

# *Niti*

*Developments in Corporate Laws*  
*May, 2026*



**innergize**

Solutions Pvt. Ltd.

*"Krishna controls the Finite and the Infinite with inconceivable supernatural transcendental force.  
This is the power of inner energy."*

.....*Bhagavad Gita*



## **SECTION I – CORPORATE LAWS**

### **I. Ministry of Corporate Affairs (“MCA”) Notifications, Circulars and Press Releases**

#### **A. Companies (Share Capital and Debentures) Rules, 2014**

<https://www.mca.gov.in/bin/dms/getdocument?mds=9LG8Jaei95YsmyZ9XZ3eCw%253D%253D&type=open>

MCA as part of its Important Updates dated May 8, 2026, clarified the procedure for transfer of membership interest in companies not having share capital, such as companies limited by guarantee.

Pursuant to Section 56 of the Companies Act, 2013, a proper instrument of transfer must be executed by or on behalf of the transferor and transferee and delivered to the company. Further, Rule 11(2) of the Companies (Share Capital and Debentures) Rules, 2014 provides that Form SH-4 shall be used for transfer of interest of a member in a company without share capital, and the references to “securities” should be read as references to a member’s interest.

Accordingly, stakeholders are advised to use Form SH-4 for transfer of membership interest in companies limited by guarantee.

#### **B. MCA Includes Subscription to ZCZP Instruments as Eligible CSR Activity under Schedule VII**

<https://www.mca.gov.in/bin/dms/getdocument?mds=xzeqweP%252FSW%252Fvr%252B8Y%252FNHKw%253D%253D&type=open>

The MCA, vide notification dated May 27, 2026, has amended Schedule VII of the Companies Act, 2013 to include subscription to Zero Coupon Zero Principal (ZCZP) Instruments on the Social Stock Exchange as an eligible Corporate Social Responsibility (CSR) activity.

In the said Schedule, after item (xii) and the entries relating thereto, the following item and entry shall be inserted, namely: -

*“(xiii) Subscription to zero coupon zero principal instruments on Social Stock Exchange.”*

This amendment aligns with the recent changes to the CSR Rules, 2014 and broadens avenues for companies to support social impact initiatives through regulated financial instruments.



### **C. Corporate Social Responsibility implementation through zero coupon zero principal instrument**

<https://www.mca.gov.in/bin/dms/getdocument?mdu=Vuliv0Uu%252BB9uZpsyUH8Eg%253D%253D&type=open>

The MCA, vide notification dated May 27, 2026, has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 to include subscription to Zero Coupon Zero Principal (ZCZP) Instruments issued by Not-for-Profit Organisations (NPOs) registered on the Social Stock Exchange as an eligible Corporate Social Responsibility (CSR) activity and also introduced a framework for undertaking CSR activities through ZCZP Instruments.

#### **Key Updates Provided**

- Companies may allocate up to 10% of their annual CSR expenditure towards subscription of ZCZP Instruments.
- Companies subscribing to such instruments are exempt from impact assessment requirements for projects funded through them.
- NPOs raising funds through these instruments must complete projects within three succeeding financial years and transfer any unspent amount to funds specified under Schedule VII of the Companies Act, 2013 upon termination of listing.
- The NPOs issuing the ZCZP Instrument and raising fund therefrom shall –
  - a) undertake a project with a duration not more than three succeeding financial years from the issue of such ZCZP Instrument; and
  - b) on termination of listing of such ZCZP Instrument, transfer the unspent amount to any fund included in Schedule VII to the Act and submit its compliance report to the Securities Exchange Board of India;

## **II. Securities and Exchange Board of India (“SEBI”) Notifications, Circulars and Press Release**

### **A. SEBI Updates Master Circular on Surveillance of Securities Market**

[https://www.sebi.gov.in/legal/master-circulars/may-2026/master-circular-on-surveillance-of-securities-market\\_101473.html](https://www.sebi.gov.in/legal/master-circulars/may-2026/master-circular-on-surveillance-of-securities-market_101473.html)

The SEBI, vide Circular dated May 15, 2026, has issued its Master Circular on Surveillance of Securities Market, consolidating key amendments up to May 15, 2026 into one updated framework. It serves as a single reference point for market surveillance requirements and reflects SEBI’s continuing effort to keep the regime current and easier to navigate.



**The update is especially relevant because it incorporates recent changes related to**

- Financial Disincentives for Surveillance-Related Lapses at Market Infrastructure Institutions (MIIs).
- Allowing subscription to Non-Convertible Securities (NCS) during trading window closure period.
- Extension of automated trading window restrictions to immediate relatives of designated persons through PAN-level freeze mechanisms.

**B. Removal of difficulties for on-boarding for FPIs -PAN allotment related issues**

[https://www.sebi.gov.in/media-and-notifications/press-releases/may-2026/removal-of-difficulties-for-on-boarding-for-fpis-pan-allotment-related-issues\\_101471.html](https://www.sebi.gov.in/media-and-notifications/press-releases/may-2026/removal-of-difficulties-for-on-boarding-for-fpis-pan-allotment-related-issues_101471.html)

SEBI vide press release dated May, 15, 2026 addresses practical challenges faced by Foreign Portfolio Investors (FPIs) in PAN allotment under the newly notified Income-tax Rules, 2026, After SEBI's engagement with CBDT, the onboarding process has been eased so FPIs can complete PAN applications more smoothly under the Common Application Form framework.

CBDT has clarified that FPIs may use the details of the Authorised Signatory (AS) in place of Representative/ Authorized Representative fields, without requiring supporting documents and details such as TIN, mobile number, or identification particulars are unavailable, alternative information (including FPI registration number or landline details) may be provided.

The change is intended to reduce documentation friction and support faster, seamless onboarding for FPIs.

**III. Reserve Bank of India/ Foreign Exchange Laws/ Regulations.**

**A. RBI Relaxes NBFC Registration Rules and Introduces 'Unregistered Type I NBFCs'**

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=62650](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62650)

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13407&Mode=0>

In a significant regulatory development, the Reserve Bank of India ('RBI') has exempted self-funded investment holding and promoter-group companies from mandatory NBFC registration under Section 45-IA of the RBI Act, 1934. The relaxation applies to entities that do not accept public funds, do not have a customer interface, and have an asset size below Rs. 1,000 crores. The revised framework will come into effect from July 1, 2026.



Historically, companies satisfying the RBI's "50-50 Test" where financial assets constitute more than 50% of total assets and income from financial assets exceeds 50% of gross income were required to obtain NBFC registration irrespective of the nature of their activities. This often resulted in investment holding companies, family-owned investment vehicles and promoter group entities being subjected to NBFC registration and compliance requirements despite having no external borrowings, public deposits or customer-facing operations.

RBI through this has introduced a new category of "Unregistered Type I NBFCs". Eligible entities can now operate without registration provided they maintain a long-term business model of not accessing public funds, do not engage in customer-facing activities and keep their asset size below Rs. 1,000 crores. Existing NBFCs meeting these conditions may also apply for deregistration with RBI by December 31, 2026.

#### IV. Other Regulatory Updates

##### A. Government Launches ECLGS 5.0 to Support Businesses Impacted by the West Asia Crisis

[https://www.ncgtc.in/en/product-details/ECLGS5/Emergency-Credit-Line-Guarantee-Scheme-\(ECLGS\)-5.0](https://www.ncgtc.in/en/product-details/ECLGS5/Emergency-Credit-Line-Guarantee-Scheme-(ECLGS)-5.0)

The Government of India has introduced the Emergency Credit Line Guarantee Scheme 5.0 (“Scheme”) to provide liquidity support to businesses facing financial stress due to the ongoing West Asia crisis. The Scheme aims to encourage banks and financial institutions to extend additional credit to eligible borrowers by offering a sovereign-backed credit guarantee through the National Credit Guarantee Trustee Company Limited (NCGTC).

Under the Scheme, eligible MSMEs and business enterprises can avail additional working capital assistance of up to 20% of their peak fund-based working capital utilisation during the fourth quarter of FY 2025-26, subject to an overall cap of Rs. 100 crore per borrower.

- **Eligible Borrower:** Must have been an active customer of a participating lending institution as of March 31, 2026.
- **Clean Credit Profile:** All credit facilities must be classified as Standard accounts as of March 31, 2026.
- **Peak Utilization Basis:** Additional funding is calculated strictly on the peak fund-based working capital utilization during Q4 of FY 2025–26 (Jan–Mar 2026).

A key feature of the Scheme like earlier announced schemes is the government-backed guarantee coverage extended to lending institutions. The Scheme provides 100% guarantee



coverage for MSME borrowers and 90% guarantee coverage for non-MSME borrowers and the airline sector, thereby reducing the credit risk borne by lenders and facilitating easier access to funds. Importantly, no guarantee fee, processing fee or prepayment penalty is chargeable under the Scheme.

For businesses interested in availing the Scheme, applications are routed through the Government's JanSamarth portal rather than directly to NCGTC. Member Lending Institutions (banks/ NBFCs) assess eligibility based on the Scheme criteria, including existing working capital limits as on March 31, 2026, account status, and sector-specific conditions, and then process the loan and guarantee under the Scheme.

In practice, eligible borrowers should approach their existing lender to confirm eligibility and initiate the Scheme application journey on JanSamarth. This lender-led, portal-based process is designed to streamline access to guaranteed credit while ensuring uniform implementation of the Scheme across institutions.

The Scheme is available for loans sanctioned up to March 31, 2027 or until the overall guarantee ceiling of Rs. 2.55 lakh crore is exhausted, whichever is earlier. Borrowers must have been existing customers of lending institutions as on March 31, 2026, with their credit facilities classified as standard accounts.

**Section II – Some Reminders for June, 2026**

<b>Particulars</b>		<b>Due Date</b>
<b>Payment of</b>	Tax Deducted at Source for the month of May, 2026	7 <sup>th</sup> June, 2026
	Provident Fund (includes EDLI) for the month of May, 2026	15 <sup>th</sup> June, 2026
	ESIC for the month of May, 2026	15 <sup>th</sup> June, 2026
	First instalment of advance tax for the Tax Year 2026-27	15 <sup>th</sup> June, 2026
<b>Filing of</b>	GSTR-1 for May, 2026 (turnover of more than Rs. 5 crores)	11 <sup>th</sup> June, 2026
	GSTR-8 for May, 2026 [return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST]	10 <sup>th</sup> June, 2026
	GSTR-7 for May, 2026 [return to be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST]	10 <sup>th</sup> June, 2026
	GSTR - 3B for May, 2026 (turnover of more than Rs. 5 crores)	20 <sup>th</sup> June, 2026
	Filing of challan-cum-statement of Tax deducted at source under Section 393(1) of the Income-tax Act, 2025 ('ITA 2025') corresponding to Section 194-IA, 194-IB, 194M, 194S of the Income-tax Act, 1961 ('ITA 1961') for the month of May, 2026	30 <sup>th</sup> June, 2026
<b>Issuance of Certificates</b>	TDS Certificates (April 2026) [Section 393(1) of the ITA 2025 corresponding to Section 194-IA, 194-IB, 194M, 194S of the ITA 1961]	14 <sup>th</sup> June, 2026
	TDS Certificates (Q4 FY 25-26) – tax deducted for payments other than salary	15 <sup>th</sup> June, 2026
	TDS Certificates FY 25-26 – tax deducted in respect of salary	15 <sup>th</sup> June, 2026
<b>Companies/ LLP Act Compliances</b>	DPT-3 (Return of Deposits / Exempted Deposits outstanding as on March 31, 2026) – <i>This has been now extended till 31<sup>st</sup> July, 2026</i>	30 <sup>th</sup> June, 2026
	DIR-3 KYC (applicable, if there are any changes in their KYC details)	30 <sup>th</sup> June, 2026



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