

Purple Insights on corporate secretarial laws

September 2026



Key highlights: September 2026

This edition of Purple Insights highlights key regulatory developments across corporate affairs, securities law and compliance frameworks. It explores significant regulatory updates introduced by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI).



MCA advisory on non-compliant nidhi companies

The MCA has advised stakeholders to exercise caution while dealing with nidhi companies and to verify their status before making any deposits or investments.



MCA alert regarding unauthorised "MCA signals" communications

MCA cautioned stakeholders against fraudulent messages and reminded users to rely only on official MCA platforms for corporate information and regulatory communications.



Ease of regulatory compliance for FPIs investing only in government securities

SEBI, through its circular dated 7 September 2026, has expanded the exemption from furnishing investor group details to all foreign portfolio investors (FPIs) investing exclusively in government securities. Earlier, this exemption was available only to FPIs investing through the Fully Accessible Route (FAR). The change aligns with the RBI's removal of concentration-limit requirements for General Route FPIs and is effective immediately.



Successful launch of 'Demat 2.0' - Pilot project for tokenised corporate bonds

SEBI and RBI have jointly launched 'Demat 2.0', a pilot project enabling corporate bonds to be issued as digital tokens on a distributed ledger and settled instantly using the RBI's wholesale. The project has already facilitated bond issuances aggregating INR 1,025 crore and aims to enhance efficiency through atomic settlement and automated servicing via smart contracts.



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Company law updates

A. MCA advisory on non-compliant nidhi companies



Issued by: MCA through PIB Delhi



Date of publishing: 24 September 2026

Spotlight: Before you trust a “nidhi” label, verify it

The MCA has issued a public advisory cautioning investors against making investment decisions based solely on promises of unusually high returns offered by certain nidhi companies. The advisory follows MCA's examination of applications filed in Form NDH-4, during which it observed that several companies claiming to operate as nidhi companies were not fully complying with the provisions of the Companies Act, 2013 and the Nidhi Rules, 2014. Further, many such companies had failed to file the mandatory Form NDH-4 within the prescribed timelines.

Why the advisory matters

MCA's review has revealed instances where entities operating as nidhis:

- Have not fully complied with the provisions of the Companies Act, 2013 and the Nidhi Rules.
- Have failed to file Form NDH-4 within the prescribed timelines.
- Attract members through promises of unusually high returns.

Key investor takeaway

Deposits placed with nidhi companies are not protected by Deposit Insurance and Credit Guarantee Corporation (DICGC) insurance. Unlike bank deposits, investors may not have the benefit of deposit insurance protection in the event of default or financial distress.

Quick due diligence checklist

Before becoming a member or depositing funds with a nidhi company, consider:

- Verifying whether the company has been officially declared a nidhi.
- Reviewing its current regulatory status and compliance record.
- Exercising caution where exceptionally high or guaranteed returns are promised.
- Confirming that the company is not under liquidation, strike-off proceedings or any other adverse status.

Current position

According to the MCA's advisory, 395 companies have been declared as nidhis by the Central Government till date, of which 298 remain active, while the remaining companies have either been dissolved, struck off, converted into Limited Liability Partnerships or are undergoing liquidation or other proceedings.

Grant Thornton Bharat insights:

The advisory serves as an important reminder for investors to undertake proper due diligence before placing deposits with nidhi companies. Verification of nidhi status, review of regulatory compliance and careful evaluation of investment terms are essential safeguards against potential financial risks.

B. MCA alert regarding unauthorised "MCA signals" communications



Issued by: MCA



Date of publishing: 10 September 2026

Key highlights

The MCA has issued a stakeholder advisory cautioning the public against SMS messages referring to 'MCA signals' and directing recipients to external websites to access company reports. The MCA has clarified that such messages are not issued or endorsed by the ministry.

Stakeholders, including directors, company secretaries, chartered accountants, businesses and MSMEs, are advised to exercise caution while responding to unsolicited communications and refrain from sharing any confidential or sensitive information through unverified links or platforms.

The MCA has further advised stakeholders to rely only on information available on its official portal www.mca.gov.in and authorised communications issued through official MCA channels.

Grant Thornton Bharat insights:

Businesses, stakeholders and professionals should verify the authenticity of communications claiming to be from MCA and avoid engaging with unauthorised links seeking company-related information or credentials.



Securities law updates

A. Ease of regulatory compliance for FPIs investing only in government securities



Issued by: SEBI



Date of publishing: 7 September 2026

Key highlights

SEBI has expanded the exemption from furnishing investor group details for FPIs investing exclusively in government securities.

What has changed?

Earlier position: Only FAR-based FPIs investing exclusively in government securities were exempt from providing investor group details.

Current position: All FPIs investing only in government securities (FAR or General Route) are exempt from furnishing investor group details.

Exempt from investor group disclosure

- FPIs investing solely in government securities through FAR.
- FPIs investing solely in government securities through the General Route.

Disclosure requirement continues

FPIs holding government securities along with equities, corporate bonds or other securities.

Action points for intermediaries

Depositories, custodians and designated depository participants (DDPs) are required to update their systems and compliance processes to reflect the revised exemption.

Grant Thornton Bharat insights:

SEBI's amendment aligns the FPI disclosure framework with RBI's recent regulatory changes and reduces compliance obligations for FPIs investing exclusively in government securities.

B. Successful launch of 'Demat 2.0' - Pilot project for tokenised corporate bonds



Issued by: SEBI



Date of publishing: 10 September 2026

Key highlights

SEBI and RBI have jointly launched 'Demat 2.0', a pilot framework for issuance of tokenised corporate bonds. Corporate bonds are issued as digital tokens on a distributed ledger technology (DLT) maintained by depositories.

Potential benefits

- Faster settlement and fund transfers.
- Reduced operational and reconciliation efforts.
- Automated servicing of bond obligations.
- Enhanced efficiency and transparency in debt market infrastructure.

Way forward

- Future phases may extend the framework to:
- Secondary-market trading through the Request for Quote (RFQ) platform.
- Wider investor participation, including retail investors.

Grant Thornton Bharat insights:

'Demat 2.0' represents a significant step towards modernising India's debt market infrastructure through DLT and Central Bank Digital Currency-based settlement, while preserving the existing legal and regulatory framework governing corporate bonds.

C. Key decisions from SEBI's Board Meeting on 24 September 2026



Issued by: SEBI



Date of publishing: 24 September 2026

At its **215th board meeting on 24 September 2026**, SEBI approved several important regulatory reforms aimed at enhancing investor protection, improving ease of doing business and deepening Indian capital markets.

Key highlights

- New Portfolio Managers Regulations, 2026
- Replaces the Portfolio Managers Regulations, 2020.
- Introduces PRIM (Portfolio Managers Route for Investing in Mutual Funds) and independent fund managers (IFMs).
- Permits broader investment avenues, including IPOs, overseas securities and specified unlisted debt.
- Simplifies compliance requirements and operational processes.

New Settlement Regulations, 2026

- Replaces the Settlement Proceedings Regulations, 2018.
- Introduces a formula-based settlement mechanism.
- Provides a pre-show-cause notice settlement opportunity.
- Facilitates quicker resolution of enforcement proceedings.

Vault Managers Framework strengthened

- Expands regulatory coverage to bullion-related instruments beyond electronic gold receipts (EGRs).
- Increases the minimum net worth requirement from INR 50 crore to INR 75 crore.

REIT and reforms

- Enables issuance of depository receipts on real estate investment trust (REIT) and infrastructure investment trust (InvIT) units.
- Rationalises unitholder approval requirements and sponsor exit provisions.
- Aims to facilitate greater foreign investment.

Corporate bond market relief

- Removes the requirement for first-time debt issuers to mandatorily list all outstanding unlisted NCDs, reducing compliance burden and encouraging debt market participation.

Other key approvals

- Relaxation of call-recording requirements for institutional research clients.
- Reforms to the accredited investor framework.
- Enhanced investor protection measures across all alternative investment fund (AIF) structures.
- Amendments to certification requirements for securities market professionals.
- Introduction of a fourth settlement scheme for pending cases involving illiquid stock options on the BSE.

Grant Thornton Bharat insights:

The approved reforms reflect SEBI's continued focus on streamlining regulatory frameworks, enhancing investor protection, attracting capital and promoting ease of doing business across India's securities market ecosystem. Most measures will become effective upon notification in the Official Gazette.



D. Governance of MII: Board director eligibility and KMP qualification framework



Issued by: SEBI



Date of publishing: 9 September 2026

SEBI has issued a consultation paper proposing governance-related reforms for **MIIs**, including stock exchanges, clearing corporations and depositories. The proposals aim to enhance governance standards, broaden the pool of eligible directors and strengthen oversight of critical management functions.

Key proposals

Broader eligibility for MII board appointments

SEBI has proposed relaxing certain eligibility restrictions for directors serving on MII governing boards. The proposal seeks to extend an existing exemption to companies with well-diversified shareholding, reducing instances where individuals become ineligible solely because of indirect relationships with trading members, clearing members or depository participants within a larger corporate group.

A company would generally qualify as having well-diversified shareholding where no non-public sector shareholder, individually or acting in concert, holds 10% or more shareholding, voting rights or control.

Standardised SOP for critical KMPs

SEBI has also proposed a standard operating procedure (SOP) for the appointment and succession planning of critical KMPs, including:

- Chief technology officer (CTO)
- Chief information security officer (CISO)
- Compliance officer
- Chief risk officer (CRiO)

The SOP would prescribe minimum standards relating to qualifications, experience, certifications and skill sets, with approval by the MII's governing board after considering inputs from relevant statutory committees.

Timely filling of vacancies

To ensure continuity of critical functions, SEBI has proposed that vacancies in the above KMP positions be filled within three months from the date the vacancy arises.

Grant Thornton Bharat insights:

The proposals seek to strike a balance between robust governance and operational flexibility by facilitating the appointment of qualified professionals to MII boards while introducing greater consistency in the selection and oversight of key management personnel. The consultation paper was open for public comments until 30 September 2026 and the proposals are not yet binding regulation.



Important orders

ROC Ahmedabad imposes penalty for non-compliance with company disclosure requirements

Key issue

The ROC Ahmedabad adjudicated a matter against Divyam Infracon Private Limited for violation of Section 12 of the Companies Act, 2013 relating to disclosure requirements on company communications. The company was found to have failed to properly disclose mandatory particulars such as corporate identification number (CIN), email address, registered office address and contact details and had maintained an email address linked to the auditor in its MCA records.

Takeaways

- Companies must ensure that all business letters, letterheads, notices and official publications display mandatory particulars including the company name, registered office address, CIN, email address and contact details.
- MCA master data should contain the company's own active email address and not that of external professionals such as auditors.
- Non-compliance with Section 12 can attract penalties on both the company and its officers in default.
- In this case, the ROC imposed a penalty of INR 1,00,000 each on the company and three directors, resulting in a total penalty of INR 4,00,000.
- Companies should periodically review statutory disclosures appearing on official documents and MCA records to avoid regulatory action and monetary penalties.

Final order in the matter of Adani Group companies for alleged MPS violation

Key issue

SEBI examined allegations that certain FPIs and offshore entities holding shares in Adani Group companies were effectively controlled by promoter-group entities, resulting in an alleged breach of minimum public shareholding (MPS) requirements and violations of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. After reviewing the evidence, SEBI held that the alleged control over the FPIs and related entities was not established.

Takeaways

The order underscores that allegations of promoter control and MPS violations must be supported by concrete evidence demonstrating actual control over management or investment decisions. Mere business relationships, historical associations, funding arrangements or common advisers are insufficient to establish control. Consequently, SEBI dropped the MPS and PFUTP allegations while imposing penalties only on certain noticees for furnishing incomplete information during the investigation.

ROC imposes penalty for ESOP grants without prior shareholder approval

Key issue

- The ROC order relates to adjudication proceedings against Integris Medtech Limited for non-compliance with Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014.
- The Nomination and Remuneration Committee (NRC) granted employee stock ownership plan (ESOPs) to employees of subsidiary companies without obtaining prior shareholder approval through a separate special resolution.
- ESOP grants exceeding 1% of the company's issued capital were approved without the requisite shareholder approval.
- The non-compliances occurred on four separate occasions during FY 2024-25 and FY 2025-26, with shareholder ratification obtained only subsequently through extraordinary general meeting resolutions.
- The company voluntarily filed a suo motu adjudication application admitting the defaults and seeking a lenient view.

Takeaways

- ESOP grants to employees of subsidiary companies and grants exceeding prescribed thresholds require prior shareholder approval through a special resolution and cannot be regularised merely through subsequent ratification.
- Voluntary disclosure and suo motu reporting may be considered as mitigating factors; however, they do not absolve companies and officers from liability for non-compliance.
- Independent, nominee and non-executive directors may not automatically be treated as officers in default for adjudication purposes where supported by facts and applicable MCA guidance.
- The ROC imposed penalties under Section 450 for four separate instances of default, resulting in a cumulative penalty of INR 8 lakh on the company along with penalties on officers in default.
- Companies should ensure timely compliance with ESOP approval requirements and maintain a robust review process for share-based incentive schemes to mitigate governance and regulatory risks.
- The ROC reinforced that prior shareholder approval is a critical compliance requirement for ESOP grants to subsidiary employees and for grants exceeding prescribed limits and subsequent ratification does not eliminate exposure to penalties.



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