



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। इष्टार्थं तत्र त्प्राप्ते, प्रान्दण्डे न्मन्त्रोऽद्यपिहृदइइ

Mission

"To develop high calibre professionals facilitating good corporate governance"

Info Capsule

Wednesday, May 06, 2026

President

CS Pawan G Chandak

Vice President

CS Dwarakanath C

❖ Ministry of Law and Justice

First since 2019- Cabinet clears bill to raise Supreme Court judge strength to 38 (May 06, 2026)

The Union Cabinet on May 05, 2026 cleared a proposal to increase the strength of the Supreme Court from the present 34 judges to 38, including the Chief Justice of India. Union Minister Ashwini Vaishnaw said a bill will be brought in the next session of Parliament to raise the apex court's strength by four judges. Once the bill is cleared by Parliament and is enacted, the sanctioned number of Supreme Court judges will stand at 38. The strength of the Supreme Court was last increased from 30 to 33 (excluding the Chief Justice of India) in 2019.

The Supreme Court (Number of Judges) Amendment Act, 1986, augmented the strength of the Supreme Court judges from 17 to 25, excluding the CJI. Subsequently, a fresh amendment in 2009 further augmented the strength of top court judges from 25 to 30.

For details:

<https://www.livemint.com/news/trends/gurugram-couple-earns-3l-a-month-still-feels-poor-ca-explains-impact-of-high-housing-costs-on-family-planning-11778051599735.html>

❖ Capital Market and Securities Laws

• Advisory on Emerging Advanced Artificial Intelligence (AI) Tools for Vulnerability Detection (like Mythos) (May 05, 2026)

The rapid evolution of emerging technologies including AI-driven vulnerability identification tools (E.g. Claude Mythos) has introduced new dimensions of risks for Regulated Entities. Such tools may give rise to heightened risk exposure by enabling identification and potential exploitation of existing vulnerabilities using speed and scale. In view of the above, a task force, namely cyber-suraksha.ai, (email id: projectcyber-suraksha.ai@sebi.gov.in) has been constituted by SEBI comprising representatives from MIIs, QRTAs, all QREs, and other related stakeholders. A meeting of the task force cybersuraksha.ai was convened (with MIIs and QRTAs) to review the risks posed by AI platforms like Mythos and discuss the mitigation measures. Based on the consultation with the said task force, an advisory is enclosed at Annexure-A to this circular.

For details:

https://www.sebi.gov.in/legal/circulars/may-2026/advisory-on-emerging-advanced-artificial-intelligence-ai-tools-for-vulnerability-detection_101270.html

• 'Significant Indices' under SEBI (Index Providers) Regulations, 2024 (May 05, 2026)

Taking into account feedback received from the various stakeholders, it is specified that a Benchmark or Index (including index of indices) based on listed securities shall be considered as 'Significant Indices', if the daily average cumulative Asset Under Management (AUM) tracking the Benchmark or Index across schemes of Mutual Fund(s) exceeds ₹20,000 Crore for each of the past six months, ending on 30th June and 31st December each year. Further, an Index specified by the Board in the list of 'Significant Indices' shall continue to remain in the list of 'Significant Indices' unless the value of cumulative AUM tracking or benchmarking such Index does not meet the specified threshold for a continuous period of three years (i.e., six consecutive half-yearly reviews). Accordingly, the list of 'Significant Indices' is specified in terms of Regulation 2(1)(u) of IP Regulations, based on cumulative AUM of schemes of Mutual Funds tracking the Benchmark or Index for the period from July 01, 2025 to December 31, 2025, is placed at Annexure-A to this circular.

For details:

https://www.sebi.gov.in/legal/circulars/may-2026/-significant-indices-under-sebi-index-providers-regulations-2024_101271.html

❖ **Views/ Comments sought by Regulators**

• **Consultation Paper on Draft Circular on Clarification with respect to Applicability of the benefit of Early Pay-In in Commodity Derivatives Segment (May 05, 2026)**

SEBI has placed this consultation paper with an objective to seek comments from the public and stakeholders on the proposal to extend the applicability of the benefit of early pay-in, currently available on futures contracts, to options contracts in the commodity derivatives segment. Comments are invited on the draft circular on “Clarification with respect to applicability of the benefit of early pay-in in Commodity Derivatives Segment”, placed at Annexure A to this consultation paper. The comments or suggestions should be submitted latest by May 26, 2026.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/may-2026/consultation-paper-on-draft-circular-on-clarification-with-respect-to-applicability-of-the-benefit-of-early-pay-in-in-commodity-derivatives-segment_101257.html

• **Consultation paper on Modification in the regulatory framework for Online Bond Platform Providers (OBPPs) including measures for promoting ease of doing business (May 05, 2026)**

SEBI has placed this consultation paper with an objective to seek comments or views or suggestions from the public on the proposals related to ease of doing business for Online Bond Platform Providers (OBPPs). The matters consulted in this paper are as under:

- To permit OBPPs to offer products or securities or services regulated by International Financial Services Centres Authority (IFSCA).
- To permit OBPPs to offer Bonds issued under section 54EC of the Income Tax Act, 1961 or Section 85 of Income-tax Act, 2025 on its Online Bond Platform (OBP).
- Review of regulatory framework for appointment of Compliance Officer by OBPPs.

Considering the implications of the aforementioned matters on the market participants, public comments are invited on the above-detailed proposals. The comments or suggestions should be submitted latest by May 26, 2026.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/may-2026/consultation-paper-on-modification-in-the-regulatory-framework-for-online-bond-platform-providers-obpps_101254.html

❖ **Department for Promotion of Industry & Internal Trade**

Standard Operating Procedure (SOP) for Processing Foreign Direct Investment (FDI) Proposals (May 04, 2026)

Standard Operating Procedure (SOP) for Processing Foreign Direct Investment (FDI) Proposals issued by DPIIT, Ministry of Commerce & Industry on May 04, 2026. The SOP covers Online Filing of Application; Procedure for Processing of Applications Seeking Approval for Foreign Investment; Time limits for processing FDI Proposals are prescribed; Guidelines on Investments from Countries Sharing Land Border with India (LBCs) [as amended vide Press Note 2 of 2026 dated 15.03.2026 read with Foreign Exchange (Non-debt Instruments) (Amendment) Rules, 2026 dated 01.05.2026] ;Monitoring & Review etc.

For details:

<https://www.dpiit.gov.in/static/uploads/2026/05/d7693ed0552aef6c3fa8bcdf6a44cf3.pdf>

❖ **Ministry of Micro, Small & Medium Enterprises**

Cabinet approves Emergency Credit Line Guarantee Scheme 5.0 (May 05, 2026)

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 that aims to provide credit guarantee coverage of 100% for MSMEs and 90% for non-MSMEs as well as airline sector, to Member Lending Institutions (MLIs) by National Credit Guarantee Trustee Company Limited (NCGTC) for the amount in default under the additional credit facility extended to the eligible borrowers to tide over any short-term liquidity mismatches in view of West Asia Crisis. The Scheme targets total additional credit flow of Rs.2,55,000 crore (including Rs.5,000 crore for airlines). The proposed credit guarantee scheme is a major step to help businesses, particularly MSMEs and airline sector, to ensure their additional working capital needs, are catered by the Banks & FIs. By providing timely liquidity, the scheme will sustain the businesses and prevent job losses. It will also promote uninterrupted domestic production and maintain the resilience of the ecosystem.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2258140®=3&lang=1>

❖ **Pronouncement**

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| May 04, 2026 | Dr. Bais Surgical and Medical Institute Pvt. Ltd. & Ors{Appellant(s)} Versus Dhananjay Pande {Respondent(s)} | Supreme Court of India Civil Appeal No. 8973 of 2010 With Civil Appeal No. 9456 of 2010 2026 INSC 447 |
|--------------|---|--|

Issue for Consideration

Whether the expression “member” as appearing under Sections 397 and 398 is to be construed strictly in accordance with Section 41 of the Companies Act, 1956, or whether it must be understood in the broader sense contemplated under Section 2(27) of the Act, 1956?

Legal Provisions

“Member” has been defined under Section 2(27) as:

“Member”, in relation to a company, does not include a bearer of a share-warrant of the company issued in pursuance of section 114.”

On the other hand, Section 41, appearing in Part II of the Act, 1956 dealing with “Incorporation of Company and Matters Incidental Thereto” provides as under: “

Section 41:

(1) The subscribers of the memorandum of a company shall be deemed to have agreed to become members of the company, and on its registration, shall be entered as members in its register of members. (2) Every other person who agrees in writing to become a member of a company and whose name is entered in its register of members, shall be a member of the company. (3) Every person holding equity share capital of company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the concerned company.”

Judgement

Apex Court inter alia observed that the statutory framework under the Act, 1956 draws a clear distinction between the inclusive definition of the term “member” contained in Section 2(27) and the provisions governing acquisition of membership set out in Section 41. Section 2(27) employs language of wide amplitude and, in relation to a company, embraces every category of member, subject only to the limited exclusion of a bearer of a share-warrant issued under Section 114 of the Act. Section 41, on the other hand, operates in a different sphere and prescribes the recognised modes by which membership may arise. It contemplates, first, deemed membership in the case of subscribers to the memorandum; secondly, persons who agree in writing to become members; thirdly, entry of a person’s name in the register of members, which ordinarily constitutes conclusive evidence of membership; and lastly, persons reflected as beneficial owners in the records of a depository. The requirement that an agreement to become a member be “in writing”, introduced by the Amendment Act of 1960, was intended to ensure reliable proof of consent and to prevent fraudulent inclusion of names in the register, and not to impose entry in the register as the sole or exclusive mode of acquiring membership.

Supreme Court clarified that a more fundamental consideration arises from the nature of jurisdiction conferred under Sections 397 and 398 of the Act, which has consistently been recognised as equitable in character by this Court (*Needle Industries (India) Ltd. & Ors vs Needle Industries Newey (India) Holdings Ltd. and Ors., (1981) 3 SCC 333*). These provisions, situated in Chapter VI, are designed to afford remedies to minority shareholders against acts of oppression and mismanagement. The entitlement to invoke such jurisdiction is regulated by Section 399, which prescribes the eligibility criteria for maintaining an application under Sections 397 and 398. Accordingly, the relevant enquiry, while determining maintainability, must center on whether the applicant satisfies the conditions prescribed under Section 399, rather than on a mechanical application of the procedural requirements found in Section 41(2). The equitable foundation of Sections 397 and 398 must be a guiding factor to not construe the expression “member” in an unduly restrictive or technical manner confined solely to formal entry in the register, thereby frustrating the remedial purpose underlying the legislative scheme.

Supreme Court held that a conjoint reading of Sections 397, 398 and 399 indicates that the expression “member” cannot be construed in isolation or confined to the technical formulation contained in Section 41(2). Rather, the broader definition embodied in Section 2(27) assumes significance in determining whether a person is entitled to invoke the remedies contemplated under the Act. It would be contrary to settled principles of interpretation to attribute to the Legislature an intention to create conflicting meanings of the same expression within the statute. The expression “member”, when employed in the context of remedies under Sections 397 and 398, must therefore be construed with reference to the wider definitional framework provided in Section 2(27) and allied provisions governing the rights of members.

❖ **ESG Update**

Broadcom

The company believes that target must be set thoughtfully because once set, they could impact its strategy and decisions for decades to come. Regardless of any stated targets, it continue to evaluate its GHG inventory and determine how it can continue to make meaningful progress in reducing its Scope 1, Scope 2 and Scope 3 GHG emissions.

- In 2025, Broadcom introduced Sian3 product, a 3nm 200G/lane digital signal processor (DSP), which delivered the industry’s lowest energy consumption with enhanced performance for 800G and 1.6T optical transceivers over system management facility (SMF).
- In 2025, Broadcom launched its third-generation 200G per lane CPO product line. This product line is designed to deliver the lowest power and highest bandwidth density optical interconnects so that its customers can continue to satisfy the growing demand for AI driven products.
- 40% Less Scope 1 and Scope 2 GHG emissions in 2025 than 2021 baseline.
- 42% of total electricity consumption from renewable energy sources in 2025.
- 74% reduction of tCO2e* per \$M revenue from 2021 baseline

For details:

<https://docs.broadcom.com/doc/corporate-responsibility-report>



MSME READY RECKONER-2.0-DEC 25

Year of Publication: 2025
Price: Rs. 400/-

Weblink for Purchase:

<https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=400>



NAVIGATING LABOUR CODES

Year of Publication: 2025
Price: Rs. 300/-

Weblink for Purchase:

<https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=394>

❖ **Market Watch**

| Stock Market Indices as on 06.05.2026 | | Foreign Exchange Rates as on 06.05.2026 (https://m.rbi.org.in/scripts/ReferenceRateArchive.aspx) | | | |
|---------------------------------------|-------------------|--|-------------|-------------|------------|
| S & P BSE Sensex | 77,958.52(+1.22%) | INR / 1 USD | INR / 1 EUR | INR / 1 GBP | INR/ 1 JPY |
| Nifty 50 | 24,330.95(+1.24%) | 95.16 | 111.64 | 129.27 | .60 |

Prepared by Directorate of Academics & Research

For any suggestions, please write to academics@icsi.edu

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