2026

LEGAL MUSINGS

FORTNIGHTLY
LEGAL UPDATES !!!

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#MUSINGS 38

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Meet our Minds

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Many Minds , One Mission !!!

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MCA: ROC ADJUDICATION ORDERS

1. In the matter relating to Tactile Education Services Private Limited

Violated Provision:

Violation of section 42(8) of the Companies Act, 2013, section 42(8) mandates that every company making any allotment of securities under this section, shall file with the Registrar a return of allotment within fifteen days from the date of the allotment in such manner as may be prescribed, including a complete list of all allottees, with their full names, addresses, number of securities allotted and such other relevant information in e-From PAS-3.

Brief Facts:

- The Company had filed a suo-motu adjudication application.

- The Company had allotted equity shares on 21.03.2020 by passing the board resolution. While the return of allotment in form PAS -3 was to be filed within 15 days from the date of allotment i.e. 04.04.2020

- However, The Company filed Form PAS-3 on 05.06.2020 with a delay of 61 days. Thereby, the Company, promoters and directors have violated the provisions of section 42(8) rendering themselves liable for penalty under section 42(9) of the Act.

MCA: ROC ADJUDICATION ORDERS

- The company furnished a Certificate of Recognition from the DPIIT proving its status as a registered Startup (Effective from 16.03.2018 for 10 years) and records showed its turnover did not exceed ₹100 crores. Consequently, the Adjudicating Officer extended the benefit of lesser penalties under the benevolent provisions of Section 446B of the Act.

Penalty imposed:

By applying the reduced penalty provisions under Section 446B for recognized startups, the final penalties imposed are:

- Company: ₹ 30,500
- Officers in default ₹30,500 each

MCA: ROC ADJUDICATION ORDERS

2. In the matter relating to Trimont Services India Private Limited

Violated Provision:

Violation of section 173(1) of the Companies Act, 2013, which mandates that every company must hold at least four Board meetings each year, with no more than 120 days between any two meetings

Brief Facts:

- The Company had filed a suo-motu adjudication application.
- The company failed to convene its 3rd board meeting for the FY 2024-25 within the prescribed interval of 120 days. The 2nd board meeting was held on 31.10.2024, and the company ought to have held the next board meeting within 120 days, i.e. by 28.02.2025. However, the company held the next board meeting on 31.03.2025 with a delay of 31 days.
- It is seen from records that the company does not fall under the definition of small company as per the provisions of section 2(85) of the Companies Act, 2013. Therefore, the provision of imposing lesser penalty as per the section 446B of the Act shall not be applicable in the case

Penalty imposed:

- Company: ₹ 40,000
- Officers in default: ₹40,000 each

MCA NOTIFICATION

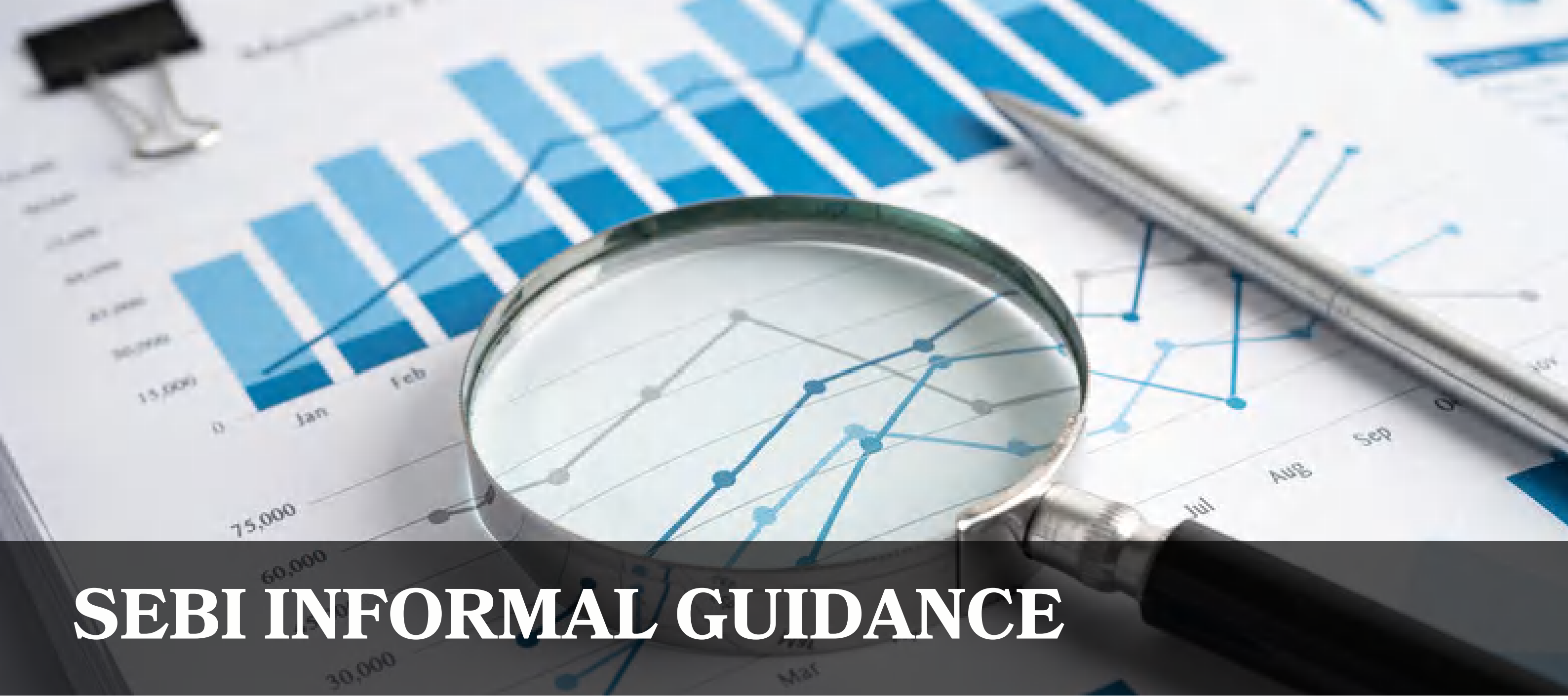
Eligibility for registered valuers' organizations

MCA Notification dated 01.06.2026 regarding Companies (Registered Valuers and Valuation) Amendment Rules, 2026

With effect from June 01st, 2026, the amendment introduces by a minimum capital requirement of ₹25 lakh for Registered Valuer Organisations, but existing organisations that fall short are given time until 31 March 2028 to meet the requirement.

New organisations seeking recognition after the amendment would generally need to satisfy the ₹25 lakh requirement from the outset.

Link: https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NTQyNjc2MDg3&docCategory=Notifications&type=open



SEBI INFORMAL GUIDANCE

SEBI Clarifies Eligibility of Cousin as Independent Director

SEBI Interpretive Letter on Independent Director Eligibility (Maithan Alloys Ltd.)
Issue: Whether a cousin of a promoter-group member/director can be appointed as an Independent Director under Regulation 16(1)(b)(iii) of the SEBI (LODR) Regulations, 2015.

Background:

Maithan Alloys Limited proposed appointing the cousin of a promoter-group member, Mr. Siddhartha Shankar Agarwalla, as an Independent Director. The proposed appointee was the daughter of Mr. Siddhartha Shankar Agarwalla's father's sister and possessed strong academic and professional credentials.

The company sought clarification on whether such a cousin would be considered "related to promoters or directors" under Regulation 16(1)(b)(iii) of the LODR Regulations.

SEBI's Interpretation:

SEBI noted that:

- Regulation 16(1)(b)(iii) requires an Independent Director not to be related to promoters or directors of the listed entity, its holding company, subsidiary, or associate company.

SEBI INFORMAL GUIDANCE

- A cousin is not included within the definition of "relative" under Section 2(77) of the Companies Act, 2013, read with the Companies (Specification of Definitions Details) Rules, 2014 and Regulation 2(1)(zd) of the LODR Regulations.
- Accordingly, on the facts presented, the cousin may be eligible for appointment as an Independent Director.

Key Takeaway:

SEBI has effectively clarified that a cousin of a promoter/director is not automatically disqualified from serving as an Independent Director merely because of that relationship, since a cousin is not covered within the statutory definition of "relative".

However, SEBI emphasized that the company must still ensure compliance with all other independence criteria under Regulation 16(1)(b) of the LODR Regulations and the Companies Act, 2013, including restrictions relating to shareholding, pecuniary relationships, and other disqualifications.

Link: https://www.sebi.gov.in/sebi_data/commondocs/jun-2026/Informal%20Guidance%20Letter%20by%20SEBI%20-%20interpretive%20letter_p.pdf

INCOME TAX

What the New Income-tax Scrutiny Guidelines Really Tell Us?

The CBDT has recently released the compulsory scrutiny guidelines for FY 2026-27. While this may seem like another routine tax circular, It reveals something much bigger about the direction in which tax administration is moving.

Usually, taxpayers were concerned about whether their return would be picked up for scrutiny. Today, the focus has gradually shifted from whether a case will be scrutinized to why it is being scrutinized.

A closer view at the guidelines shows that the Income-tax Department is increasingly dependent on information, risk indicators, past litigation history, and enforcement actions to identify cases that require detailed examination.

Cases involving searches, surveys, reassessments, information suggesting possible tax evasion, and recurring disputed issues are among those that may face compulsory scrutiny.

For businesses and professionals, the takeaway is simple. Tax compliance can no longer end with filing the return.

The strength of supporting documentation, consistency in reporting, proper reconciliations, and the ability to explain a tax position are becoming equally important.

INCOME TAX

What is particularly interesting is that the guidelines reflect a broader trend towards data-driven governance. Tax authorities today have access to significantly more information than ever before, and scrutiny is increasingly becoming targeted rather than broad-based.

In practical terms, this means that taxpayers should focus not only on preparing accurate returns but also on maintaining a clear audit trail that can support those returns if questions arise later.

Sometimes the most important tax developments are not amendments to the law or changes in tax rates. They are the subtle policy shifts that indicate how compliance and enforcement will evolve in the years ahead.

GSTN Provides Businesses with Extended Time to Prepare for Upcoming E-Way Bill Updates

The GSTN has issued an important advisory dated 21.05.2026, introducing major functional and compliance-related enhancements in the E-Way Bill (EWB) system. The changes are aimed at strengthening data integrity, improving movement traceability, and introducing lifecycle-based closure of e-Way Bills. The proposed production rollout is scheduled by 15 June 2026.

The advisory contains two major reforms:

1. Mandatory capture of “Ship-To GSTIN” in Bill-To/Ship-To transactions; and
2. Introduction of a voluntary e-Way Bill Closure facility

In a positive development, GSTN has postponed the implementation date for two key E-Way Bill features from 15 June 2026 to 1 August 2026.

These updates pertain to:

The mandatory disclosure of "Ship To GSTIN" in Bill-To /Ship-To transactions
The launch of the Voluntary E-Way Bill Closure option.

Businesses can utilize the extra time to:

- Review transaction processes involving multiple parties.
- Confirmation of the accuracy of GSTIN master data
- Test their ERP and E-Way Bill portal.

The extension gives organizations time to improve their processes before the changes take effect on 1 August 2026.

RBI

RBI Introduces USD-INR Swap Facility for ECBs and Overseas Borrowings

To facilitate foreign currency funding and support effective hedging of external liabilities, the Reserve Bank of India (RBI) has introduced a US Dollar-Rupee Forex Swap Facility for eligible External Commercial Borrowings (ECBs) raised by Public Sector Undertakings (PSUs) and Overseas Foreign Currency Borrowings (OFCBs) raised by Authorised Dealer Category-I banks.

Applicable to eligible borrowings with a minimum maturity of three years raised up to December 31, 2026, the facility enables banks to swap US Dollars with RBI at a fixed swap rate of 1.5% per annum (compounded semi-annually) for a maximum tenor of five years. The arrangement is intended to facilitate hedging of foreign currency exposures while ensuring orderly market conditions.

The facility became effective immediately and will remain available until January 15, 2027, for eligible drawdowns and borrowings made within the specified period.

COPYRIGHT

Copyright Office Invites Claims for Undistributed IRRO Royalties Worth ₹3.55 Crore

The Copyright Office has issued a public notice in connection with the renewal application of the Indian Reprographic Rights Organisation (IRRO), highlighting that royalties amounting to ₹3.55 crore (₹3,54,72,409) collected by the society remain undistributed to eligible right holders.

Existing and former IRRO members, as well as any rights holders who believe they are entitled to unpaid royalties, are invited to submit claims with supporting documentation to the Copyright Office and IRRO.

Claims may be sent by email to copyright@nic.in or by post to the Registrar of Copyrights. The notice aims to ensure that pending royalties are distributed to their rightful beneficiaries before further consideration of IRRO's renewal application.

Government Launches ₹10,000 Crore Startup India Fund of Funds 2.0

The Central Government has approved the Startup India Fund of Funds 2.0 (FoF 2.0) with a corpus of ₹10,000 crore to strengthen access to venture capital for Indian startups. Building on the framework of the 2016 Startup India Fund of Funds, the scheme will invest through SEBI-registered Alternative Investment Funds (AIFs) and place special emphasis on deep-tech innovation, technology-driven manufacturing, and early-stage startups supported by smaller venture capital funds.

The expanded framework introduces greater operational flexibility, enhanced monitoring through an Empowered Committee chaired by the DPIIT Secretary, and provisions for ecosystem development activities. Managed by SIDBI along with additional implementing agencies, FoF 2.0 aims to catalyse private investment, foster innovation, and support the growth of high-potential startups across sectors and stages.

LEGAL MAXIM

Caveat Emptor

Meaning:

The Latin maxim "Caveat Emptor" means "Let the buyer beware." It signifies that a buyer must exercise due care and caution before purchasing goods or entering into a transaction. Traditionally, the law placed the responsibility on the purchaser to inspect the quality, suitability, and condition of the goods before buying them. If the buyer failed to make reasonable inquiries or inspections, he could not later hold the seller liable for defects that were discoverable upon examination.

Case Law: P. Kishore Kumar v. Vittal K. Patkar (2023)

In P. Kishore Kumar v. Vittal K. Patkar, the dispute related to the purchase of property where the purchaser later raised objections regarding defects and encumbrances affecting the property. The issue before the Supreme Court was whether the purchaser, having failed to undertake adequate due diligence before the transaction, could avoid the consequences of the purchase.

The Court emphasized that a buyer is expected to exercise reasonable care and conduct necessary inquiries before acquiring property. Referring to the principle of Caveat Emptor ("Let the Buyer Beware"), the Court observed that a purchaser cannot escape the consequences of a transaction merely because proper verification was not undertaken before purchase. The judgment reaffirmed that due diligence remains a fundamental responsibility of every buyer.

LEGAL MAXIM

Relevance in the Corporate and Commercial World

The principle of Caveat Emptor is highly relevant in commercial transactions, mergers and acquisitions, investments, and corporate due diligence exercises. Before acquiring a company, investing in securities, purchasing assets, or entering into significant contracts, parties are expected to conduct proper due diligence and independently verify the information provided.

Failure to examine financial statements, statutory records, liabilities, litigation status, regulatory compliances, or contractual obligations may expose a purchaser or investor to unforeseen risks. Consequently, corporate professionals, including Company Secretaries, play a vital role in facilitating transparent disclosures and conducting due diligence to ensure informed decision-making.

WISDOM CORNER

Express Gratitude

Before you complain about school, remember that some people can't even get an **education.**

Before you complain about getting fat, remember that some people don't even have **any food.**

Before you complain about your job, remember that some people don't even have **any money.**

Before you complain about cleaning the house, remember that some people don't **even have any shelter.**

Before you complain about washing the dishes, remember that some people don't **even have any water**.

Before you complain about all these things on social media using your smartphone, without any consideration of how blessed you are, just be thankful for a minute.

Being thankful is one of the simplest, and yet most powerful, habits you can cultivate. By counting your blessings daily, you can begin to condition your mind to look for the good in everything around you. Soon enough, you'll unconsciously begin to see the bright side of things and feel better about life.

You can't feel bad while you're feeling thankful. As simple as showing gratitude sounds, most people struggle with it. It's much easier to focus on burdens than on gifts; to devote your attention to the things you don't have, rather than the things you do have.

I was once studying some of the most successful individuals on this planet, and one phrase really stuck with me: 'Greatness starts with being grateful'. I didn't think too much of it at the time, but as I've grown older I've begun to understand its value. I've realized that you can't feel joy without being thankful; being thankful is a vital component of happiness.

WISDOM CORNER

Furthermore, by expressing gratitude, we not only transform our vibrational state to become more magnetic to the good things, but we also become able to put things into perspective. We go through each day constantly comparing ourselves to others, and most of us rarely acknowledge that we have what others may desire. We also tend to compare ourselves to those we consider more fortunate than us, rather than those who are less fortunate. Just think of the amount of people who have to live through war on a daily basis. But we're completely safe from such troubles, and many more that we hear about in the news.

It's easy to say 'thanks' without really meaning it. The key to showing gratitude is to feel thankful. I'll use my coaching client Will as an example to illustrate how you can reach a true state of gratitude.

After Will had started by reeling off a list of all of his problems, I asked him to tell me what he was thankful for. His response was that he couldn't think of anything!

I knew his car meant a lot to him, so I asked, 'How about your car?'

He replied, 'Yeah, I'm thankful for my car, I guess.' This level of gratitude is a nice start, but it doesn't really change our state.

Then I asked Will what it would mean if he didn't have his car. He sat there for a moment and thought about it. Then he began to list things: 'I wouldn't be able to go to work, pick up the groceries, go and see my friends... and I wouldn't be able to pick up my kids from school.'

I could see his state changing as he started naming these things and envisioning them in his mind. I then went a step further and asked, 'What would it mean if you weren't able to pick up your kids?'

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He replied, ‘Well, they’d have to walk back home or take the bus.’

I pressed, ‘And how would that walk back be for them?’

Suddenly, he imagined them walking back in the cold weather. Will knew they’d be unsafe. And he was visibly unsettled.

After a few moments, he thought back to when he was a kid and how he used to get bullied on the bus home. This was when it hit him. He took a heavy breath. I could see the relief on his face as he thought back to his car. He finally admitted how grateful he was that he not only had a car, but also that it helped him improve the lives of those he loved. His state completely transformed and I observed the shift in his body language.

When practising gratitude, imagine how different your life would be without that particular thing you’re showing thanks for. It will produce strong feelings and emotions. And this is how you can get into a powerful state of gratitude.

Remember, there might be many things in your world that are going wrong. Yet there are also many things that are going right.

The more you count your blessings, the more blessings you’ll have to count.

Good Vibes, Good Life by Vex King.

COMPLIANCE CALENDAR

Due Date	Form	Description
20 June 2026	GST (GSTR- 3B)	Monthly GST return and payment of tax for May 2026 by regular taxpayers.
20 June 2026	GST (GSTR-5)	Return to be filed by Non-Resident Taxable Persons for May 2026
25 June 2026	GST (PMT-06)	Monthly GST tax payment by taxpayers registered under the QRMP Scheme for May 2026.
30 June 2026	Companies Act (DPT-3)	Return of Deposits and particulars of transactions not considered as deposits as on 31 March 2026.
30 June 2026	Income tax (26QC)	Challan-cum-statement for TDS on purchase of immovable property under Section 194-IA for transactions in May 2026.

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