the cash market modifying the provisions under the SEBI Master Circular dated December 30, 2024 relating to trading and settlement with an objective to improve operational efficiency and reduce funding costs. This circular is issued under Section 11(1) of the SEBI Act, 1992 read with relevant provisions of the FPI Regulations.

Key changes include:

- **Introduction of Net Settlement for Outright Transactions:** FPIs are now allowed to net settle funds for transactions involving only outright purchase or outright sale in a security within a settlement cycle.
- **Exclusion of Non-Outright Transactions:** Transactions involving both buy and sell in the same security during a settlement cycle shall continue to be settled on a gross basis.

SEBI CIRCULARS

- **Netting Mechanism:**
  - Outright purchase and outright sale positions can be netted to determine net fund obligation
  - However, excess sale proceeds cannot be adjusted against non-outright purchase obligations
- **No Change in Securities Settlement:** Settlement of securities between FPI and custodian shall continue on a gross basis
- **Statutory Levies Unchanged:** STT and stamp duty shall continue to be levied on a delivery basis
- **Implementation & Compliance:** Implementation standards will be specified by Custodians and CDSSF and FPIs, custodians and market participants must update systems accordingly



RBI/FEMA

Credit & Debit Card Issuance – Amendment Update

The Reserve Bank of India (Commercial Banks – Credit Cards and Debit Cards: Issuance and Conduct) Directions, 2025 have been amended pursuant to the Reserve Bank of India (Commercial Banks - Asset Classification, Provisioning and Income Recognition) Directions, 2026, under powers conferred by Section 35A of the Banking Regulation Act, 1949; as per the revised provisions, card-issuers shall classify a credit card account as 'past due' or levy penal charges only if the account remains overdue for more than three days, with 'days past due' and late payment charges computed from the payment due date, and such charges applied only on the outstanding amount after the due date rather than the total amount due; these amendments will come into effect from April 01, 2027.

RBI/FEMA

RBI Issues Guidelines to Accelerate Cross-Border Inward Payments

The Reserve Bank of India (RBI), in line with its Payments Vision 2025 and the G20 roadmap, has issued guidelines to enhance the speed and efficiency of cross-border inward payments, particularly at the beneficiary bank level where delays are commonly observed. Banks are now required to promptly notify customers upon receipt of inward remittances, adopt near real-time or frequent (not exceeding one hour) reconciliation of nostro accounts, and ensure timely credit of funds—preferably within the same business day for transactions received during foreign exchange market hours.

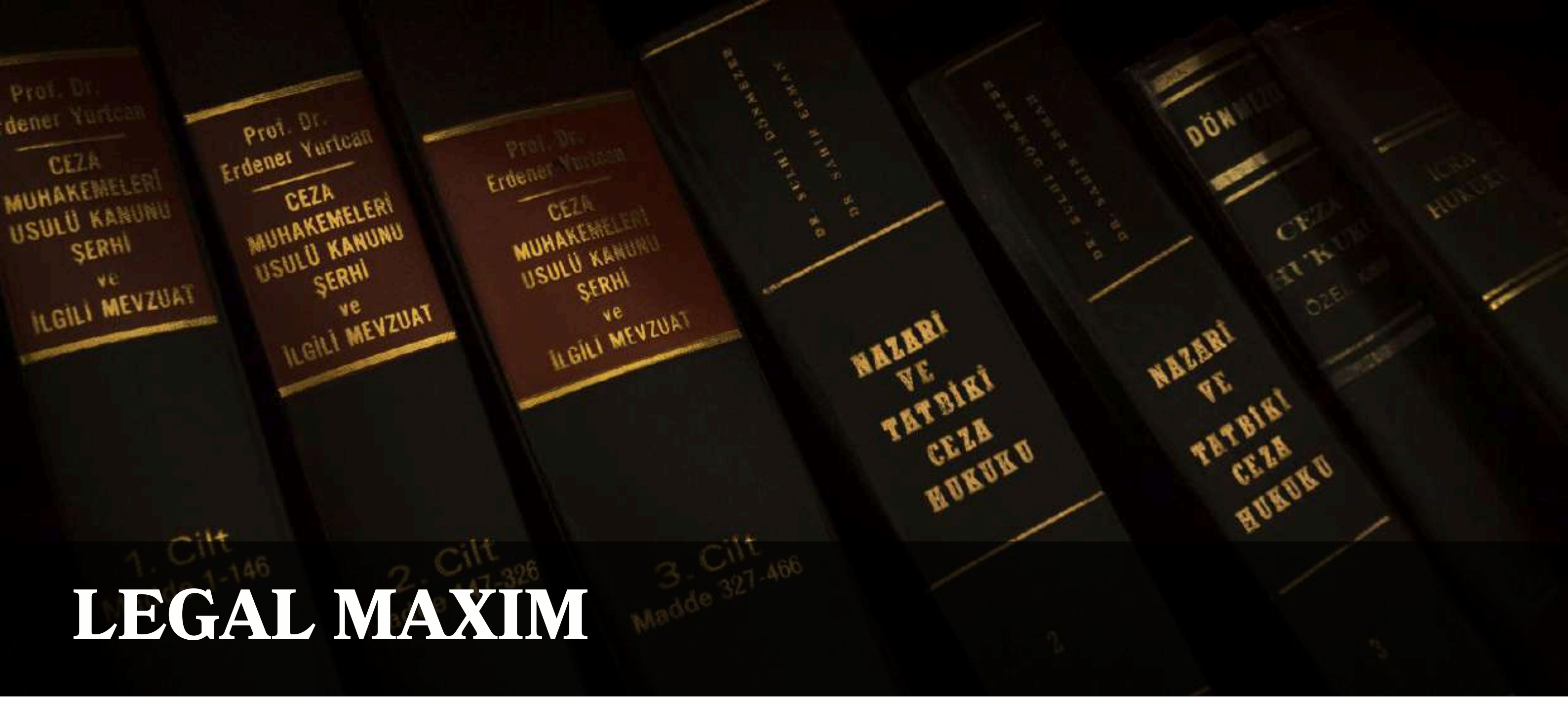
Additionally, banks are encouraged to implement straight-through processing for low-risk transactions and develop digital interfaces for seamless customer interaction, including document submission and transaction tracking. These measures, aimed at improving transparency, accessibility, and processing speed, will come into effect six months from the date of the circular and are issued under the Payment and Settlement Systems Act, 2007.

GST

Introduction of IMS Offline Tool

The Invoice Management System (IMS) was introduced on the GST portal from the October 2024 tax period enabling the taxpayers to take actions on invoices uploaded by their suppliers through GSTR-1, GSTR-1A, or IFF, including accepting, rejecting, or keeping such records pending in the system.

To make it easier for taxpayer convenience GSTN has now Launched an IMS Offline Tool In Excel-Based system. With this tool the Taxpayers can work on both individual as well as bulk invoices in an efficient manner. It helps save time and makes ITC Reconciliation faster and simpler.



LEGAL MAXIM

Ad Hoc

The legal maxim ad hoc, derived from Latin, literally means “for this purpose” or “for this specific case.” In legal practice, it refers to arrangements, decisions, or bodies constituted to address a particular issue rather than to serve as permanent or general mechanisms. Courts, tribunals, and administrative authorities often rely on ad hoc measures when existing legal frameworks are insufficient to deal with unique or unforeseen circumstances. For instance, an ad hoc committee may be formed to investigate a specific dispute, or an ad hoc appointment may be made to ensure the timely resolution of a case where regular procedures might cause undue delay.

While ad hoc solutions provide flexibility and responsiveness, they must still operate within the bounds of established legal principles such as fairness, transparency, and accountability. The use of ad hoc mechanisms is particularly significant in complex or evolving areas of law, where rigid adherence to standard procedures may hinder justice. However, excessive reliance on ad hoc measures can raise concerns about consistency and predictability in legal outcomes. Therefore, while ad hoc interventions are valuable tools for addressing specific legal challenges, they must be carefully balanced with the need for a stable and coherent legal system.

TEAMS' CORNER

Navigating the New Era of Digital Privacy: A Guide to the DPDP Act

As we move through 2026, the Digital Personal Data Protection (DPDP) Act has transitioned from a legislative draft to a living reality for every Indian citizen and business. With the Data Protection Board of India (DPBI) now active and the full enforcement deadline of May 13, 2027, fast approaching, understanding these "new rules of the road" is no longer optional—it is essential.

Here is a breakdown of the basics every "Data Principal" (you) and "Data Fiduciary" (the companies you interact with) should know.

1. The Core Philosophy: Consent is King

The Act is built on a simple premise: Your data belongs to you. Companies can no longer hide behind complex legalese or "implied consent."

- Clear Notice: Before collecting data, companies must provide a clear, itemised notice in plain language (available in English or any of the 22 scheduled Indian languages).
- Affirmative Action: Consent must be free, specific, informed, and unconditional. "Pre-ticked" boxes and "dark patterns" are now legal liabilities.
- Right to Withdraw: You have the right to change your mind. If you withdraw consent, the company must stop processing your data and ensure their partners (data processors) do the same.

TEAMS' CORNER

2. Your New "Data Rights"

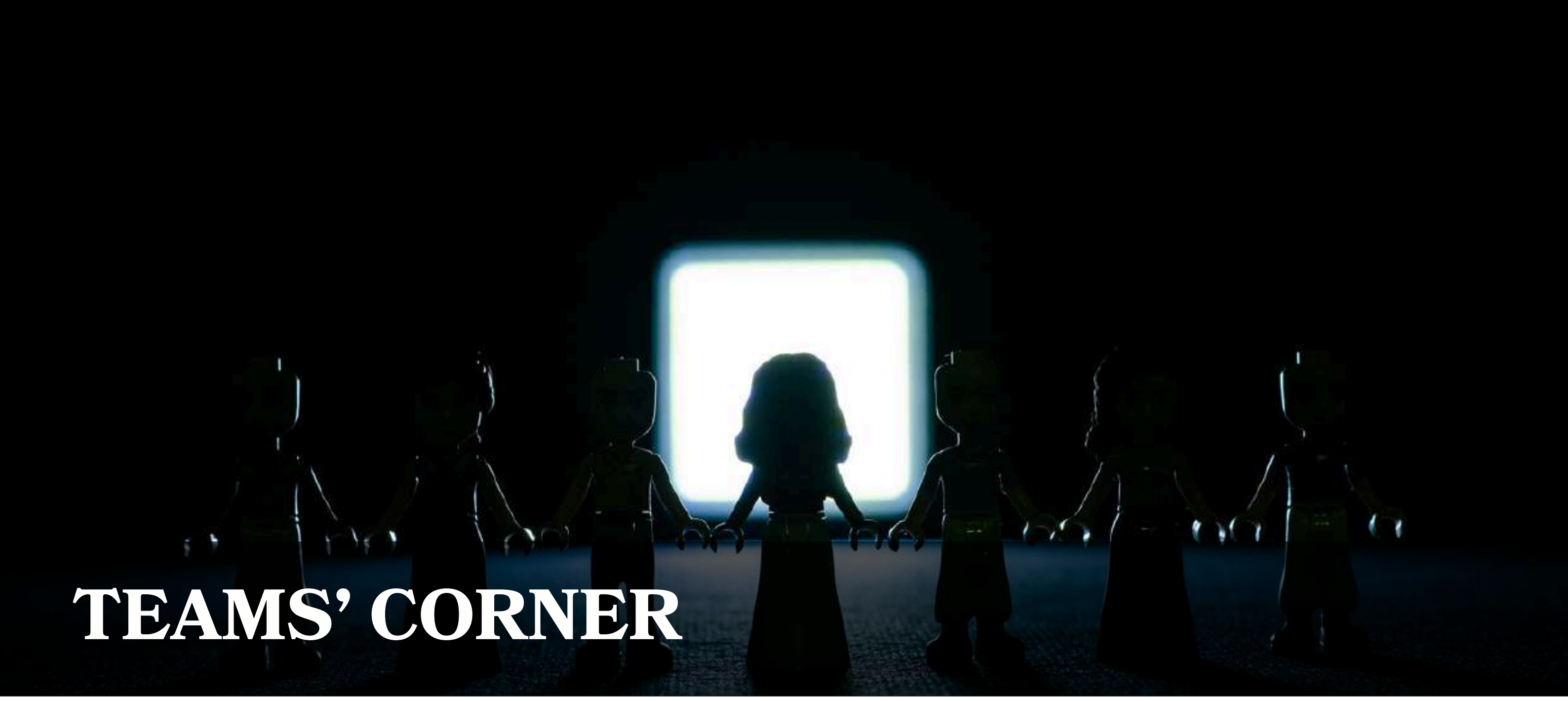
Under the Act, you are the Data Principal, and you hold several powerful new rights:

- Right to Access: You can ask any company for a summary of what personal data of yours they hold and who they have shared it with.
- Right to Correction & Erasure: If your data is wrong, they must fix it. If the purpose of collection is over (e.g., you closed an account), they must delete it.
- Right to Nominate: You can designate someone to manage your data rights in the event of your death or incapacity.
- Right to Grievance Redressal: Companies must have a clear point of contact (a Grievance Officer) to resolve your privacy concerns within a set timeframe (usually 30 days).

3. The Stakes: High Penalties for Mismanagement

To ensure companies take these rules seriously, the Act introduces a tiered penalty structure. Unlike previous laws that were often seen as "toothless," the DPDP Act carries significant financial weight:

- Security Failures: Failure to take reasonable safeguards to prevent a data breach can result in fines up to ₹250 crore.
- Failure to Notify: If a breach happens and the company fails to inform you and the Board, they face penalties up to ₹200 crore.
- Children's Data: Processing data of minors in a way that causes harm carries a penalty of up to ₹200 crore.



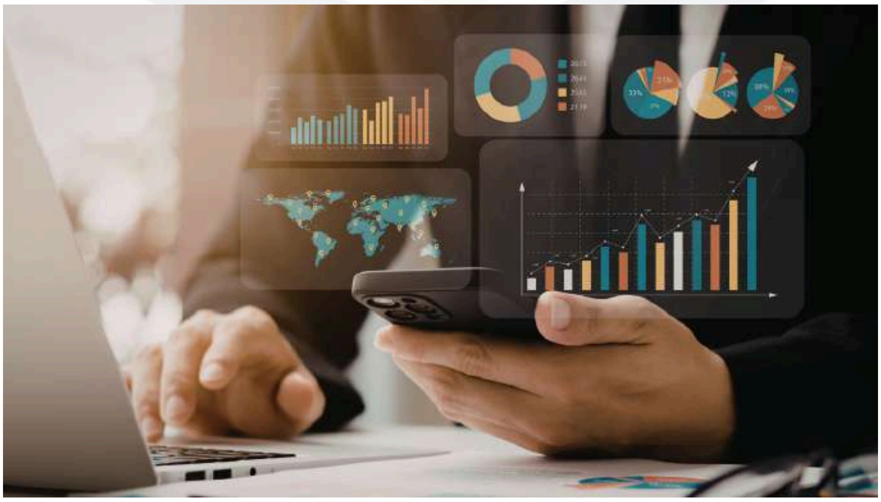
4. Obligations for Businesses (Data Fiduciaries)

If you run a business, even a small one, you are likely a Data Fiduciary. Your to-do list for 2026 should include:

1. Data Mapping: Knowing exactly where your customer data is stored and who has access to it.
2. Consent Managers: Integrating with the new "Consent Manager" platforms that help users manage their permissions in one place.
3. 72-Hour Response: Preparing for mandatory breach reporting. You won't have weeks to decide; you'll need a protocol to notify the Board "at the earliest."

The Road Ahead

The "grace period" for implementation is shrinking. By May 2027, the Data Protection Board will have full authority to investigate and penalise. For individuals, this means more control over their digital lives. For businesses, it means a fundamental shift toward "privacy by design."



WISDOM CORNER

Loneliness and Aloneness - Osho

I am saying “aloneness” and your mind hears “loneliness.” Once you translate aloneness as loneliness you are millions of miles away — not only miles but millions of light-years away from me...You change that word ‘loneliness’; drop it completely from your mind. Learn what aloneness is — and aloneness is a beautiful phenomenon, the most beautiful.

In fact, aloneness cannot be disturbed at all. It is such a crystallized state of consciousness, nothing can distract you away from it, and everything helps to make it stronger. Have you watched this paradoxical phenomenon? For example, right now we are sitting here in silence... the chirping of the birds — is it disturbing the silence or enriching it? The crow — is he disturbing your silence, or helping and giving it a contrast? If you are really silent, then even in the marketplace you will be surprised that your silence deepens. If true silence is there, nothing can disturb it. Each disturbance comes to enhance it. It is like in a dark night you are walking on a street and a car passes by with full headlights on. For a moment you are dazed by the light, and then the car is gone by. Do you think the darkness is less than before? It is deeper than before, it is denser than before. The car and its headlights have not disturbed it at all; rather, they helped tremendously.

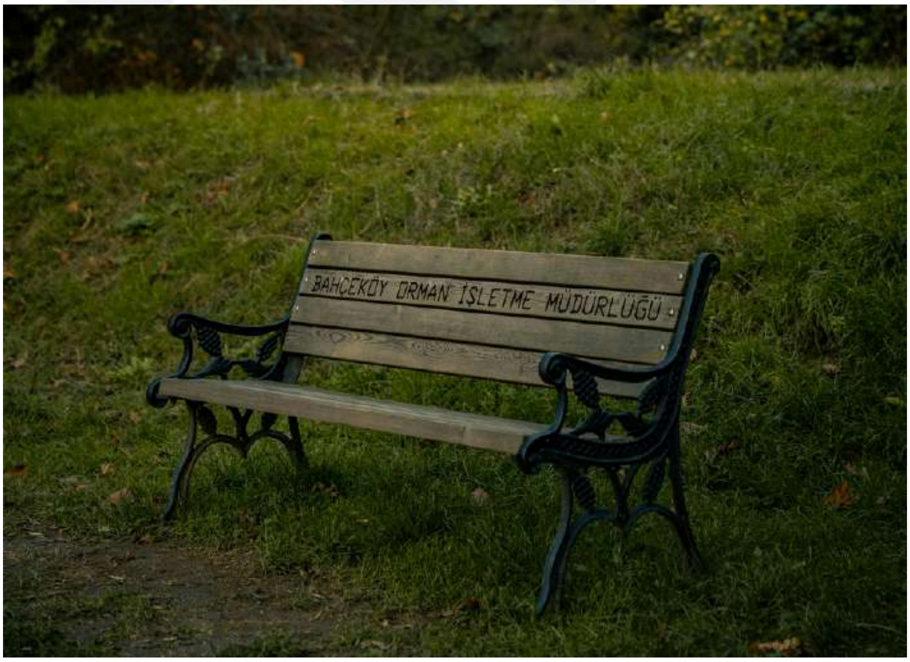
And this is how it is with aloneness: your aloneness will not be disturbed by the community.

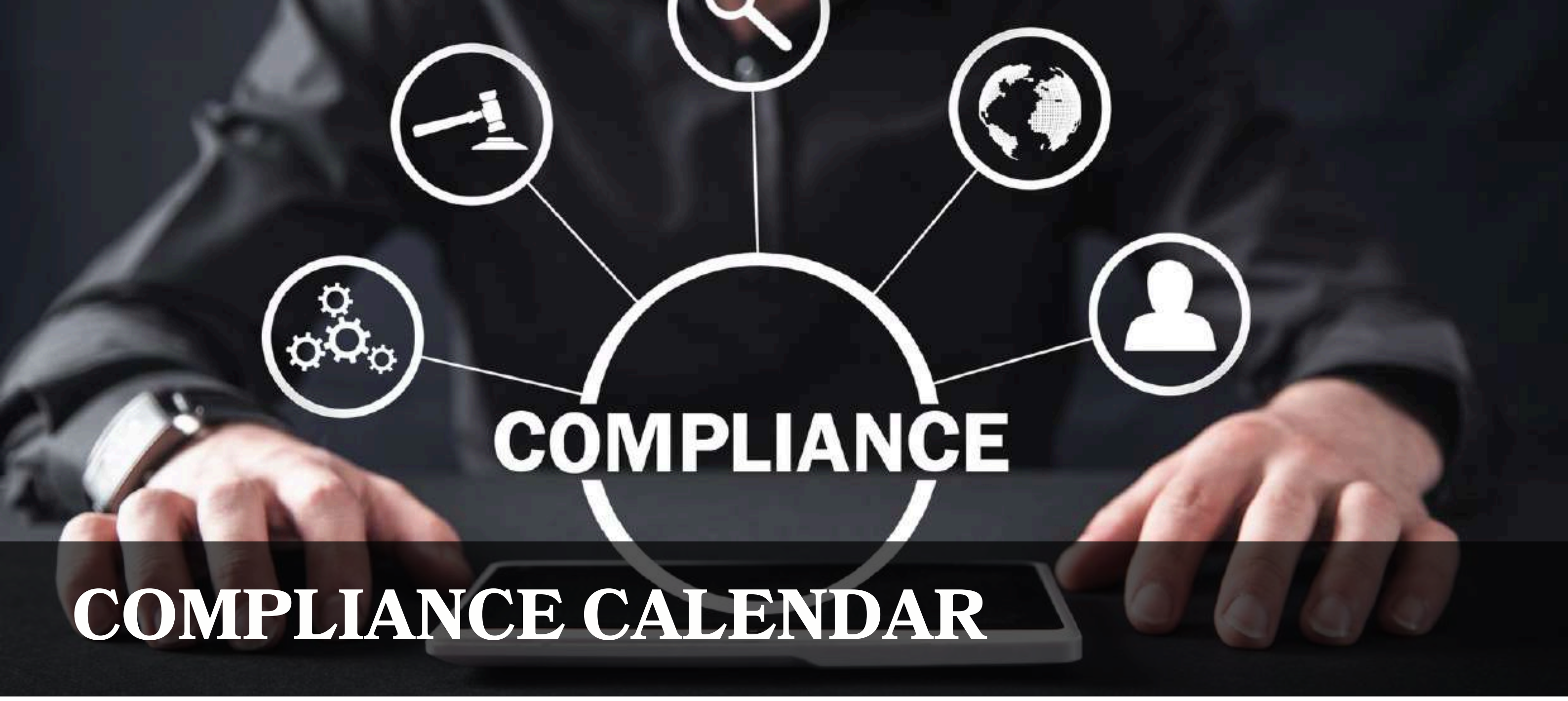
But forget that word ‘loneliness’; it is ugly, it is pathological.

WISDOM CORNER

And a man who seeks friendship, love, companionship, out of loneliness is not going to find it. In fact, with whomsoever he will associate he will feel cheated and he will make the other feel cheated. He will feel tired and bored, and he will make the other feel tired and bored. Their streams are running very thin; they are like summer streams in a desert land. You cannot take any water out of them. But if you seek friendship and love and companionship out of aloneness, you are a flooded river, a river in the rains. You can share as much as you want. And the more you share, the more you will have.

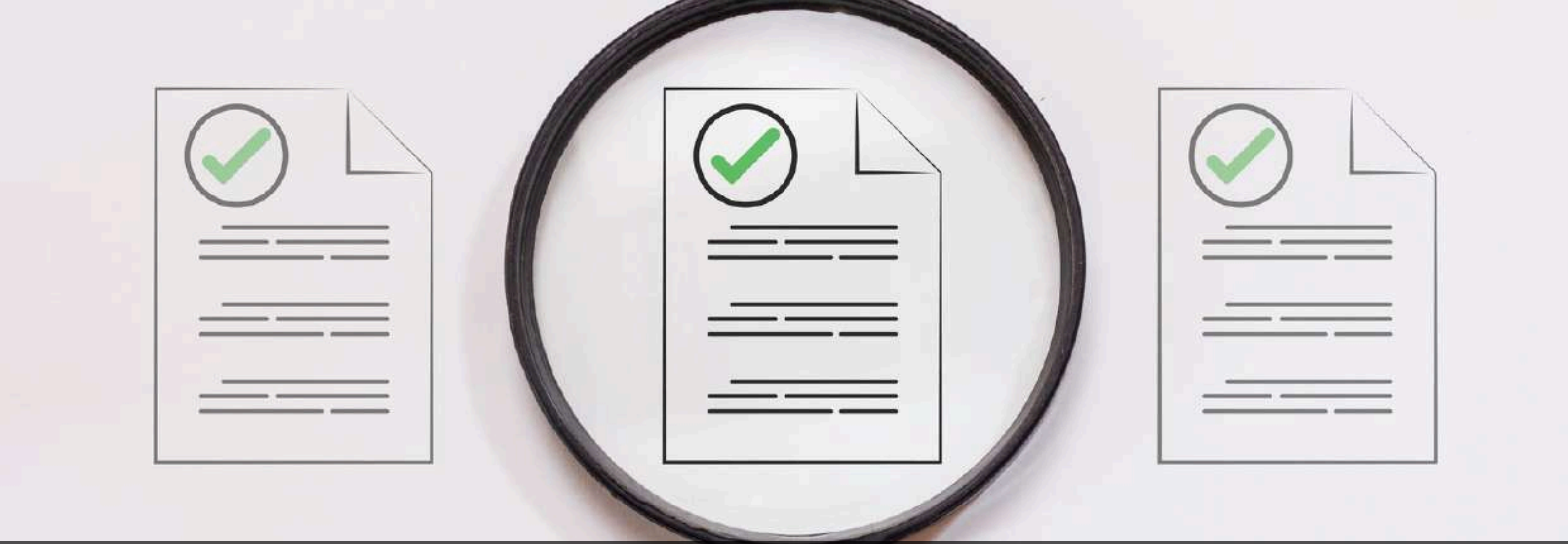
This is the inner economics: the more you give, the more you get from God.





COMPLIANCE CALENDAR

Due Date	Form	Description
07/05/2026	TDS / TCS Payment (April 2026)	Monthly payment
11/05/2026	GSTR-1 (Monthly – April 2026)	Return filing
11/05/2026	ESI Return (Oct 2025 – Mar 2026)	Half-yearly return
13/05/2026	GSTR-1 (QRMP – Quarterly)	For QRMP taxpayers
15/05/2026	PF Payment & ECR Filing (April 2026)	Monthly compliance



COMPLIANCE CALENDAR

Due Date	Forms	Description
15/05/2026	ESI Contribution Payment (April 2026)	Monthly payment
15/05/2026	Annual Disclosure (Large Corporates, if applicable)	Within 45 days from FY end
20/05/2026	GSTR-3B (April 2026)	Monthly return (state-wise variation)
30/05/2026	TDS Return (Q4 – Jan to Mar 2026)	Quarterly return
30/05/2026	Form 11 - Annual Return for LLP	Annual Compliance
30/05/2026	Reconciliation of Share Capital Audit Report	Half yearly return

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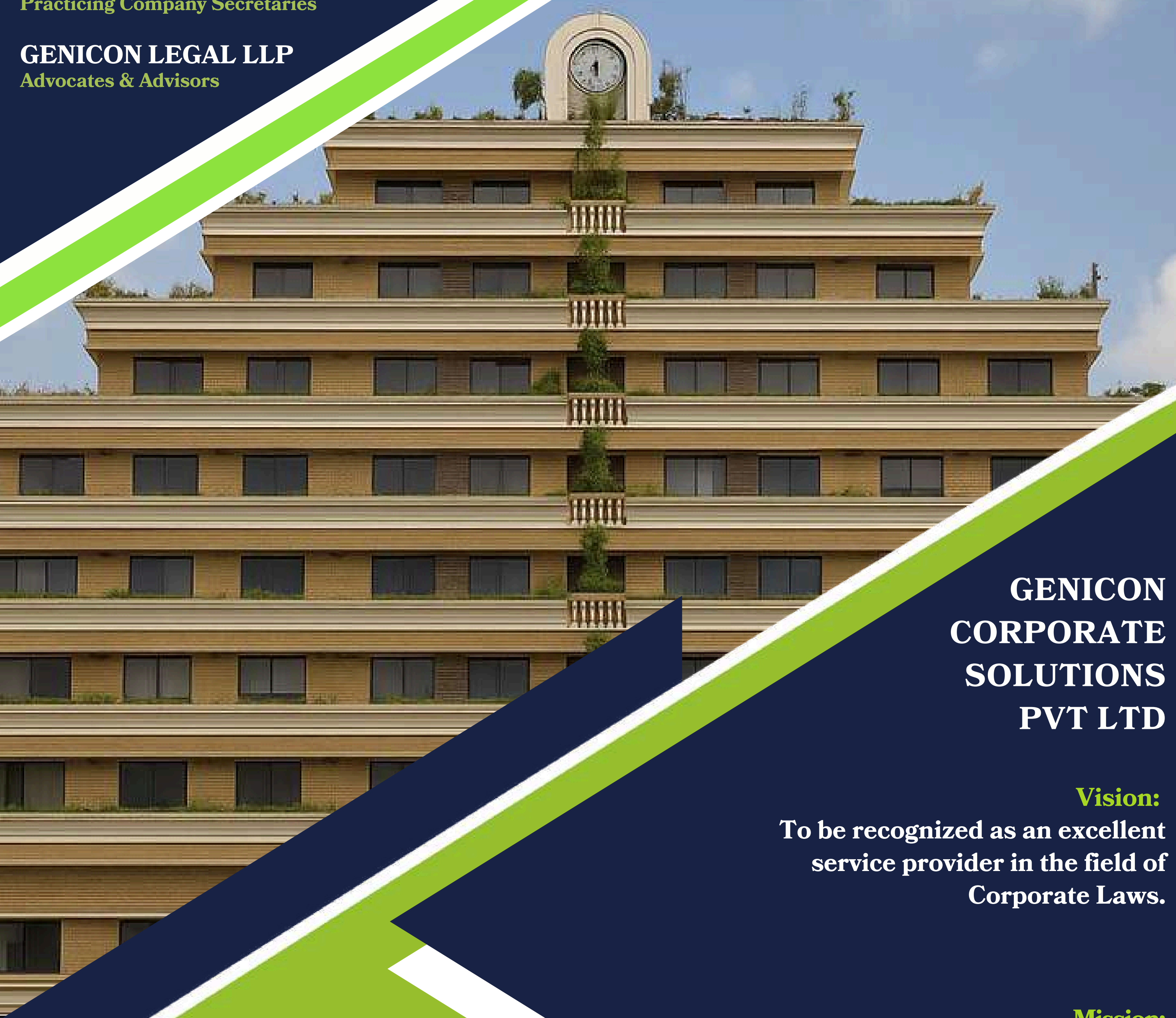

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Vision:
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