

# Communiqué

## Corporate Law

January 2026



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# Adjudication Proceedings Against Lava International Limited for Non-Compliance with Appointment and Qualification of Directors Rules, 2014 under section 149(1) of Companies Act 2013.

The Ministry of Corporate Affairs, through Gazette Notification S.O. 831(E) dated 24 March 2015, appointed the undersigned as Adjudicating Officer under Section 454 of the Companies Act, 2013, read with the Companies (Adjudication of Penalties) Rules, 2014.

## Nature of Default

- Under Section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, companies with paid-up share capital of ₹100 crore or more must appoint at least one Woman Director.
- Lava International Limited appointed Mrs. Chitra Gouri Lal as Woman Director on 24 August 2017. She resigned on 22 August 2023.
- As per the second proviso to Rule 3, any intermittent vacancy must be filled by the next Board Meeting or within three months, whichever is later.
- The company was required to appoint a Woman Director by 21 November 2023 but appointed Mrs. Deepika Gupta only on 20 May 2024, resulting in a delay of 179 days.

## Proceedings & Findings

- An e-Show Cause Notice under Section 172 was issued to the company and its officers.
- In their reply, the company admitted non-compliance and requested that penalty orders be passed.
- The Adjudicating Officer found reasonable cause to believe that the company had violated Section 149(1) read with Rule 3.
- Penalties were imposed on the company and officers-in-default under Section 172, with the condition that the non-compliance and penalty be disclosed in the forthcoming Board Report.
- The request for reduction of penalty was not accepted.
- The present adjudication covers only this specific non-compliance; other violations, if any, will be dealt with separately under law.



# Adjudication of penalty proceeding against the F&S SALES INDIA PRIVATE LIMITED for Failure to comply with Transfer and transmission of Securities.

## Summary of Adjudication Proceedings Authority

The Ministry of Corporate Affairs, vide Gazette Notification S.O. 831(E) dated 24 March 2015, appointed the undersigned as Adjudicating Officer under Section 454 of the Companies Act, 2013 read with the Companies (Adjudication of Penalties) Rules, 2014.

## Nature of Default

- The company failed to comply with Section 56(4)(a) of the Companies Act, 2013, which requires issuance of share certificates to subscribers within two months of incorporation.
- Subscribers to the Memorandum were:
  - F&S Holding B.V.
  - F&S (SEA) Singapore Sales Pte. Ltd.
- Share certificates were issued with delays:
  - To F&S (SEA) Singapore Sales Pte. Ltd. – 70 days late
  - To F&S Holding B.V. – 91 days late

## Proceedings & Findings

- Show Cause Notice was issued; the company and its officers admitted non-compliance, citing inadvertent oversight, and confirmed rectification.
- The delay constituted a violation of Section 56(4)(a).
- Penalty was imposed on the company and the officers-in-default under Section 56(6).
- It was noted that no act of deliberate omission or commission was attributable, but statutory timelines were breached.
- Based on MCA filings for FY 2024–25, the company does not qualify as a Small Company under Section 2(85), hence the benefit of Section 446B (lesser penalties for small companies) was not applicable.

# The Securities and Exchange Board of India (Credit Rating Agencies) Amendment, Regulations, 2026.

The Securities and Exchange Board of India (Credit Rating Agencies) Amendment Regulations, 2026 were notified on January 13, 2026, they shall come into force on the date of publication in the Official Gazette.

The amendment primarily expands and clarifies the permitted activities of Registered Credit Rating Agencies in India.

Under the revised framework, CRA are expressly allowed to undertake any additional activities as may be specified by SEBI including the rating of financial instruments regulated by other financial sector regulators or authorities.

It provides clarity on regulatory jurisdiction. Where a CRA undertakes ratings of instruments governed by another regulator, such ratings must comply with the applicable issued by that regulator, and oversight of such rating activity will remain with the respective authority.



# The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026.

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026 were notified on 20<sup>th</sup> January 2026, they shall come into force on the date of publication in the Official Gazette.

The key changes & highlights in these regulations are as follows:

- **Revised Threshold for High Debt Listed Entities (HVDLEs)** The threshold for classification as an HVDLE (entities with listed non-convertible debt securities subject to enhanced governance) has been raised from ₹ 1,000 crore to ₹5,000 crore of outstanding non-convertible debt. This reduces compliance burden on midsized issuers while focusing enhanced governance requirements on larger debt issuers.
- **Investors Services, Dematerialisation & Timelines** Investors service timelines have been tightened: SEBI now mandates that certain services-such as crediting securities in demat form (sub- division, consolidation, renewal, duplicate issuance, etc.)- must be completed within 30 days. Transfers, transmission, and transposition of securities are permitted only in dematerialized form, reinforcing ongoing demat-only settlements goals.
- **Corporate Governance Enhancements** The Amendments introduce several governance refinements applicable to listed entities (especially HVDLEs):
  - Directors & KMP appointments: Stricter timelines for filling vacancies (such as Board, key managerial personnel)-typically within specified months from vacancy. Age Cap for Directors: Mandatory compliance with an age limit (e.g. 75 years) for non-executive directors, unless exempted.
  - Secretarial Audit Reports: Listed entities must attach a secretarial audit report by a practicing Company Secretary to their annual reports, enhancing governance transparency.
- Unclaimed amounts lying in escrow accounts must now be transferred to the Investor Education and Protection Fund (IEPF) (for companies) or, for non-company entities, to SEBI's own investor Protection Fund, maintaining investor protection safeguards for long – unclaimed credits.
- The Amendments refine the framework around related party transactions, including definitions and exemptions (statutory dues and Government/PSU transactions).



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