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VEDANAM

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Why Vedanam?

Mehta & Mehta proudly presents VEDANAM, our monthly newsletter designed to equip legal professionals, Company Secretaries, Chartered Accountants, and all Stakeholders navigating complex regulatory and legal environments. VEDANAM delivers meticulously curated:

- Timely Regulatory Updates
- Comprehensive Case Law Analysis
- Strategic Knowledge Article

With the release of our June 2025 issue, we reaffirm our commitment to providing you with the actionable knowledge needed to proactively navigate and thrive in today's dynamic business and legal landscapes.

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Find the latest updates about our Webinars and Circulars, Notifications and Updates published by SEBI, MCA, RBI, IBBI and other official government site.

SEBI UPDATE -REGULATORY REPORTING BY AIFS, MARCH 04, 2026

Background

Under Regulation 28 of the SEBI (Alternative Investment Funds) Regulations, 2012, AIFs were required to submit detailed quarterly activity reports to SEBI within 15 calendar days from the end of each quarter through reporting formats hosted on the IVCA website. SEBI observed that this generated large volumes of fragmented data, creating operational inefficiencies for both the regulator and reporting entities. A Working Group constituted by SEBI on 'Ease of Doing Business and Reducing Cost of Compliance' also recommended reducing the frequency of AIF reporting.

Key Points / Highlights

- Annual Activity Report (AAR) introduced: All AIFs must submit a comprehensive Annual Activity Report (AAR) online on the SEBI Intermediary (SI) Portal within 30 calendar days from the end of March each financial year.
- First AAR due by May 31, 2026 for the financial year ending March 2026.
- Simplified Quarterly Activity Report: A limited (not detailed) quarterly activity report shall continue to be submitted online on the SI Portal within 15 calendar days from the end of each quarter.
- First revised quarterly report shall be submitted for the quarter ending June 2026.
- No separate quarterly report is required for the March quarter, as the AAR already covers that data.

- Revised reporting formats shall be made available on the IVCA website within 3 days from the date of this circular. IVCA shall assist AIFs in understanding reporting requirements.
- This circular supersedes provisions under Clause 15.1 of Chapter 15 (Reporting by AIFs) of the SEBI Master Circular for AIFs dated May 07, 2024.

Effective Date / Implementation Timeline

With immediate effect. First AAR: May 31, 2026. First revised quarterly report: for quarter ending June 2026.

SEBI update -Regulatory Reporting by AIFs Reporting by AIFs, March 04, 2026

SEBI UPDATE-GUIDELINES FOR CUSTODIANS MARCH 04, 2026

Background

Pursuant to the insertion of Regulation 19B in the SEBI (Custodian) Regulations, 1996 via gazette notification dated September 18, 2025, SEBI issued detailed operational guidelines prescribing the compliance and governance framework for Custodians. In September 2025, SEBI had also raised the minimum net worth requirement for custodians from Rs. 50 crore to Rs. 75 crore.

Key Points / Highlights

- Segregation via Strategic Business Units (SBUs): Non-bank custodians must conduct SEBI-regulated and non-SEBI-regulated financial services through separate SBUs, maintain separate books of accounts on an arm's-length

basis, and meet net worth criteria independently of such SBUs.

- The list of permissible financial services activities custodians can undertake shall be specified by CDSSF (Custodians and DDPs Standards Setting Forum) in consultation with SEBI.
- Board-level Committees: Custodians must constitute Audit Committee, Nomination & Remuneration Committee, and Risk Management Committee. Bank custodians may rely on existing bank-wide governance structures.
- Risk Management: A documented risk management policy must be maintained, covering operational risk, legal risk, cybersecurity, and misutilisation of client information; reviewed annually.
- Infrastructure: Custodians not holding physical securities are exempt from vault requirements. Those holding physical securities must maintain secure vaults and disclose vault specifications in quarterly reporting.
- Client Disclosure: Clients must be informed in writing when unregulated services are provided, with acknowledgement that SEBI will have no jurisdiction for grievance redressal for such services.
- Reporting simplification: Duplicate reporting requirements that overlap with depository submissions have been removed.

- Phased implementation: Most provisions effective from March 24, 2026. Wind-down frameworks and disaster recovery infrastructure requirements are phased until 2029.
- Effective Date / Implementation Timeline

Effective Date / Implementation Timeline

March 24, 2026 (certain provisions phased until 2029)

SEBI update Guidelines for Custodians March 04, 2026

SEBI UPDATE-INTRODUCTION OF VOLUNTARY LOCK-IN / DEBIT FREEZE FACILITY TO MUTUAL FUND FOLIOS MARCH 06, 2026

Amid rising concerns over cyber fraud and unauthorized transactions in financial accounts, SEBI, in consultation with AMFI, introduced a voluntary debit freeze facility for mutual fund investors. This is similar to debit freeze options already available in bank accounts and demat accounts, providing an additional layer of protection for MF holdings

Key Points / Highlights

- A voluntary debit freeze (lock-in) facility shall be introduced across both demat and non-demat (Statement of Account) folios ensuring no units can be debited until the folio is explicitly unlocked by the investor.

- Phase 1: The facility to lock the folio shall be provided by RTAs through the MF Central platform (inter-operable RTA platform)
- Eligibility: Available only to KYC-compliant (registered/validated) investors who have a valid registered email ID and mobile number both are mandatory.
- AMFI shall prescribe: (a) the detailed process for locking and unlocking folios for all AMCs and RTAs; (b) procedures for different investor categories after consultation with SEBI; (c) the list of financial and non-financial transactions permitted during the lock-in period.

AMCs and RTAs must publish the detailed procedure and its impact on transactions on their websites and in the Statement of Additional Information (SAI).

The facility is completely voluntary investors may activate or deactivate the lock at any time.

Effective Date / Implementation Timeline

April 30, 2026

SEBI update - Introduction of Voluntary Lock-in / Debit Freeze Facility to Mutual Fund Folios
March 06, 2026

SEBI UPDATE EASE OF DOING BUSINESS RELAXATION IN CERTIFICATION REQUIREMENT FOR PERSONS ASSOCIATED WITH RESEARCH SERVICES (PARS) – SALES AND OTHER NON-CORE SERVICES MARCH 11, 2026

Background

Under the existing regulatory framework, all persons associated with research services (PARS) were generally required to obtain the NISM Series-XV Research Analyst Certification. However, many personnel within brokerage houses, research entities, and financial intermediaries interact with clients about research products without performing actual research functions including sales staff, relationship managers, and distribution staff. SEBI identified this as an unnecessary compliance burden on non-core personnel.

Key Points / Highlights

- PARS not directly engaged in research activities (i.e., not involved in preparing research reports or formulating investment views) will NOT be required to obtain NISM Series-XV Research Analyst Certification.
- Such non-core personnel (sales staff, relationship managers, distribution staff, support staff) may instead comply with the simplified NISM Series-XXV-A
- certification, which covers basic regulatory awareness and compliance obligations for client-facing roles.

- Entities providing research services must clearly identify and document the roles and responsibilities of all personnel to distinguish core research staff from sales/support staff.
- Personnel directly involved in research preparation must continue to meet the full certification and qualification requirements under applicable SEBI regulations.
- This relaxation reduces compliance costs for intermediaries while maintaining adequate investor protection standards.
- This circular amends the relevant provisions of the SEBI Master Circular for Research Analysts.

Effective Date / Implementation Timeline

Immediate

SEBI update Ease of Doing Business – Relaxation in Certification Requirement for Persons Associated with Research Services (PARS) – Sales and Other Non-Core Services March 11, 2026

SEBI UPDATE BORROWING BY MUTUAL FUNDS MARCH 13, 2026

Background

The SEBI (Mutual Funds) Regulations, 2026 (effective April 1, 2026) under Regulation 42 permit mutual funds to borrow for specified purposes. SEBI issued this circular to establish an operational framework, particularly to formalize intraday borrowing to manage T+1 settlement timing mismatches where redemption payouts are processed in the morning but inflows from instruments

but inflows from instruments like TREPS and reverse repo arrive in the evening.

Key Points / Highlights

- Permitted borrowing purposes [Regulation 42(1)]: (i) repurchase/redemption of units; (ii) payment of interest; (iii) IDCW (Income Distribution cum Capital Withdrawal) payouts; (iv) settlement of under-executed sell trades by equity-oriented index funds/ETFs.
- General borrowing limit: Up to 20% of net assets of a scheme for a maximum period of 6 months.
- Intraday Borrowing (exempt from 20% cap): Mutual funds may borrow intraday subject to the following conditions (a) AMC Board and Board of Trustees must approve a formal intraday borrowing policy, disclosed on AMC website; (b) restricted to redemption/repurchase, interest, and IDCW payouts only; (c) borrowing amount capped at guaranteed receivables due on the same day from GoI, RBI, and Clearing Corporation of India Limited (CCIL); (d) all costs/losses from intraday borrowings must be borne by the AMC not passed to the scheme or investors.
- Equity-oriented index funds and ETFs: May borrow for settlement of under-executed sell trades only to participate in the Closing Auction

Session (CAS) in

- the equity cash segment (per SEBI circular dated January 16, 2026). Effective August 3, 2026.
- AMCs must comply with Clauses 6 and 7 of the Fourth Schedule to the MF Regulations 2026.
- Note: Intraday borrowing provisions were subsequently deferred to July 15, 2026 via Addendum circular dated March 25, 2026.

Effective Date / Implementation Timeline

April 1, 2026 (Intraday borrowing provisions deferred to July 15, 2026 per Addendum dated March 25, 2026)

SEBI update Borrowing by Mutual Funds March 13, 2026

**SEBI UPDATE - REVIEW OF COVERAGE OF SETTLEMENT GUARANTEE FUND FOR COMMODITY DERIVATIVES SEGMENT
MARCH 16, 2026**

Background

SEBI reviewed the Settlement Guarantee Fund (SGF) coverage framework for the commodity derivatives segment after receiving representations from market participants and feedback from public consultation. The review was recommended by a Working Group on agricultural commodity derivatives and SEBI's Risk Management Review Committee, to align the framework with global standards and improve ease of doing business for clearing corporations.

Key Points / Highlights

- Revised stress test methodology
Clearing corporations must now calculate SGF coverage based on the simultaneous default of at least 3 clearing members (and their associates) causing the highest credit exposure revised upward from the earlier requirement of at least 2 clearing members.
- Removal of 50% all-member exposure provision: The earlier requirement that clearing corporations also account for 50% of the credit exposure arising from the simultaneous default of ALL clearing members has been fully removed.
- Impact: These changes make stress testing more robust while simultaneously reducing the overall capital burden on clearing corporations and clearing members
- Regulatory flexibility: SEBI may consider exemptions to SGF norms based on prevailing market conditions, adequacy of risk management framework, and investor protection objectives.
- Changes came into effect immediately upon issuance.

Effective Date / Implementation Timeline

Immediately upon issuance (March 16, 2026)

SEBI update - Review of Coverage of Settlement Guarantee Fund for Commodity Derivatives Segment March 16, 2026

SEBI UPDATE - EASE OF DOING BUSINESS – RELAXATIONS IN CERTAIN REPORTING REQUIREMENTS FOR CERTAIN STOCK BROKERS AND DOING AWAY WITH THE REQUIREMENT OF REPORTING OF DEMAT ACCOUNT MARCH 23, 2026

Background

Under the SEBI Master Circular for Stock Brokers dated June 17, 2025 (paras 15.3 and 15.4), all demat and bank accounts maintained by stock brokers were required to be appropriately tagged and reported to stock exchanges. Certain exemptions existed for brokers that are also banks. SEBI received representations from exchanges to extend similar relaxations to brokers that are also primary dealers, and to rationalize demat account reporting to reduce duplication.

Key Points / Highlights

- Relaxation for bank/Primary Dealer (PD) brokers: Stockbrokers that are also banks or Primary Dealers need to report to stock exchanges only those bank accounts that are used for stock broking activities not all bank accounts.
- Demat account reporting abolished: The earlier requirement for stock brokers to directly report demat accounts to stock exchanges has been completely done away with.

- Responsibility shift for demat reporting: Depositories will now directly share details of demat accounts opened/closed by stock brokers with the concerned stock exchanges, under a mechanism jointly decided by depositories and exchanges.
- Tagging exemption for Primary Dealers: Para 15.3.4 (tagging/naming requirements) shall not apply to demat accounts used exclusively for non-broking activities by stockbrokers who are also primary dealers.
- Bank account reporting timelines retained: Opening/closure of bank accounts must still be reported to stock exchanges within 7 working days.
- Non-compliance regarding nomenclature and reporting of bank accounts, and nomenclature of demat accounts, will attract penal action under stock exchange and depository provisions.
- These amendments modify paras 15.3 and 15.4 of the Master Circular for Stock Brokers dated June 17, 2025.

Effective Date / Implementation Timeline

April 17, 2026

SEBI Update. Ease of Doing Business – Relaxations in Certain Reporting Requirements for Certain Stock Brokers and Doing Away with the Requirement of Reporting of Demat Account March 23, 2026

SEBI UPDATE - ADDENDUM TO SEBI CIRCULAR ON BORROWING BY MUTUAL FUNDS

Background

Under the SEBI Master Circular for Stock Brokers dated June 17, 2025 (paras 15.3 and 15.4), all demat and bank accounts maintained by stock brokers were required to be appropriately tagged and reported to stock exchanges. Certain exemptions existed for brokers that are also banks. SEBI received representations from exchanges to extend similar relaxations to brokers that are also primary dealers, and to rationalize demat account reporting to reduce duplication.

Key Points / Highlights

- Relaxation for bank/Primary Dealer (PD) brokers: Stockbrokers that are also banks or Primary Dealers need to report to stock exchanges only those bank accounts that are used for stock broking activities not all bank accounts.
- Deferral of intraday borrowing norms: The provisions relating to intraday borrowings prescribed in the March 13, 2026 circular, originally effective from April 1, 2026, have been deferred to July 15, 2026.
- Reason for deferral: AMCs need additional time to put in place board-approved policies, internal operational systems, and compliance documentation.

- Regulatory intent unchanged: The deferral is only on the implementation timeline for intraday borrowing. The regulatory framework and conditions prescribed remain the same.
- All other provisions of the March 13, 2026 circular not related to intraday borrowing remain effective from April 1, 2026.

Effective Date / Implementation Timeline

Intraday borrowing provisions deferred to July 15, 2026. All other provisions of March 13, 2026 circular: April 1, 2026.

[SEBI update - Addendum to SEBI Circular on Borrowing by Mutual Funds](#)

SEBI UPDATE - CLARIFICATION REGARDING ELIGIBILITY OF MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TO CONDUCT ANNUAL AUDIT OF INVESTMENT ADVISERS

Background

Under the provisions of the SEBI Master Circular for Investment Advisers dated February 6, 2026, the annual compliance audit of Investment Advisers could be conducted only by members of ICAI (Institute of Chartered Accountants of India) or ICSI (Institute of Company Secretaries of India).

Following a representation from ICAI (Institute of Cost Accountants of India) and recognizing their recognition under the IA Regulations, SEBI decided to expand the eligible auditor pool.

Key Points / Highlights

- Members of ICAI (Institute of Cost Accountants of India) are now formally recognized as eligible to conduct the annual compliance audit of Investment Advisers alongside ICAI and ICSI members.
- Annual audit requirement: Every Investment Adviser must conduct an annual compliance audit within 6 months from the end of each financial year.
- Submission deadline: The compliance audit report must be submitted to IAASB/SEBI within one month from the date of completion of the audit report, but not later than October 31 of each year for the preceding financial year.
- Client-level segregation certificate: Investment Advisers must maintain an annual certificate confirming compliance with client-level segregation requirements, issued by a member of ICAI, ICSI, or ICAI, within 6 months from the end of the financial year, as part of the compliance audit.
- The SEBI Master Circular for Investment Advisers dated February 6, 2026 stands amended accordingly to incorporate ICAI members as eligible auditors.

- This widens the pool of qualified compliance professionals and may reduce cost and improve access to auditors for IAs.

Effective Date / Implementation Timeline

Immediate

[SEBI update - Clarification Regarding Eligibility of Members of the Institute of Cost Accountants of India to Conduct Annual Audit of Investment Advisers](#)

SEBI UPDATE - CLARIFICATION REGARDING ELIGIBILITY OF MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TO CONDUCT ANNUAL AUDIT OF RESEARCH ANALYSTS MARCH 25, 2026

Background

Under para 31 of Chapter VI of the SEBI Master Circular for Research Analysts dated February 6, 2026, the annual compliance audit of Research Analysts could be conducted only by members of ICAI or ICSI. Following a representation from ICAI and recognizing their eligibility under Regulation 25(3) of the SEBI (Research Analysts) Regulations, 2014, SEBI decided to expand the eligible auditor pool. This circular is a companion to the simultaneous clarification issued for Investment Advisers.

Key Points / Highlights

- Members of ICMAI (Institute of Cost Accountants of India) are now formally recognized as eligible to conduct the annual compliance audit of Research Analysts alongside ICAI and ICSI members.
- Annual audit requirement: Every Research Analyst must conduct an annual compliance audit under Regulation 25(3) of the SEBI (Research Analysts) Regulations, 2014, within 6 months from the end of each financial year.
- Submission deadline: The compliance audit report must be submitted to RAASB/SEBI within one month from the date of completion of the audit report, but not later than October 31 of each year for the preceding financial year.
- Website disclosure: RAs must publish the status of their compliance audit report on their website, disclose any adverse observations/findings along with corrective actions taken.
- Client communication: RAs must share the compliance audit report with their clients.
- The SEBI Master Circular for Research Analysts dated February 6, 2026 stands amended accordingly to include ICMAI members as eligible auditors.

Effective Date / Implementation Timeline

Immediate

[SEBI update - SEBI Circular - Clarification Regarding Eligibility of Members of the Institute of Cost Accountants of India to Conduct Annual Audit of Research Analysts March 25, 2026](#)



RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) SECOND AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026, which came into force with immediate effect. The amendment modifies paragraph 9(iii) of the Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Directions, 2025 to clarify the treatment of quarterly profits while computing Owned Fund of NBFCs. Under the revised provision, free reserves may include quarterly profits, provided the financial statements are subjected to limited review or audit by statutory auditors on a quarterly basis. The amount of profit eligible for inclusion must be reduced by the average dividend paid during the last three financial years, calculated using the prescribed formula ($E_{Pt} = N_{Pt} - 0.25 \times D \times t$). Further, any losses incurred during the current financial year must be fully deducted from the Owned Fund.

These Amendment Directions shall come into force immediately.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES - CONCENTRATION RISK MANAGEMENT) SECOND AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Second Amendment Directions, 2026, effective immediately, amending the Master Direction - Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Directions, 2025. The amendment revises the definitions of "Owned Fund" and "Tier 1 Capital" by aligning them with the definitions provided under the Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Directions, 2025. It further requires NBFCs to obtain an external auditor's certificate after capital augmentation and submit it to RBI's Department of Supervision before reckoning such additions for concentration norms. Additionally, new provisions clarify that Tier 1 capital for compliance with credit/investment concentration limits shall be determined based on the NBFC's latest available financial statements (audited or subject to limited review).

RBI Update - Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Second Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (HOUSING FINANCE COMPANIES) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Housing Finance Companies) Amendment Directions, 2026, effective immediately, amending the Reserve Bank of India (Housing Finance Companies) Directions, 2025 to clarify the components considered in the computation of “Owned Fund” for Housing Finance Companies (HFCs). The amendment allows free reserves to include quarterly profits, subject to quarterly financial statements being subjected to limited review/audit by statutory auditors, and such profits being adjusted for the average dividend paid over the last three financial years using the prescribed formula. Additionally, losses in the current financial year must be fully deducted from Owned Fund. The directions also clarify that Right-of-Use (ROU) assets created under Ind AS 116 – Leases need not be deducted from Owned Fund where the underlying leased asset is a tangible asset.

RBI Update - Reserve Bank of India (Housing Finance Companies) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (CORE INVESTMENT COMPANIES) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Core Investment Companies) Amendment Directions, 2026, effective immediately, amending the Reserve Bank of India (Core Investment Companies) Directions, 2025 to clarify the components included in the computation of “Owned Funds” for Core Investment Companies (CICs). The amendment permits free reserves to include quarterly profits, subject to quarterly financial statements being subjected to limited review/audit by statutory auditors, and such profits being adjusted for the average dividend paid during the last three financial years using the prescribed formula. It also mandates that losses in the current financial year be fully deducted from Owned Funds. Further, CICs are not required to deduct Right-of-Use (ROU) assets created under Ind AS 116 – Leases from Owned Funds where the underlying leased asset is a tangible asset.

RBI Update - Reserve Bank of India (Core Investment Companies) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (MORTGAGE GUARANTEE COMPANIES) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Mortgage Guarantee Companies) Amendment Directions, 2026, effective immediately, amending the Reserve Bank of India (Mortgage Guarantee Companies) Directions, 2025. The amendment clarifies the components included in the computation of "Owned Fund", allowing free reserves to include quarterly profits, subject to quarterly financial statements being subjected to limited review/audit by statutory auditors and adjustment for the average dividend paid during the last three financial years using the prescribed formula. It also mandates that losses in the current financial year be fully deducted from Owned Fund and clarifies that Right-of-Use (ROU) assets created under Ind AS 116 – Leases need not be deducted where the underlying leased asset is tangible. Additionally, the amendment introduces provisions stating that Tier 1 Capital for compliance with credit and investment concentration norms shall be determined based on the latest available financial statements (audited or subject to limited review), as defined in the Master Directions.

RBI UPDATE - RESERVE BANK OF INDIA (MORTGAGE GUARANTEE COMPANIES) AMENDMENT DIRECTIONS, 2026**RBI UPDATE - RESERVE BANK OF INDIA (STANDALONE PRIMARY DEALERS) AMENDMENT DIRECTIONS, 2026**

The Reserve Bank of India has issued the Reserve Bank of India (Standalone Primary Dealers) Amendment Directions, 2026, effective immediately, amending the Reserve Bank of India (Standalone Primary Dealers) Directions, 2025. The amendment revises the definition of Tier 1 capital, allowing paid-up capital, statutory reserves, and other disclosed free reserves including quarterly profits to be considered, subject to quarterly financial statements being subjected to limited review/audit by statutory auditors and adjustment for the average dividend paid during the last three financial years using the prescribed formula. It further clarifies that losses in the current year must be fully deducted from Tier 1 capital, along with deductions for investment in subsidiaries, intangible assets, deferred tax assets, and brought-forward losses. Additionally, the amendment specifies that Tier 1 capital for compliance with exposure norms shall be determined based on the SPD's latest available financial statements (audited or subject to limited review).

RBI UPDATE - RESERVE BANK OF INDIA (STANDALONE PRIMARY DEALERS) AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND AND REMITTANCES OF PROFITS) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittance of Profits) Directions, 2026, which will be effective from FY 2026–27. The Directions, issued under Banking Regulation Act, 1949, prescribe prudential norms governing dividend declaration by banks incorporated in India and profit remittance by foreign banks operating in India in branch mode. Banks must satisfy eligibility conditions such as compliance with regulatory capital requirements, positive adjusted Profit After Tax (PAT), and absence of regulatory restrictions, while the Board must consider factors like supervisory divergence in NPAs, auditors' report, capital position, and long-term growth plans. The Directions also introduce a CET1-based dividend payout framework with caps linked to capital buffers (overall limit of 75% of PAT), restrict distribution from extraordinary profits, unrealised gains, or overstated PAT, and require reporting of dividend/profit remittance to the RBI's Department of Supervision within a fortnight. The RBI also retains the power to restrict dividend distribution or profit remittance in cases of regulatory non-compliance.

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND AND REMITTANCES OF PROFITS) DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENT BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Payment Banks – Prudential Norms on Declaration of Dividend) Directions, 2026, effective from FY 2026–27, under the powers conferred by the Banking Regulation Act, 1949. The Directions prescribe prudential conditions for declaration of dividend by Payment Banks, including requirements such as compliance with regulatory capital norms, positive Adjusted Profit After Tax (PAT), and absence of regulatory restrictions. The Board must consider factors like NPA divergence observed by RBI, auditors' report, capital position, and long-term growth plans before approving dividends. The framework introduces a Tier 1 capital-based dividend payout structure, permitting dividends up to specified limits depending on the Tier 1 Capital Ratio, subject to an overall cap of 75% of PAT. Further, dividends cannot be paid out of extraordinary profits, overstated PAT identified by auditors, or unrealised gains from Level 3 financial instruments, and banks must report dividend declarations to RBI's Department of Supervision within a fortnight. RBI also retains the authority to restrict dividend distribution in case of regulatory non-compliance.

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENT BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND) DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (LOCAL AREA BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Local Area Banks – Prudential Norms on Declaration of Dividend) Directions, 2026, which will be effective from FY 2026–27, under the powers conferred by the Banking Regulation Act, 1949. The Directions prescribe prudential conditions for declaration of dividend by Local Area Banks (LABs), requiring compliance with regulatory capital norms, positive Adjusted Profit After Tax (PAT), and absence of regulatory restrictions. The Board must consider factors such as NPA divergence observed by RBI, auditors' report, capital adequacy position, and long-term growth plans before approving dividends. The framework introduces a CRAR-based dividend payout structure, allowing dividends up to specified limits depending on the Capital to Risk-Weighted Assets Ratio (CRAR), subject to an overall cap of 80% of PAT. The Directions also prohibit payment of dividend from extraordinary profits, overstated PAT identified by auditors, or unrealised gains from Level 3 financial instruments, and require reporting of dividend declaration to RBI's Department of Supervision within a fortnight, while retaining RBI's power to restrict dividend distribution in cases of regulatory non-compliance.

RBI UPDATE - RESERVE BANK OF INDIA (LOCAL AREA BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND) DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) THIRD AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026, with immediate effect, amending the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025 to provide greater clarity on the treatment of Counterparty Credit Risk (CCR) exposures and align the framework with international standards. The amendment introduces a clarification that CCR exposures of all entities required to be consolidated must be included while computing capital requirements on a consolidated basis. It also revises the add-on factors for market-related off-balance sheet exposures (such as interest rate, exchange rate, equity, precious metal, and commodity contracts) under Table 16. Additional provisions clarify the treatment of contracts with periodic reset features, applicability of add-on factors to all outstanding CCR exposures, and CCR capital charge requirements for banks acting as clearing members of SEBI-recognised stock exchanges in derivatives segments. Further, the amendment modifies the risk-weight treatment for clearing member exposures to Qualified Central Counterparties (QCCPs), generally prescribing a 2% risk weight, with exemption from capital

maintenance where the bank has a valid legal opinion confirming absence of reimbursement liability to clients in case of QCCP default.

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) THIRD AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (REGIONAL RURAL BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Regional Rural Banks – Prudential Norms on Declaration of Dividend) Directions, 2026, which will be effective from FY 2026–27, under the powers conferred by the Banking Regulation Act, 1949. The Directions prescribe prudential conditions for declaration of dividend by Regional Rural Banks (RRBs), requiring compliance with regulatory capital requirements, positive Adjusted Profit After Tax (PAT), and absence of regulatory restrictions. While approving dividends, the Board must consider NPA divergence observed by National Bank for Agriculture and Rural Development (NABARD), auditors' report, capital position, and long-term growth plans. The framework introduces a Tier 1 capital ratio-based dividend payout structure, permitting dividends within specified limits depending on the bank's capital position, subject to an overall cap of 80% of PAT. The Directions also restrict dividend payment from

extraordinary profits, overstated PAT identified by auditors, or certain prudential adjustments, and require reporting of dividend declaration to NABARD's Department of Supervision within a fortnight, while RBI retains the power to restrict dividend distribution in cases of regulatory non-compliance.

RBI Update - Reserve Bank of India (Regional Rural Banks – Prudential Norms on Declaration of Dividend) Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS – PRUDENTIAL NORMS ON DECLARATION OF DIVIDEND) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividend) Directions, 2026, which will be effective from FY 2026–27, under the powers conferred by the Banking Regulation Act, 1949. The Directions prescribe prudential conditions for declaration of dividend by Small Finance Banks (SFBs), including compliance with regulatory capital requirements, positive Adjusted Profit After Tax (PAT), and absence of regulatory restrictions. Before approving dividends, the Board must consider factors such as RBI supervisory findings on NPA divergence, auditors' report, capital adequacy position, and long-term growth plans.

The framework introduces a Tier 1 capital ratio-based dividend payout structure, permitting dividend distribution within specified limits depending on the bank's Tier 1 capital position, subject to an overall cap of 75% of PAT. The Directions also prohibit payment of dividend from extraordinary profits, overstated PAT identified by auditors, or unrealised gains from Level 3 financial instruments, and require reporting of dividend declarations to the RBI's Department of Supervision within a fortnight, while allowing the RBI to restrict dividend distribution in case of regulatory non-compliance.

RBI Update - Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividend) Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) THIRD AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026, effective immediately, amending the Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 to provide greater clarity on the treatment of Counterparty Credit Risk (CCR) exposures and align the framework with international standards. The amendment revises the add-on factors for market-related off-balance sheet exposures (such as interest rate, exchange rate, equity, precious metal, and commodity contracts) under Table 14.

It also clarifies the treatment of contracts with periodic reset features, requires add-on factors to be applied to all outstanding CCR exposures, and specifies that banks acting as clearing members of SEBI-recognised stock exchanges in derivatives segments must compute and maintain capital charge for CCR

Additionally, the amendment revises the risk-weight treatment for exposures to Qualified Central Counterparties (QCCPs), prescribing a 2% risk weight for trade exposures, with an exemption from capital maintenance where the bank has a valid legal opinion confirming absence of reimbursement liability to clients in case of QCCP default.

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) THIRD AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (ALL INDIA FINANCIAL INSTITUTIONS (AIFIS) - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) SECOND AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026, effective immediately, amending the Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Directions, 2025 to provide greater clarity on the treatment of Counterparty Credit Risk (CCR) and to align the framework with international standards.

The amendment clarifies that CCR exposures of all entities required to be consolidated must be included while computing capital requirements on a consolidated basis. It also revises the add-on factors for market-related off-balance sheet items, covering interest rate contracts, exchange rate contracts, equities, precious metals (except gold), and other commodities. Further, the Directions clarify the treatment of contracts with periodic reset features, require add-on factors to be applied to all outstanding CCR exposures, and mandate that AIFIs acting as clearing members of SEBI-recognised stock exchanges in derivatives segments must compute and maintain capital charge for CCR

Additionally, the amendment revises the risk-weight treatment for exposures to Qualified Central Counterparties (QCCPs) by prescribing a 2% risk weight for trade exposures, while permitting exemption from capital maintenance where the clearing member is not obligated to reimburse clients for losses

in case of QCCP default and holds an independent legal opinion confirming such protection..

RBI UPDATE - RESERVE BANK OF INDIA (ALL INDIA FINANCIAL INSTITUTIONS (AIFIS) - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) SECOND AMENDMENT DIRECTIONS, 2026

RBI UPDATE - MASTER DIRECTION - RESERVE BANK OF INDIA (UNIQUE IDENTIFIERS IN FINANCIAL MARKETS) DIRECTIONS, 2026

Prior to the issuance of the Master Direction Reserve Bank of India (Unique Identifiers in Financial Markets) Directions, 2026, the framework for Legal Entity Identifier (LEI) and Unique Transaction Identifier (UTI) in India was governed through multiple fragmented circulars and lacked a unified regulatory structure, particularly with no formal domestic mandate for UTI in OTC derivatives. This led to issues such as inconsistency in adoption, lack of standardisation, regulatory reporting gaps, and challenges in tracking transactions and assessing systemic risk, especially in cross-border markets requiring alignment with global standards. To address these concerns, the Reserve Bank of India has introduced a consolidated framework mandating LEI for all non-individual entities undertaking specified OTC transactions (with thresholds for certain forex deals) and barring entities without valid LEI

from participating in RBI-regulated markets, while also introducing a comprehensive UTI regime (effective January 1, 2027) aligned with CPMI-IOSCO standards, including structured generation rules, a waterfall mechanism for identifying the generating entity, lifecycle tracking, and designation of CCIL-TR for reporting and fallback generation, thereby enhancing transparency, data quality, and risk monitoring in financial markets.

RBI Update - Master Direction - Reserve Bank of India (Unique Identifiers in Financial Markets) Directions, 2026

RBI UPDATE - NOP-INR POSITION OF AUTHORISED DEALERS

Earlier, Authorised Dealers were governed by the Master Direction Risk Management and Inter-Bank Dealings dated July 05, 2016, which empowered the Reserve Bank of India to prescribe limits on Net Open Position in INR (NOP-INR) based on prevailing market conditions, but did not prescribe a specific uniform cap applicable at all times. This flexibility, while useful, could lead to variability in exposure levels and potential volatility in the foreign exchange market, necessitating a more calibrated and immediate control mechanism in light of evolving market dynamics. Accordingly, the Reserve Bank of India has now mandated that Authorised Dealers shall maintain their NOP-INR positions in the onshore deliverable market within a limit of USD 100 million at the end of each business day, with compliance required at the earliest and mandatorily by April 10, 2026, thereby strengthening exchange

rate management and curbing excessive speculative positions.

RBI UPDATE - NOP-INR POSITION OF AUTHORISED DEALERS

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - CONCENTRATION RISK MANAGEMENT) AMENDMENT DIRECTIONS, 2026 - (REVISED)

The Reserve Bank of India, vide its revised Amendment Directions dated March 30, 2026, has updated the Concentration Risk Management framework for Small Finance Banks (SFBs) in alignment with the revised credit facilities regime. The amendments introduce key definitional linkages such as Capital Market Intermediaries (CMLs), collateral, non-debt mutual funds, and primary security, and comprehensively redefine Capital Market Exposure (CME) to include both fund-based and non-fund-based exposures such as investments, advances against securities, financing to mutual funds, credit facilities to CMLs, underwriting commitments, Irrevocable Payment Commitments (IPCs), and trade exposures.

Revised prudential ceilings have been prescribed, capping aggregate CME at 40% of Tier 1 capital and direct exposures at 20%, along with requirements for intra-day exposure limits. Certain exposures, including investments in critical financial

infrastructure and specified instruments, have been excluded from CME computation. The Directions also introduce detailed norms for exposure computation, including treatment of derivatives, IPCs, and netting mechanisms, while rationalising earlier provisions through deletions and restructuring.

These amendments will come into effect from July 1, 2026 or earlier upon adoption, ensuring strengthened prudential oversight and consistency with the revised regulatory framework.

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - CONCENTRATION RISK MANAGEMENT) AMENDMENT DIRECTIONS, 2026 - (REVISED).

RBI UPDATE - REPORTING UNDER FOREIGN EXCHANGE MANAGEMENT ACT, 1999 – RETURNS PERTAINING TO EXTERNAL COMMERCIAL BORROWING (ECB)

The Foreign Exchange Management Act, 1999 reporting framework for External Commercial Borrowings (ECB) has been revised pursuant to the recent circular effective April 1, 2026, whereby Forms ECB 1 and Revised ECB 1 are now classified as non-flow returns with Late Submission Fee (LSF) computed accordingly, while each delayed Form ECB 2 submission under a Loan Registration Number will attract a separate LSF instance; further, Authorised Dealer Category I banks are required to submit duly certified ECB returns to the Reserve Bank of India within seven calendar days of receipt,

ensure LSF payments (where applicable) are made via NEFT/RTGS post RBI acknowledgment, and actively monitor compliance by borrowers in case of delayed filings.

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - CONCENTRATION RISK MANAGEMENT) AMENDMENT DIRECTIONS, 2026 - (REVISED).

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS – CREDIT FACILITIES) AMENDMENT DIRECTIONS, 2026 (REVISED)

The Reserve Bank of India, through its revised Amendment Directions dated March 30, 2026, has introduced significant changes to the framework governing credit facilities of commercial banks. The amendments primarily expand the definitional scope by introducing key concepts such as acquisition finance, bridge finance, capital market intermediaries (CMIs), eligible securities, and loan-to-value (LTV), while aligning “control” with the Companies Act, 2013. A comprehensive overhaul of the acquisition finance regime has been undertaken, restricting such financing to strategic control acquisitions by financially sound non-financial entities, with caps on bank funding, mandatory borrower contribution, leverage limits, and enhanced security requirements. The Directions also revamp the framework for loans against financial assets by prescribing

A comprehensive redefinition of CME has been undertaken to include both fund-based and non-fund-based exposures such as investments, advances against securities, acquisition finance, bridge finance, credit facilities to CMI, underwriting commitments, and irrevocable payment commitments (IPCs). The Directions prescribe revised prudential ceilings, capping aggregate CME at 40% of the bank's eligible capital base, direct exposures at 20%, and acquisition finance exposure at 20%, along with requirements for intra-day exposure limits. Certain exposures (e.g., investments in subsidiaries, critical financial

RRBI Update - Reserve Bank of India (Commercial Banks – Credit Facilities) Amendment Directions, 2026 (Revised).

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - CONCENTRATION RISK MANAGEMENT) AMENDMENT DIRECTIONS, 2026 (REVISED)

The Reserve Bank of India, vide its revised Amendment Directions dated March 30, 2026, has aligned the Concentration Risk Management framework with the revised credit facilities regime by introducing key definitional linkages (such as acquisition finance, bridge finance, CMI, collateral, and primary security) and refining the scope of capital market exposure (CME). eligible securities, LTV norms for IPceilings, prudential limits, and end-use monitoring, alongside tightening O/FPO/ESOP financing. Further, a new chapter introduces detailed regulations for bank exposure

to CMI, including permissible facilities, prohibition on proprietary trading finance (with limited exceptions), and stringent collateral requirements. These amendments strengthen governance through enhanced Board oversight and will come into effect from July 1, 2026, with existing exposures allowed to run till maturity while new or renewed facilities must comply with the revised norms. infrastructure, and infrastructure, and specified refinancing portions) have been excluded from CME computation. The framework also introduces detailed norms for computation and netting of exposures, including treatment of derivatives and IPCs, while rationalising earlier provisions through deletions and restructuring. These amendments will come into effect from July 1, 2026 or earlier upon adoption, ensuring consistency with the revised credit regulations and strengthening prudential oversight of banks' capital market exposures.

RBI Update - Reserve Bank of India (Commercial Banks - Concentration Risk Management) Amendment Directions, 2026 (Revised).

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) SECOND AMENDMENT DIRECTIONS, 2026 (REVISED)

The Reserve Bank of India, vide its revised Second Amendment Directions dated March 30, 2026, has introduced a targeted modification to the capital adequacy framework in alignment with the revised credit and concentration risk norms. Specifically, the Directions clarify the prudential treatment of Irrevocable Payment Commitments (IPCs) issued by banks to clearing corporations on behalf of clients categorising such exposures as financial guarantees with a credit conversion factor (CCF) of 100%.

However, capital is required to be maintained only on the portion of such exposure that qualifies as Capital Market Exposure (CME) under the relevant guidelines, with a prescribed risk weight of 125% applied to such amount. This amendment ensures consistency in capital computation with the revised CME framework and will come into effect from July 1, 2026 or earlier upon adoption by banks.

RBI Update - Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 (Revised).

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - FINANCIAL STATEMENTS: PRESENTATION AND DISCLOSURES) - THIRD AMENDMENT DIRECTIONS, 2026 (REVISED)

The Reserve Bank of India, vide its Third Amendment Directions (Revised) dated March 30, 2026, has updated the disclosure framework for banks' financial statements in alignment with the revised credit and concentration risk norms. The amendment primarily revises the disclosure requirements relating to "Exposure to Capital Markets" under Notes to Accounts by introducing a detailed and granular reporting format covering various components such as direct investments, advances against securities, credit facilities to Capital Market Intermediaries (CMIs), acquisition finance (including overseas exposure and bridge finance), financing to mutual funds, underwriting commitments, irrevocable payment commitments (IPCs), and trade exposures. The revised format ensures consistency with the computation of Capital Market Exposure (CME) as prescribed under the relevant RBI directions, thereby enhancing transparency and standardisation in financial reporting. These changes will come into effect from July 1, 2026 or earlier upon adoption by banks.

RBI Update - Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) - Third Amendment Directions, 2026 (Revised).

RBI Update - Reserve Bank of India (Small Finance Banks – Credit Facilities) Amendment Directions, 2026 (Revised).

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) SECOND AMENDMENT DIRECTIONS, 2026 (REVISED)

The Reserve Bank of India has issued the Small Finance Banks – Prudential Norms on Capital Adequacy (Second Amendment) Directions, 2026 (Revised) on March 30, 2026, aligning capital treatment with the revised credit facilities and concentration risk framework. The amendment clarifies that irrevocable payment commitments (IPCs) issued by banks to clearing corporations shall be treated as financial guarantees with a credit conversion factor (CCF) of 100%; however, capital is required to be maintained only on the portion classified as capital market exposure (CME). Further, such exposure will attract a risk weight of 125%, thereby linking capital adequacy requirements directly to CME computation. These revised provisions will become effective from the date of adoption of the Credit Facilities Amendment Directions, 2026, or July 1, 2026, whichever is earlier, superseding the earlier directions dated February 13, 2026.

RBI Update - Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 (Revised).

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS – FINANCIAL STATEMENTS: PRESENTATION AND DISCLOSURES) – SECOND AMENDMENT DIRECTIONS, 2026 (REVISED)

The Reserve Bank of India has issued the Small Finance Banks – Financial Statements: Presentation and Disclosures (Second Amendment) Directions, 2026 (Revised) on March 30, 2026, revising disclosure requirements relating to capital market exposures. The amendment replaces the existing disclosure format by introducing a detailed table on “Exposure to Capital Markets” under Notes to Accounts, requiring banks to separately disclose various components such as direct investments, advances against shares and securities, exposures to capital market intermediaries, financing to mutual funds, acquisition financing, underwriting commitments, irrevocable payment commitments, and trade exposures. Further, it is clarified that such disclosures shall be computed in accordance with the applicable concentration risk management and credit facilities directions. These revised provisions shall come into effect from the date of adoption of the Credit Facilities Amendment Directions, 2026, or July 1, 2026, whichever is earlier, superseding the earlier amendment dated February 13, 2026.

RBI Update - Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026 (Revised).

RBI UPDATE - RESERVE BANK OF INDIA (TRADE RELIEF MEASURES) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Trade Relief Measures) Directions, 2026 with immediate effect to mitigate the debt servicing burden on exporters arising from geopolitical tensions due to the West Asian crisis and to ensure continuity of viable businesses due to the West Asian crisis and to ensure continuity of viable businesses.

Under these Directions, regulated entities are permitted to extend the tenor of pre-shipment and post-shipment export credit up to 450 days for credit disbursed till June 30, 2026. Additionally, in respect of packing credit facilities already availed by exporters on or before the issuance of these Directions, where shipment of goods could not be effected, regulated entities may allow liquidation of such facilities from legitimate alternate sources, including proceeds from domestic sale of goods or through substitution with another export order.

RBI Update - Reserve Bank of India (Trade Relief Measures) Directions, 2026



IBBI UPDATE - FILING OF FORMS TO MONITOR INSOLVENCY RESOLUTION PROCESSES FOR PERSONAL GUARANTORS TO CORPORATE DEBTORS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016, AND THE REGULATIONS MADE THEREUNDER.

The Insolvency and Bankruptcy Board of India (IBBI), vide Circular dated 06 February 2026, has introduced electronic forms for monitoring the Insolvency Resolution Process for Personal Guarantors to Corporate Debtors (PGIRP) under the Insolvency and Bankruptcy Code, 2016. Earlier, Resolution Professionals (RPs) were submitting periodic updates to IBBI through emails, which was considered inefficient. To streamline reporting and enhance transparency, IBBI has now implemented an electronic filing system requiring RPs to submit specified forms capturing key stages of the insolvency process through the IBBI portal. The forms must be filed using the RP's login credentials and authenticated through DSC or e-sign. Failure to file the forms or submission of incomplete or inaccurate information may attract regulatory action. Further, to allow stakeholders to familiarise themselves with the system, penalties for delayed filing or modification will be applicable only after 30 June 2026.

Forms Introduced for PGIRP Reporting

Form No.	Period Covered / Scope	Timeline for Filing
PGIRP-1	From admission of application under section 94/95 till submission of RP's report under section 99	On or before 10th day of the month following submission of the report under section 99
PGIRP-2A	From RP's report under section 99 till rejection of application under section 100	On or before 10th day of the month following the rejection order
PGIRP-2B	From admission order under section 100 till issuance of public notice under section 102	On or before 10th day of the month following issuance of public notice
PGIRP-3	From public announcement till submission of report on repayment plan under section 106/112 or filing of application under Regulation 17B	On or before 10th day of the month following submission of the report/application
PGIRP-4	From submission of repayment plan till order of Adjudicating Authority under section 114	On or before 10th day of the month following the AA order
PGIRP-5	From approval of repayment plan till discharge of the personal guarantor under sections 118(3) or 119(1)	On or before 10th day of the month following the order of discharge or termination
PGIRP-6	Quarterly status report of the resolution process	On or before 10th day of the month following each quarter until closure of the process.

Additionally, the circular provides transition timelines for ongoing and concluded cases and requires filing of the relevant forms by 31 March 2026 or 30 June 2026, depending on the stage of the process as on the date of the circular.

IBBI Update - Filing of Forms to monitor insolvency resolution processes for Personal Guarantors to Corporate Debtors under the Insolvency and Bankruptcy Code, 2016, and the regulations made thereunder.

IBBI UPDATE - VALUATION STANDARDS FOR THE PURPOSE OF VALUATION CONDUCTED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016.

The Insolvency and Bankruptcy Board of India (IBBI) has issued a circular notifying the adoption of International Valuation Standards (IVS) for all valuations conducted under the Insolvency and Bankruptcy Code, 2016 (IBC). This step aligns with the Code's objective of maximizing the value of assets of the corporate debtor through a transparent, objective, and credible valuation framework, thereby strengthening stakeholder confidence and decision-making.

As per the amended regulations under various processes including Corporate Insolvency Resolution Process (CIRP), Liquidation, Voluntary Liquidation, Pre-packaged Insolvency Resolution Process, and Bankruptcy of Personal Guarantors, valuations are now required to be conducted in accordance with standards notified by the Board. In this regard, the IBBI has formally adopted the International Valuation Standards issued by the International Valuation Standards Council (IVSC), as updated from time to time.

This circular shall come into force from the date of its issue and shall apply to all valuation conducted under the Code and regulations made thereunder.

IBBI Update - Valuation Standards for the purpose of valuation conducted under the Insolvency and Bankruptcy Code, 2016.

WHEN A PROPERTY IS SOLD ON AN 'AS IS WHERE IS' BASIS, THE ENCUMBRANCES ON THE PROPERTY STAND TRANSFERRED TO THE PURCHASER UPON THE SALE VAR ELECTROCHEM PVT. LTD. VS. COMMISSIONER, TELANGANA INDUSTRIAL INFRASTRUCTURE CORPORATION LTD. AND ANR. – NCLT HYDERABAD BENCH

Facts

CIRP was initiated against Speck Systems Ltd., which subsequently went into liquidation. The Liquidator sold the Corporate Debtor's assets through e-auction on an "as is where is / as is what is / whatever there is" basis. The Applicant was the successful auction purchaser and was issued a Sale Certificate after paying the full consideration.

After completion of liquidation, the statutory authority raised demands for outstanding property tax dues pertaining to periods prior to liquidation.

The Applicant challenged the demand, claiming immunity from past dues under the IBC as the authority had not filed any claim during liquidation.

Issue

Whether a successful auction purchaser in liquidation is liable for outstanding statutory dues (property tax) attached to the asset when the sale is conducted on an "as is where is" basis.

Decision

The NCLT held that sale on an "as is where is" basis includes transfer of all existing liabilities and statutory dues attached to the asset, unless expressly excluded. Relying on *K.C. Ninan v. Kerala State Electricity Board*, the Tribunal held that the purchaser is deemed to have notice of such dues and is bound by the doctrine of caveat emptor.

The Applicant was held liable for the outstanding property tax dues, and the application seeking to quash the demand notices was dismissed.

SALE OF PLEDGED SHARES DURING MORATORIUM IS IN VIOLATION OF SECTION 14 OF IBC THE DEBT OWED TO THE FINANCIAL CREDITOR BE REDUCED BY THE AMOUNT REALIZED FROM THE SALE OF PLEDGED SHARES MAITREYA DOSHI VS. KANAK JANI, RP OF DOSHI HOLDINGS PVT. LTD. AND ANR. – NCLT MUMBAI BENCH

Facts

Doshi Holdings Pvt. Ltd. was admitted into CIRP on a Section 7 application filed by Anand Rathi Global Finance Ltd. The Corporate Debtor had pledged shares of Premier Ltd. as security for a loan.

During the moratorium, the Financial Creditor sold a substantial portion of the pledged shares in the open market and realized sale proceeds. The ex-director filed an application under Section 60(5) of the IBC seeking setting aside of CIRP and the Resolution Plan, return of pledged shares, and adjustment of sale proceeds.

Issue

Whether sale of pledged shares during the moratorium violates Section 14 of the IBC. Whether pledged shares sold during moratorium can be restored and whether sale proceeds must be adjusted against the creditor's claim.

Decision

The NCLT held that sale of pledged shares during the moratorium violated Section 14 of the IBC, as ownership remained with the Corporate Debtor until lawful sale. Restoration of sold shares was held to be not feasible due to their sale in the open market. The Tribunal directed that the debt of the Financial Creditor be reduced by the amount realized from the sale of pledged shares. The prayer to set aside the CIRP and Resolution Plan was rejected; application disposed of with directions and no costs.

Where the Repayment Plan, approved by the Adjudicating Authority under Section 114 and implemented in accordance with the terms and timelines prescribed, is fully complied with and all creditors have confirmed receipt of their proportionate shares, the Personal Guarantor is entitled to discharge under Section 119 of IBC
Deepak Maini, RP of Rajbir Singh Sethi –
NCLT Principal Bench

ISSUE

Mr. Rajbir Singh Sethi, Personal Guarantor to a corporate debtor under liquidation, was admitted into Personal Insolvency Resolution Process (PIRP). A Repayment Plan for ₹50 lakh was approved by creditors and the Adjudicating Authority under Section 114 of the IBC. The Personal Guarantor fully implemented the Repayment Plan within the prescribed time, and all creditors confirmed receipt of their dues.

The Resolution Professional applied for taking the implementation report on record and for discharge of the Personal Guarantor under Sections 117 and 119.

Issues

Whether the Repayment Plan was fully implemented in accordance with the IBC. Whether the Personal Guarantor was entitled to discharge under Section 119 of the IBC.

Decision

The NCLT held that the Repayment Plan was fully implemented and all statutory requirements under Sections 114, 117, and 119 were satisfied. The Personal Guarantor was granted discharge from all debts and liabilities covered under the Repayment Plan. The PIRP was closed, the Resolution Professional was relieved of duties, and the discharge was clarified to not extend to any co-obligor.

The NCLAT allowed the appeal and set aside the restrictive directions issued by the NCLT. The Tribunal held that sale of encumbered assets during CIRP is permissible under Regulation 29, provided the secured creditor has expressly consented and its rights are adequately protected in the sale consideration and distribution mechanism.

The Appellate Tribunal observed that Regulation 29 contains no express prohibition against the sale of encumbered assets, and reading such a limitation into the regulation would defeat the object of time-bound value maximisation under the IBC. It further reaffirmed that decisions taken by the CoC after due deliberation, valuation, and creditor consent fall squarely within the realm of commercial wisdom, warranting minimal judicial interference.

WHILE GRANTING PERMISSION TO PERSONAL GUARANTOR TO TRAVEL ABROAD DURING BANKRUPTCY PROCEEDINGS, REQUIREMENT OF SECURITY DEPOSIT IS UNSUSTAINABLE, AS THE INDIVIDUAL HAS ALREADY BEEN DECLARED BANKRUPT AND LACKS ANY DEMONSTRATED CAPACITY TO ARRANGE SUCH FUNDS ZANKARSINH KISHORSINH SOLANKI VS. KANHAIYALAL SALAWAT (BANKRUPTCY TRUSTEE) AND ORS. – NCLAT NEW DELHI

Facts

The Appellant, a personal guarantor, was declared bankrupt and bankruptcy proceedings were initiated under Part III of the IBC.

During bankruptcy, the Appellant sought permission to travel abroad. The NCLT granted permission subject to stringent conditions, including deposit of ₹40 crore as security and execution of bonds of two solvent sureties of ₹50 crore each. The Appellant challenged these conditions before the NCLAT as being onerous and impossible to comply with.

Issues

Whether the conditions imposed by the NCLT for permitting foreign travel during bankruptcy were reasonable and sustainable.

Decision

The NCLAT upheld the permission to travel abroad in principle. The condition requiring deposit of ₹40 crore as security was set aside as unreasonable and impracticable for a declared bankrupt.

The requirement of two solvent sureties of ₹50 crore each and other protective conditions were upheld. Permission to travel was made subject to approvals from other competent authorities.

ROC penalizes all the directors of the company for non-filing of KYC of directors in form DIR_3 KYC

A brief about this case

1. M/s. East Alpha Alliance Technology Private Limited situated in Noida in the state of Uttar Pradesh had three directors on its board. All the three directors of the company failed to file the mandated annual filing of the director identification number, know your customer in form DIR-3 KYC which came out the enquiry carried out by the Registrar of Companies of Kanpur. It was found that the directors identification belonging to all the three directors were deactivated due to the persistent non-filing of the annual DIR-3 KYC form as mandated under the provisions of the Companies Act 2013 read with Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014 .

This failure to comply with a crucial administrative requirement led to the imposition of penalty upon all the three directors. The Registrar of Companies, Kanpur, issued an adjudication order dated 14th October 2025 under the Companies Act 2013, imposing penalties of Rs. 1.50 lakh on all the three directors of M/s. East Alpha Alliance Technology Private Limited after following the due procedure of law. Let us go through this case in details in order to understand the provisions of the Act and Rules and the violation committed by the directors resulting into penalty and the rationale behind the same from the regulatory perspective.

Relevant provisions of the Companies Act 2013 relating to this case.

2. The Rule 12A of Companies (Appointment and Qualification of Directors) Rules 2014. is the relevant rules in this case and the extracts of the Rule 12A is as given below.

Companies (Appointment and Qualification of Directors) Rules 2014 Rule 12 Intimation of changes in particulars specified in DIN application	
Rule	Provisions
12 (1)	Every individual who has been allotted a Director Identification Number under these rules shall, in the event of any change in his particulars as stated in FormDIR-3

	intimate such change(s) to the Central Government within a period of thirty days of such change(s) in Form DIR-6 in the following manner, namely:-
12 (1) (i)	The applicant shall download Form DIR-6 from the portal, fill in the relevant changes, verify the Form and attach duly scanned copy of the proof of the changed particulars and submit electronically.
12 (1) (ii)	the form shall be digitally signed by a chartered accountant in practice or accompany secretary in practice of a cost accountant in practice.
12 (1) (iii)	the applicant shall submit the Form DIR-6
12 (2)	The Central Government, upon being satisfied, after verification of such changed particulars from the enclosed proofs, shall incorporate the said changes and inform the applicant by way of a letter by post or electronically or in any other mode confirming the effect of such change in the electronic database maintained by the Ministry.
12 (3)	The DIN cell of the Ministry shall also intimate the change(s) in the particulars of the director submitted to it in Form DIR-6; to the concerned Registrar(s) under whose jurisdiction the registered office of the company(s) in which such individual is a director is situated.
12 (4)	The concerned individual shall also intimate the change(s) in his particulars to the company or companies in which he is a director within fifteen days of such change.
12A	Directors KYC
	Every individual who holds a Director Identification Number (DIN) as on 31st March of a financial year as per these rules shall, submit e-form DIR-3-KYC to the Central Government on or before 30th, September of immediate next financial year.

Proviso	Provided that every individual who has already been allotted a Director Identification Number (DIN) as at 31st March 2018, shall submit e-form DIR 3 KYC on or before 5th October 2018
Proviso	Provided further that where an individual who has already submitted e-form DIR-3 KYC in relation to any previous financial year, submits web-form DIR-3 KYC-WEB through the web service in relation to any subsequent financial year it shall be deemed to be compliance of the provisions of this rule for the said financial year.
Proviso	Provided also that in case an individual desires to update his personal mobile number or the e-mail address, as the case may be, he shall update the same by submitting e-form DIR 3 KYC only on or before 30th September of the financial year.
Proviso	Provided also that if an individual intends to update his personal mobile number or the email address again at any time during the financial year in addition to the up-dation allowed under the third proviso, he shall update the same by submitting e-form DIR-3 KYC on payment of fees of five hundred rupees.
Proviso	Provided also that fee for filing e-form DIR-3 KYC or web-form DIR-3 KYC-WEB through the web service, as the case may be, shall be payable as provided in Companies (Registration Offices and Fees) Rules, 2014.
Note	For the financial year ending on 31st March 2019, the individual shall submit e-form DIR-3 KYC or web form DIR-3 KYC-WEB, as the case may be on or before the 14th of October, 2019
12B	Directors of Company required to file e-form ACTIVE
12B (1)	Where a company governed by Rule 25A of the Companies (Incorporation) Rules, 2014, fails to file the e-form ACTIVE within the period specified therein, the Director Identification

	Number (DIN) allotted to its existing directors, shall be marked as “Director of ACTIVE non-compliant company”
12B (2)	Where the DIN of a director has been marked as “Director of ACTIVE non-compliant company”, such director shall take all necessary steps to ensure that all companies governed by rule 25A of the Companies (Incorporation) Rules, 2014, where such director has been so appointed, file e-form ACTIVE.
12B (3)	After all the companies referred to in sub-rule (2) file the e-form ACTIVE, the DIN of such director shall be marked as “Director of ACTIVE compliant company”

Penal provisions for any other default / non-compliance

**Companies Act 2013
Chapter XXIX – Miscellaneous**

450. Punishment where no specific penalty or punishment is provided.

Section	Provision
450	If a company or any officer of a company or any other person contravenes any of the provisions of this Act or the rules made thereunder, or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, and for which no penalty or punishment is provided elsewhere in this Act, the company and every officer of the company who is in default or such other person shall be liable to a penalty of ten thousand rupees, and in case of continuing contravention, with a further penalty of one thousand rupees for each day after the first during which the contravention continues, subject to a maximum of two lakh rupees in case of a company and fifty thousand rupees in case of an officer who is in default or any other person.

Consequences of default / violation

3. To understand the consequences of any default / non-compliances relating to violation of Rule 12A Companies (Appointment and Qualification of Directors) Rules 2014. relating to the filing of directors KYC let us go through the decided case law on this matter by the Registrar of Companies of Kanpur on 14th October 2025 in the matter M/s. East Alpha Alliance Technology Private Limited.

The relevant case law on this matter

4. We shall go through the adjudication order passed by the of Registrar of Companies, Kanpur bearing adjudication order ID PO/ADJ/10-2025/KN/00765 dated 14th October 2025 order for adjudication of penalty under section 454 read with section 450 of the Companies Act 2013 for violation of Rule 12A of Companies (Appointment and Qualification of Directors) Rules 2014.in the matter of M/s. East Alpha Alliance Technology Private Limited.

Details of the company

5. M/s. East Alpha Alliance Technology Private Limited. is a company incorporated on 18th December 2017 under the provisions of the Companies Act of 2013 and having its registered office situated at 304, Ground Floor, Sector-63, Gautam Buddha Nagar, in the state of Uttar Pradesh. The company falls under the jurisdiction of Registrar of Companies of Uttar Pradesh, and the office of the Registrar of Companies is situated at Kanpur. The company is having three directors as directors on its board. (two of them two are foreign nationals) as per the information available at the Ministry of Corporate Affairs portal. The company is a manufacturer, wholesaler, and retailer of industrial machinery such as injection moulding machines, iron powder forming machines, and electric injection moulding machines.

Fact of the case

6. The following were the facts pertaining to this case on this Companies Act 2013 about the affairs of the company named M/s. M/s. East Alpha Alliance Technology Private Limited matter.

(a) The Ministry of Corporate Affairs had directed vide its letter dated 28th October 2020 followed by its subsequent letter dated 5th August 2022 to conduct the Inquiry under the provisions of section 206(4) of the

(b) During the course of enquiry, the inspecting officials had observed from the records of the company that the KYC status of all the three directors of the company were deactivated due to non-filing of directors KYC (e-form DIR-3 KYC).

(c) Based on the above observation, the inspecting officials had reason to believe that the company had violated the provisions of Rule 12A of Companies (Appointment and Qualification of Directors) Rules 2014.

Information sought from the company by the Inspecting officials

7. Thereafter the Enquiry Officer sought the information and documents from the company and its directors under the provisions of section 206(1) of the Companies Act, 2013.

Response from the company

8. No response was furnished by the said director in respect of the non-compliance raised by the inspecting officials.

Inspection officials submitted report to the Regional Director

9. The inspecting officials had furnished the report in this regard to the Regional Director, Northern Region pointing out the non-compliance observed by them during the course of the enquiry.

Directions issued by the DGC&A to the Registrar of Companies

10. The Director General of Corporate Affairs of the Ministry of Corporate Affairs had accorded with penal action under Rule 12 A of the Companies Act 2013 and directed the Registrar of Companies / Adjudication Officer to initiate penal action against the company under the provisions of the Companies Act 2013.

Action initiated by the Registrar of Companies – issue of show cause notice

11. The Registrar of Companies / Adjudication Officer of Kanpur had issued show cause notice on 24th June 2025 to all the three directors of the company whose DIN numbers were deactivated due to non-filing of e-form DIR-3 KYC (directors KYC) which was a non-compliance of Rule 12A of Companies (Appointment and Qualification of Directors) Rules 2014. The show cause notice directed the directors to show cause as to why penal action could not be taken against them for the non-compliance.

Response from the directors

12. More than 15 days had expired from the date of issue of show cause notice and there was no response received from the directors by the Registrar of Companies / Adjudication officer. The directors had also not requested for a personal / e-hearing on the matter.

Conclusions reached by the Registrar of Companies / Adjudication Officer

13. Since no response received from the directors and also there was no request for a hearing on this matter, the Registrar of Companies / Adjudication officer, having regard to the inspection report and also with refence to the documents filed by the company at the Ministry of Corporate Affairs portal came to a conclusion that hearing. In the said circumstances, penalty as applicable as mentioned below is being imposed as per section 450 of the Companies Act, 2013 the directors had failed to comply with the provisions of Rule 12A of Companies (Appointment and Qualification of Directors) Rules 2014 and therefore they were liable for penal provisions as provided under the provisions of section 450 of the Companies Act 2013. The Registrar of Companies / adjudication Officer had decided to pass the ex-parte adjudication order accordingly in the absence any response from the company.

The ex-parte order passed by the Registrar of Companies / Adjudicating Officer

14. The Registrar of Companies / Adjudication Officer in exercise of the powers conferred upon him vide notification dated 24th March, 2015 and having considered the facts and circumstances of the case and based on the documents on the Ministry of Corporate Affairs portal, imposed the penalty upon all the three directors of the company as applicable as mentioned below as per the

Act 2013 for the violation of Rule 12A of Companies (Appointment and Qualification of Directors) Rules 2014 and the details of penalty, as shown in the table below.

Sr. No	Name of person on whom penalty imposed.	Rectification of Default required	Penalty Amount	Additional Penalty	*Penalty imposed
			Rupees	Rupees	Rupees
2	Director -1	---	50,000	---	50,000
2	Director -2	---	50,000	---	50,000
3	Director -3	---	50,000	---	50,000
Total Penalty					1,50,000

(a) The order directed the company and the defaulting officers to rectify the default mentioned above and make the payment of the penalty so applicable within 90 days of receipt of this order.

(b) The order directed the company and its defaulting officers to make the payment of the penalty amount via 'e-Adjudication' facility which could be accessed through the respective login IDs on the website of Ministry of Corporate Affairs and directed to upload the copy of the paid challan / SRN of e-filing (if applicable) on the 'e-Adjudication' portal itself. The order also directed that the penalty so imposed upon the officers in default shall have to be paid from their personal sources/income.

(c) The order stated that an appeal against this order may be filed in writing with the Regional Director Noida within a period of sixty days from the date of receipt of this order, in Form ADJ setting for the grounds of appeal and the appeal shall have to be accompanied by a certified copy of this order [Section 454 (5) & 454

Despatch of the order

15 . The order was sent by the Registrar of Companies, Kanpur in terms of the provisions of sub-rule (9) of Rule 3 of Companies (Adjudication of Penalties) Rules 2014 as amended by Companies (Adjudication of Penalties) Amendments Rules 2019 to all the three directors of the company i.e. M/s. East Alpha Alliance Technology Private Limited. A copy of the order was also sent to the Regional Director, Ministry of Corporate Affairs, Noida for information.

Complete order for reading

16 . The readers may like to read the complete details of the adjudication order passed by the Registrar of Companies of Kanpur bearing adjudication order ID PO/ADJ/10-2025/KN/00765 dated 14th October 2025 order for adjudication of penalty under section 454 of the Companies Act 2013 for violation of section 450 of Companies Act 2013.in the matter of M/s. East Alpha Alliance Technology Private Limited and the relevant website is <https://www.mca.gov.in/content/mca/global/en/data-and-reports/rd-roc-info/rd-adjudication-orders.html> (this order was uploaded under the ROC of Uttar Pradesh II on 14th October 2025 titled as order ID PO/ADJ/10- 2025/KN/00765.pdf.) Conclusion

17. As per the framework of under the Companies Act 2013, non-filing of Director KYC (DIR-3 KYC) by the due date which is generally June 30 of every year annually results in the immediate deactivation of the Director Identification Number (DIN) by the Ministry of Corporate Affairs, labelled as "Deactivated due to Non-filing of DIR- 3 KYC". This prevents directors from signing any company documents or MCA forms which are required to be mandatorily submitted by the companies. In short, director cannot sign any annual returns, financial statements, or other ROC filings for the company, the director cannot be appointed to any new company or LLP while the DIN is deactivated, the is restricted from resigning from their current positions in any company or LLP with a result the company cannot file essential documents, causing compliance delays and potential penalties for the company itself. Once the DIN is deactivated the concerned directors would be required to

take the steps to reactivate the DIN involving the procedural issues coupled with the prescribed amount of fees for reactivation.

In order to ensure the company is able to function without any legal or operational roadblocks, it is very much essential and a must requirement to file the annual Director KYC (Know Your Customer) which is a mandatory requirement for every person holding a Director Identification Number (DIN). It is needless to mention that the filing of annual director KYC to be ensured well in time so that no hazels are experienced by the company in its function. In this particular case, as seen the non-filing of the annual director KYC has resulted to a tune of Rs. 1.50 lakh upon the directors and further, the directors are also required to step to reactivate the DIN by following the procedure and the required fees for the same which involve their time along with monetary fees. Taking pre-caution and ensuring the compliance always better than resolving the default / non-compliances involving time and money.

References: -

1. The Companies Act 2013
2. The Companies (Appointment and Qualification of Directors) Rules 2014
3. Companies (Adjudication of Penalties) Rules 2014
4. Companies (Adjudication of Penalties) Amendments Rules 2019
5. Adjudication order passed by the Registrar of Companies, Kanpur bearing adjudication order ID PO/ADJ/10-2025/KN/00765 dated 14th October 2025 order for adjudication of penalty under section 454 read with section 450 of the Companies Act 2013 for violation of Rule 12A of Companies (Appointment and Qualification of Directors) Rules 2014.in the matter of M/s. East Alpha Alliance Technology Private Limited.

The Ministry of Corporate Affairs (MCA) has introduced significant changes to the DIR-3 KYC compliance framework with the objective of simplifying regulatory requirements and enhancing ease of compliance for Directors. Key Highlights of the Amendment:

- Directors holding a DIN as on 31st March of a financial year shall now be required to file Form DIR-3 KYC Web once every third consecutive financial year, on or before 30th June.
- Any change in a Director's mobile number, email ID, or residential address must be updated within 30 days through DIR-3 KYC Web along with the prescribed fee under the Companies (Registration Offices and Fees) Rules, 2014.
- Form DIR-3-KYC and DIR-3- KYC-Web has been substituted with Form DIR-3 KYC Web.
- These amendments shall come into force from 31st March 2026, vide Notification No. G.S.R. 943(E) dated 31st December 2025.
- These measures aim to strengthen corporate governance while reducing repetitive compliance burden for directors.

Illustrative Scenarios:

Illustration 1:

Where a DIN is allotted during the FY 2025-26, Form DIR-3 KYC Web shall be filed once every three consecutive financial years. Accordingly, the first filing shall be due from April 2029 to June 2029, and thereafter every third financial year.

Where a Director already filed DIR-3 KYC Eform /DIR-3 KYC Web for the FY 2025-26 i.e. where DIN allotment date is on or before 31 March 2025, no filing shall be required for FY 2026-27 and FY 2027-28, provided there is no change in KYC particulars. Accordingly, first filing in such case shall be due from April 2028 to June 2028.

Illustration 3:

Where a DIN is allotted on 1 January 2026 [FY 2025-26] and the Director updates the mobile number, email ID, or residential address in FY 2027-28 by filing DIR3 KYC Web, the three year compliance cycle shall be reckoned from the FY 2025-26 in which the DIN is allotted. Accordingly, the next DIR-3 KYC Web for KYC compliance shall be due from April 2029 to June 2029.

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