

EDITION – JAN 2026



VASHISTHA & ASSOCIATES

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VIDHI

VIDHĀN



A MONTHLY BRIEF ON COMPLIANCE, GOVERNANCE AND LAW

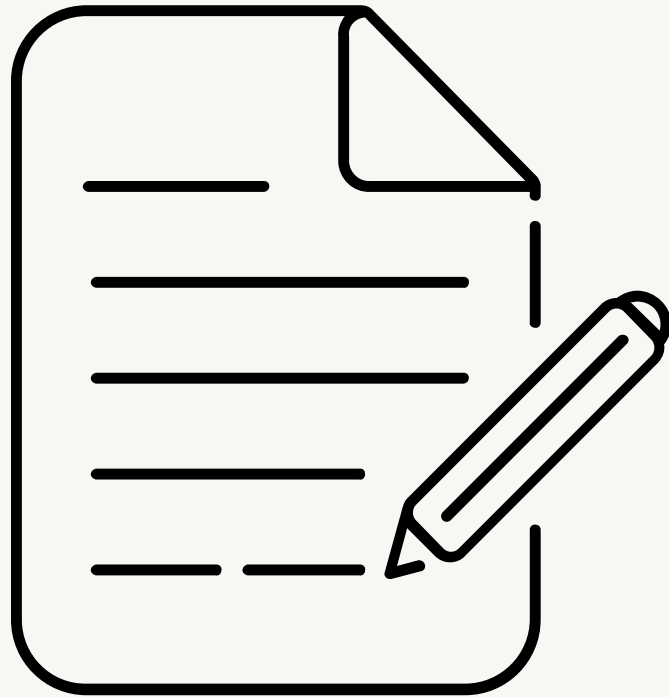


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EDITOR'S NOTE

FROM COMPLIANCE TO CONSCIOUS GOVERNANCE

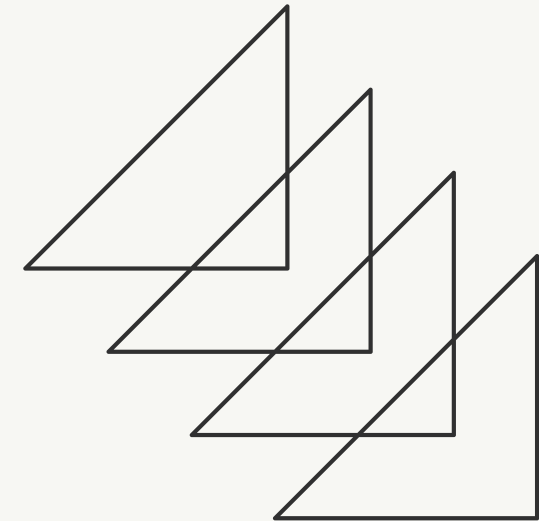


Compliance is often approached as a checklist—deadlines, filings, and formal approvals. Yet recent regulatory and judicial trends suggest a clear shift: governance today is judged not only by outcomes, but by the quality of the decision-making process itself.

Boards and management are increasingly expected to demonstrate informed deliberation, proper disclosure, and reasoned judgment. Documentation, board processes, and institutional memory are no longer procedural formalities; they are central to accountability and risk management.

This first issue of Vidhi-Vidhān reflects on this transition—from mechanical compliance to conscious governance—and examines how organizations can strengthen credibility by embedding governance thinking into everyday decisions.

— CS Aayush Vashistha



REGULATORY SNAPSHOTS

MCA – REVISED DEFINITION OF SMALL COMPANIES



What it's about: The Ministry of Corporate Affairs has increased the thresholds for “small company”: paid-up capital limit up to ₹10 crore and turnover up to ₹100 crore, broadening which companies qualify for simplified compliance.

Why it matters: A greater number of companies can now benefit from lighter compliance requirements (like fewer board meetings, simpler financial reporting), reducing governance burdens on growing businesses.

Core benefits for companies qualifying as "Small Companies":

- Financials: Exempt from preparing a mandatory Cash Flow Statement.
- Governance: Required to hold only two board meetings annually instead of four.
- Filings: Authorized to use abridged Form MGT-7A without professional certification.
- Audits: Exempt from mandatory auditor rotation and internal financial control reporting.

SECURITIES MARKETS CODE BILL INTRODUCED IN PARLIAMENT

What it's about: A new Securities Markets Code Bill has been introduced to consolidate and update securities market laws into a single comprehensive statute. Key features include expanding SEBI's powers, improving governance and accountability, and giving authorities broader investigatory access.

Why it matters: If enacted, this bill will modernise India's regulatory framework for capital markets, reduce fragmentation of law, and strengthen oversight mechanisms — a significant structural shift for market governance..

SEBI REPLACES STOCK BROKERS REGULATIONS (1992) WITH NEW 2025 FRAMEWORK

What it's about: SEBI has replaced the Stock Brokers Regulations, 1992 with the SEBI (Stock Brokers) Regulations, 2025, modernising the framework through simplified language, removal of obsolete provisions, and restructured compliance requirements aligned with current market practices.

Why it matters: The new framework is designed to simplify compliance, reduce ambiguity, and make regulation more efficient for brokers, especially in high-technology and digital trading environments — fostering clearer obligations and easier navigation of rules.

RBI INTRODUCES PRUDENTIAL RESTRICTIONS ON BANKING GROUP ACTIVITIES

What it's about: RBI's recent regulatory directions impose stricter prudential norms for banks and their group entities, including restrictions on overlapping business activities and investment limits. Groups must submit implementation plans by 31 March 2026.

Why it matters: These changes aim to reduce regulatory arbitrage within banking groups, strengthen risk management, and promote financial stability through more disciplined group-wide governance frameworks.



**M MINISTRY OF
C CORPORATE
A AFFAIRS**
GOVERNMENT OF INDIA

MCA – MIGRATION OF KEY ROC FORMS TO MCA V3 PLATFORM

What it's about: MCA has migrated a significant number of ROC forms to the MCA V3 platform, introducing updated and refined e-forms with enhanced validations, revised data fields, and system-driven checks aimed at improving accuracy, transparency, and processing efficiency.

Why it matters: The V3 framework shifts compliance from form-based filing to data-driven scrutiny, making correct structuring of information and internal record alignment critical before submission.

LABOUR LAW – PROGRESSIVE NOTIFICATION AND TRANSITION TO THE NEW LABOUR CODES

The Central Government has continued the phased notification and operational preparedness for the four new Labour Codes, with several States finalising rules, aligning labour portals, and restructuring compliance mechanisms in anticipation of full implementation.

The four Labour Codes are:

1. The Code on Wages, 2019
2. The Industrial Relations Code, 2020
3. The Code on Social Security, 2020
4. The Occupational Safety, Health and Working Conditions Code, 2020

What the change is about: These Codes consolidate and replace numerous existing central labour laws, introducing uniform definitions (especially of “wages”), simplified registrations and licences, common returns, and a technology-driven compliance framework. They also seek to rationalise thresholds, redefine employer–employee relationships, and modernise dispute resolution and social security coverage.

Why it matters: Once fully enforced, employers will need to revisit employment contracts, HR policies, wage structures, and statutory registers, as compliance will shift from fragmented law-specific filings to an integrated, code-based regime with greater emphasis on digital reporting and inspection transparency.

FROM COMPLIANCE TO CONSCIOUS GOVERNANCE: HOW LAW AND REGULATION ARE REFRAMING BOARD ACCOUNTABILITY

Corporate compliance in India has traditionally been assessed through formal adherence to statutory requirements—timely filings, prescribed disclosures, and maintenance of registers. However, recent legislative amendments, regulatory reforms, and enforcement trends indicate a clear recalibration: governance is increasingly evaluated through the quality of decision-making processes, not merely through procedural completion.

This shift is visible within the Companies Act, 2013 itself. Several core provisions impose obligations not only to comply, but to apply judgment. Duties of directors are framed around acting in good faith, exercising due and reasonable care, and applying independent judgment. Importantly, the Act recognises that compliance is inseparable from the process by which decisions are arrived at, making documentation and deliberation central to accountability.



Regulatory developments have reinforced this approach. Enhanced disclosure requirements in board reports, expanded reporting on related-party transactions, and increased emphasis on internal controls collectively reflect an expectation that boards demonstrate reasoned oversight, not passive approval. The law increasingly asks why a decision was taken, what factors were considered, and whether conflicts were addressed—questions that can only be answered through robust governance processes.

The growing importance of board and committee minutes illustrates this evolution. While the Act mandates maintenance of minutes as a statutory record, recent regulatory scrutiny shows that minutes are now treated as substantive evidence of governance conduct. Where minutes merely record resolutions without context, regulators have questioned whether due deliberation actually occurred. Conversely, well-structured minutes documenting material considerations, disclosures, and dissent have served as effective governance defence.

Technology-driven compliance systems further amplify this trend. The migration of ROC filings to data-validated platforms, increased cross-linking of disclosures, and system-based scrutiny of inconsistencies mean that governance is no longer assessed in isolation. Filings, resolutions, disclosures, and financial statements are now read together as a single governance narrative. Gaps in process documentation are therefore more visible—and more consequential.





The same philosophy is evident across other regulatory domains. Securities law reforms emphasise board-level accountability for disclosures and investor protection. Labour law consolidation under the new Labour Codes reflects a move toward uniform definitions and transparent compliance structures, shifting responsibility from fragmented procedural adherence to systemic governance readiness. Environmental regulations under the EPR framework similarly transition compliance from registration-based formality to performance-based accountability supported by auditable records.

Collectively, these developments signal a transition from compliance as an event to governance as a continuous obligation. The law no longer views compliance as a static endpoint, but as evidence of ongoing application of mind, oversight, and responsibility.

Conscious governance, therefore, is not an abstract ideal—it is a legally grounded expectation. Organisations that align their internal processes with this reality—through meaningful board engagement, structured documentation, and consistent record-keeping—are better positioned to withstand regulatory scrutiny. As statutory frameworks continue to evolve, it is the quality of governance processes, rather than the mere existence of compliance artefacts, that increasingly defines corporate credibility.



CASE WATCH

1



Judicial Deference to Board Decisions When Process Is Followed

Case: Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd.

(Supreme Court, 2021)

Facts

Minority shareholders alleged oppression and mismanagement following the removal of the Executive Chairman of a listed company. It was contended that the decision lacked fairness, transparency, and adequate justification, and that the board had acted arbitrarily and against corporate governance principles.

Relevant Legal Provisions

- Sections 241–242, Companies Act, 2013 (Oppression and Mismanagement)
- Principles of corporate democracy and board autonomy
- Scope of judicial interference in internal management of companies

Conclusion / Key Takeaway

The Supreme Court held that courts and tribunals cannot sit in appeal over commercial or boardroom decisions taken by a company's board, so long as such decisions are within the framework of law, backed by due process, and free from mala fides. Mere perception of unfairness or disagreement with outcomes does not constitute oppression.

Governance Insight:

This judgment clearly establishes that robust board processes, proper deliberation, and documented decision-making shield companies from judicial interference. Governance failures arise not from unpopular decisions, but from absence of process.



CASE WATCH

2



Liability Follows Role and Process, Not Mere Designation

Case: Pooja Ravinder Devidasani v. State of Maharashtra

(Supreme Court, 2014)

Facts

Criminal proceedings were initiated against a non-executive director of a company for alleged statutory violations committed by the company. The complainant sought to implicate the director solely on the basis of her position on the board, without establishing her involvement in the day-to-day affairs or decision-making of the company. The director approached the Supreme Court seeking quashing of proceedings, contending that mere holding of office cannot automatically attract liability.

Relevant Legal Provisions

- Principles governing vicarious liability of directors
- Distinction between executive and non-executive directors
- Requirement of active role, control, or participation to fasten liability
- Governance principles underlying director responsibility under company law

Conclusion / Key Takeaway

The Supreme Court held that non-executive directors cannot be held liable merely because of their position. Liability can arise only when there is specific material demonstrating active participation, control over day-to-day affairs, or conscious involvement in the alleged contravention

Governance Insight:

This judgment strongly reinforces the shift from designation-based liability to process-based accountability.

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COMPLIANCE
CALENDAR

JAN 2026

DATE	PARTICULAR	PROVISION
7 JANUARY	TDS & TCS Deposit for December 2025	Income-tax Act, 1961
11 JANUARY	GSTR-1 (Monthly filers)	GST Laws
13 JANUARY	GSTR-1 (IFF – QRMP taxpayers)	GST Laws
15 JANUARY	PF Contribution for December 2025	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
15 JANUARY	ESI Contribution for December 2025	Employees' State Insurance Act, 1948

COMPLIANCE CALENDAR

JAN 2026

DATE	PARTICULAR	PROVISION
15 JANUARY	Quarterly TCS Return Filing for October-December 2025	Income-tax Act, 1961
18 JANUARY	CMP-08 (Composition taxpayers)	GST Laws
20 JANUARY	GSTR-3B (Monthly filers)	GST Laws
21 JANUARY	Quarterly Shareholding Pattern pursuant to Reg 31(1)(b)	SEBI LODR Regulations
22 / 24 JANUARY	GSTR-3B (QRMP taxpayers – State-wise)	GST Laws

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COMPLIANCE
CALENDAR

JAN 2026

DATE	PARTICULAR	PROVISION
30 JANUARY	Compliance of Corporate Governance Report pursuant to Reg 13(3)	SEBI LODR Regulations
30 JANUARY	Compliance of Statement of Grievance Redressal Mechanism pursuant to Reg 27(2)	SEBI LODR Regulations
31 JANUARY	Quarterly TDS Return Filing for October-December 2025	Income-tax Act, 1961

THIS CALENDAR IS INDICATIVE AND FOR GENERAL GUIDANCE ONLY. APPLICABILITY AND DUE DATES MAY VARY BASED ON ENTITY TYPE, REGISTRATIONS, TURNOVER, AND STATE-SPECIFIC LAWS.

CLOSING NOTE



As regulatory frameworks continue to evolve, compliance is increasingly shaped by the quality of governance processes rather than mere procedural adherence. The developments discussed in this issue reflect a broader shift toward accountability grounded in informed decision-making, documentation, and institutional discipline.

Vidhi–Vidhān seeks to contribute to this evolving discourse by presenting regulatory developments, judicial perspectives, and governance insights in a structured and practical manner. We hope this edition serves as a useful reference for boards, management, and compliance professionals in navigating contemporary regulatory expectations.

We look forward to continuing this dialogue in future editions.

— Editorial Team
Vidhi–Vidhān

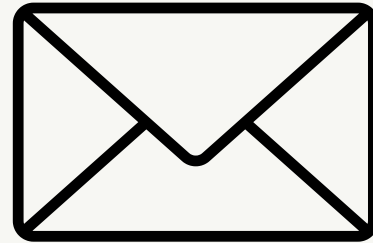
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