KATALYST ADVISORS

Katalyst Kaleidoscope

March 2026: Tax and Regulatory Insights

SUMMARY OF CONTENTS

A. Income Tax Highlights 2

1. Calcutta HC: Gain on sale of unlisted preference shares upheld as long term capital gains 2
2. ITAT Mumbai: Interest on borrowings for acquisition of foreign subsidiary allowed as business expenditure 2
3. ITAT Chennai: Shares received by private trust created solely for benefit of settlor's relatives exempt under section 56(2)(x) 3
4. ITAT Delhi: Write-off of loan to foreign subsidiary disallowed 4

B. Corporate Law Highlights 5

1. SC: Capital reduction scheme upheld; minority shareholders' challenge on valuation rejected ... 5
2. NCLT Mumbai: Sanctions demerger scheme; rejects minority shareholder's objections 6
3. NCLT Ahmedabad: Loss of managerial control does not constitute oppression and mismanagement 6
4. NCLT Mumbai: Permits post-sanction modification of scheme to change accounting treatment. 7
5. NCLAT: Sets aside NCLT's direction for separate demerger application, cites finding contrary to scheme clauses 7

C. SEBI and Other Highlights 8

1. SEBI: Graded Framework Introduced for Minimum Public Shareholding at IPO Stage 8
2. FDI Policy: Amendment for Investments from Land Bordering Countries 9
3. SEBI: Consultation Paper on 'Ease of Investing vis-à-vis transmission of securities' 10
4. SEBI: debarment and imposition of penalty for manipulating shares via Telegram 11
5. Linde India Limited: rejection of Material Related Party Transaction by Shareholders 12

D. Goods and Service Tax Highlights 13

1. Bombay HC (Nagpur Bench): Issuance of consolidated SCN for multiple years is not permissible even in case of alleged fraudulent availment of ITC 13
2. Bombay HC: Demand quashed as the mechanical order was passed ignoring assessee's submissions 13
3. Andhra Pradesh HC: Omission of Rule 96(10) wipes out all proceedings initiated under it 13

A. Income Tax Highlights

1. Calcutta HC: Gain on sale of unlisted preference shares upheld as long term capital gains[1]

The assessee purchased unlisted preference shares of ICICI Bank in June 2012 pursuant to a Board resolution designating them as investments, held them for nearly six years, and declared a long-term capital gain of ₹12.97 crore on their sale in AY 2018-19; however, the Revenue contended that the shares were disclosed in the books as stock-in-trade, therefore, the gains ought to be taxed as business income and that the shares had been converted into capital assets shortly prior to sale. The ITAT ruled in favour of the assessee, which was upheld by the Calcutta High Court.

The HC dismissed the Revenue's appeal holding that the assessee had converted stock-in-trade into a capital asset shortly before the sale was a fresh plea lacking any foundational finding in either the assessment order or the revision order; it was further observed that:

- the shares were acquired pursuant to a specific Board resolution designating them as investments, evidencing a clear investment intent from inception;
- they were held for nearly six years, a duration far more indicative of a long-term investment than trading stock;
- the transaction was entirely solitary, with no regularity, frequency, or pattern of repetitive dealing; and the shares were consistently valued at cost in the assessee's books, conspicuously eschewing the "lower of cost or market value" method typical of trading activities.

Accordingly, the Court upheld the treatment of the gains as capital in nature, reinforcing that the characterisation of income must be determined based on intention at acquisition, holding pattern, and overall conduct of the assessee, rather than isolated accounting entries or ex post facto allegations by the Revenue

2. ITAT Mumbai: Interest on borrowings for acquisition of foreign subsidiary allowed as business expenditure[2]

Tata Steel Limited, a public limited company engaged in manufacturing and trading of steel, acquired Corus Group PLC ("Corus"), a leading European steel manufacturer, through its wholly owned step-down subsidiaries during AY 2008-09, financing the acquisition through a combination of own funds and syndicated borrowings; interest of ₹518.75 crore incurred on such borrowed funds was claimed as a deduction under Section 36(1)(iii), which was disallowed by the Assessing Officer on the ground that the investment was made solely for acquiring and maintaining controlling interest in a foreign entity whose income was not assessable in India, and

[1] Russel Credit Limited [TS-264-HC-2026(Cal)] dated March 02, 2026
[2] Tata Steel Limited [TS-268-ITAT-2026(Mum)] dated March 02, 2026

that since no business income was earned from the said investment, the interest could not be a business expenditure.

On appeal, the ITAT held that the acquisition of Corus was undertaken as part of the taxpayer's business expansion strategy and not as a passive investment, as evidenced by the Board minutes and the Managing Director's presentation which clearly demonstrated that the acquisition was intended to enable entry into mature European markets and achieve economies of scale; the ITAT further noted that following the acquisition, Tata Steel emerged as the sixth largest steel manufacturer in the world, thereby reinforcing the commercial and strategic nature of the transaction.

Accordingly, it was held that interest incurred on borrowings for acquiring a company operating in the same line of business is allowable under Section 36(1)(iii), irrespective of the route adopted for business expansion, whether through setting up a new entity, establishing a branch, or acquiring an existing company, and therefore the disallowance made by the Assessing Officer was not sustainable.

3. ITAT Chennai: Shares received by private trust created solely for benefit of settlor's relatives exempt under section 56(2)(x)[3]

VS Trust, a private trust settled in 2021 by Venu Srinivasan for the benefit of his family members, received shares valued at ₹15.78 crore from the settlor during AY 2022–23 and claimed the receipt as exempt under the proviso to Section 56(2)(x) of the Income-tax Act, 1961, which excludes from tax, any property received by a trust created solely for the benefit of the relatives of the individual transferor; the Assessing Officer rejected the claim on the ground that the original trust deed empowered the trustees to add as beneficiaries, entities majority-owned or controlled by the settlor's relatives, a power that left open the possibility of benefits accruing indirectly to non-relatives, and accordingly, brought the value of the shares to tax as income from other sources.

Before the ITAT, the Tribunal noted that the Assessing Officer had proceeded on the original deed without adverting to a supplemental deed executed in March 2022, which operated retrospectively from the trust's inception and restricted the trustees' powers exclusively to the removal of existing beneficiaries, eliminating any authority to introduce non-relatives or entities controlled by relatives; however, the CIT(A) declined to give the supplemental deed effect on the ground that it violated a provision in the original deed prohibiting amendments that would alter the objects of the trust or restore to the settlor any power of disposition over the trust property.

The Tribunal observed that the said restriction was directed at protecting the fundamental objects of the trust and could not be read as a bar on modifying the class of beneficiaries; it further noted that the original deed itself expressly empowered the trustees to add or remove beneficiaries,

[3] VS Trust [TS-244-ITAT-2026 (CHNY)] dated February 26, 2026

rendering the amendment both authorised and valid. Accordingly, the Tribunal held that the trust stood constituted solely for the benefit of the settlor's relatives with no scope for benefits to flow to non-relatives, and the receipt of shares was squarely covered by the exemption under the proviso to Section 56(2)(x), and therefore, the addition of ₹15.78 crore was directed to be deleted.

4. ITAT Delhi: Write-off of loan to foreign subsidiary disallowed[4]

The assessee, a manufacturer and trader of garments, had over several years advanced loans to its wholly owned subsidiary in Jordan through a special purpose vehicle, the purpose being the acquisition of a foreign garment company. During the relevant assessment year, the assessee wrote off a substantial portion of the outstanding loans on the ground that the subsidiary had suffered persistent losses rendering the investment irrecoverable, and claimed deduction either under Section 36(1)(vii) read with Section 36(2), treating the write-off as a bad debt, or alternatively under Section 37(1) as a business expenditure.

The Tribunal noted that notwithstanding the subsidiary's continuing losses, the assessee had, in the very same year in which the write-off was claimed, advanced fresh loans of a substantial magnitude to the same entity, and had done so without the protection of any formal loan agreement, repayment schedule or mechanism for recovery and hence, was plainly at odds with the standards of ordinary commercial prudence and cast serious doubt on the bona fides of the arrangement.

Further, on the question of deductibility, the Tribunal held that the principal amount written off did not qualify as a bad debt under Section 36(1)(vii) read with Section 36(2), since the assessee was not in the business of money-lending and the loans had never been taken into account in computing its income, both being conditions precedent to a claim under those provisions; the alternative claim under Section 37(1) fared no better, and the Tribunal held that the advances were in the nature of capital loans and therefore outside the scope of revenue deduction.

Accordingly, the Tribunal highlighted that the entire arrangement bore the hallmarks of a colourable device structured with the object of artificially reducing taxable income, and upheld the disallowance in full, save for the limited extent of interest that had previously been offered to tax by the assessee and was subsequently written off, which was allowed as a deduction.

Katalyst comment

Bad facts often make bad law; whilst the issue re allowability of such advance does fall in a grey zone, logically, it should be an allowable deduction, assuming business exigency and rationale can be manifested. However, in the above case, the facts seem to indicate a tax avoidance intent, as opposed to clear business rationale

[4] Matrix Clothing Pvt.Ltd vs. ACIT [TS-322-ITAT-2026(DEL)] dated March 06, 2026

B. Corporate Law Highlights

1. SC: Capital reduction scheme upheld; minority shareholders' challenge on valuation rejected[5]

Minority shareholders of Bharti Telecom Ltd. challenged a scheme of capital reduction under Section 66 of the Companies Act, through which the company proposed to cancel shares held by certain identified investors and provide them an exit at ₹196.80 per share. The appellants contended that the transaction effectively forced them out of the company at an unfairly depressed value and assailed the scheme on what they described as the "*three Ms*":

- Manner of process: the explanatory statement amounted to a "tricky notice" as the valuation and fairness reports had not been circulated to shareholders, rendering the process procedurally defective;
- Method of valuation: the valuation exercise itself was questionable and lacked the rigour expected of a transaction of this nature;
- Matter of price: the application of a discount for lack of marketability had artificially depressed the exit price, resulting in an unfair outcome for the exiting shareholders

Rejecting these contentions, the Supreme Court held that the statutory framework governing capital reduction does not mandate circulation of valuation materials to shareholders and therefore the absence of such reports in the notice could not render the process defective, particularly when the exit price was disclosed and the documents were available for inspection; the Supreme Court also noted that the scheme received overwhelming shareholder approval, including support from a majority of the affected minority shareholders, and had been concurrently upheld by the NCLT and NCLAT, while emphasising that valuation is a specialised economic exercise in which courts will not ordinarily interfere. Hence, finding no procedural illegality, misleading disclosure or manifestly unfair valuation, the appeal was dismissed.

Katalyst comment

While Section 66 is silent on valuation requirements, the exit price is not unconstrained and remains implicitly bounded by principles of inherent fairness. The decision clarifies that, in the absence of a prescribed framework, courts will defer to valuation methodologies and will not ordinarily enter into the merits of valuation, recognising it as a specialised economic domain beyond judicial scrutiny, except where the outcome is shown to be egregiously flawed or manifestly unfair.

Consequently, valuation under Section 66 shifts from a question of strict compliance to one of overall defensibility and fairness optics, placing emphasis on robust methodology, credible

[5] Pannalal Bhansali vs. Bharti Telecom & Ors [Civil Appeal No. 7655 of 2025] dated March 10, 2026

assumptions, and majority-of-minority support, while leaving open areas of challenge such as the quantum and application of illiquidity discounts

2. NCLT Mumbai: Sanctions demerger scheme; rejects minority shareholder's objections[6]

The NCLT sanctioned the composite scheme of arrangement involving demerger of JM Baxi Ports & Logistics Pvt. Ltd. into two resulting companies, segregating container and corporate services businesses while retaining the non-container business with the demerged entity, which was approved by an overwhelming majority of shareholders and found to be compliant with statutory requirements.

Notwithstanding this broad-based approval, a minority shareholder holding approximately 7.35% of the share capital sought to challenge the scheme on two grounds: first, that material facts had been suppressed, including the existence of prior arrangements with a foreign investor, and second, that the valuation underpinning the scheme was open to dispute; however, the Tribunal rejected the challenge at the threshold itself, holding that the objector lacked locus standi under Section 230(4) of the Companies Act, which prescribes a minimum shareholding of 10% as a condition precedent for maintaining objections to a scheme. The Tribunal further clarified that even if standing had been established, allegations of fraud or ulterior intent are matters that fall outside the jurisdictional scope of scheme sanction proceedings and cannot be adjudicated in that forum. Accordingly, the demerger was sanctioned in its entirety.

3. NCLT Ahmedabad: Loss of managerial control does not constitute oppression and mismanagement[7]

The present case involves a dispute that arose in a closely held family company where the respondents requisitioned an EGM and passed resolutions removing the petitioners from the board and appointing new directors in their place; the petitioners challenged the action under sections 241 and 242 of the Companies Act, 2013, alleging procedural irregularities in the meeting and contending that their removal formed part of a broader pattern of oppressive conduct. They also levelled allegations of financial impropriety including manipulation of records, bogus transactions and diversion of funds, and sought reinstatement as directors.

The Tribunal noted that the EOGM had been convened and the impugned resolutions were passed by the majority shareholders, and held that even if procedural objections were raised regarding earlier board-level actions, the ultimate removal having been effected through a shareholders' resolution could not by itself constitute oppression or mismanagement on the grounds that:

- oppression requires **continuous and systematic unfair conduct**, not an isolated act such as removal of directors;

[6] CP (CAA) 245/ 2024 dated March 10, 2026
[7] Rahul Vijaybhai Kansara vs. Naran Lala [191 SCL 656/182 taxmann.com] dated January 08, 2026

- relief is premised on **lack of probity and fair dealing** in the conduct of the company's affairs, which was not established;
- the company could not be treated as a **quasi-partnership** as no legitimate expectation of board representation was demonstrated;
- the allegations of financial impropriety were **general and unsupported by evidence**; and
- there was **no continuing oppressive conduct**, the grievance essentially arising from loss of managerial control.

Consequently, statutory threshold for relief under sections 241 and 242 was not satisfied, and the Tribunal concluded that the petition essentially reflected a dispute arising from loss of managerial control, and accordingly, dismissed the petition.

4. NCLT Mumbai: Permits post-sanction modification of scheme to change accounting treatment[8]

The Applicant Company sought to amend an already sanctioned amalgamation scheme to replace the "Business Combination Method" with the "Asset Acquisition Method" to align with Ind AS and group accounting policies, contending that the change was tax neutral and did not impact the transaction substance.

The Tribunal held that a sanctioned scheme could be modified post-approval and noted that its powers under Section 231 extend to permitting modifications necessary for proper implementation, provided the basic framework of the scheme remains intact; while the RoC objected to the revision, inter alia, on the grounds that the accounting treatment had already been certified and that the applicant had not adequately justified the change, the Tribunal observed that the proposed amendment was limited to accounting treatment, did not alter the commercial substance of the transaction, and no objections had been raised by the Income Tax authorities.

Accordingly, the NCLT allowed the modification, and held that the shift in accounting methodology was permissible under Ind AS, tax neutral, and did not affect the core structure of the scheme; it further dispensed with the requirement of convening fresh meetings of shareholders and creditors, emphasising that such modifications are permissible so long as they do not disturb the fundamental fabric of the approved scheme

5. NCLAT: Sets aside NCLT's direction for separate demerger application, cites finding contrary to scheme clauses[9]

The present case involved a Composite Scheme of Arrangement between RE Sustainability Ltd., Mumbai Waste Management Ltd., and Ramky Sustainability Solutions Pvt. Ltd., which contemplated (i) amalgamation of Mumbai Waste Management Ltd. (Amalgamating Company)

[8] In the matter of C.P.(CAA)/17(MB)2024, order dated March 14, 2026
[9] Company Application (AT) (CH) No. 66 / 2025 dated March 10, 2026

into RE Sustainability Ltd. (Amalgamated Company, followed by (ii) immediate demerger of a specified undertaking from the amalgamated entity into Ramky Sustainability Solutions Pvt. Ltd. (Resulting Company); the NCLT approved only the amalgamation and directed that the demerger be pursued through a separate application, observing that the demerged entity was not clearly specified and required independent scrutiny.
On appeal, NCLAT examined the scheme clauses and noted that the scheme itself clearly contemplated a composite restructuring in which amalgamation would be followed by demerger, and that it expressly defined the Amalgamated Company, Demerged Company, Resulting Company and the Demerged Undertaking, and therefore the finding of NCLT that the demerged entity was "unspecified" was contrary to the scheme provisions.

NCLAT further held that once the composite scheme had been approved by the shareholders and creditors and no statutory authority had raised objections, NCLT could not alter the structure of the scheme by severing the demerger component; accordingly, relying on the settled principle that courts should not interfere with the commercial wisdom of stakeholders approving a scheme, the appellate tribunal held that requiring a separate application for demerger was unwarranted.

C. SEBI and Other Highlights

1. SEBI: Graded Framework Introduced for Minimum Public Shareholding at IPO Stage [10]

The Central Government has amended Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, revising the minimum public offer requirements at the time of listing, based on the post-issue capital of the company; the amendment introduces a graded framework for minimum public shareholding at IPO stage, while prescribing timelines to reach the statutory 25% public shareholding.

Accordingly, the revised minimum public offer requirements are as follows:

Post-Issue capital (at Offer Price)	Minimum Public Offer at IPO	Timeline
≤ ₹1,600 crore	At least **25%** of each class of equity shares / convertible debentures	Already meets minimum public shareholding requirement
> ₹1,600 crore and ≤ ₹4,000 crore	Public offer equivalent to **₹400 crore value**	Public shareholding to be increased to **25% within 3 years** of listing
> ₹4,000 crore and ≤ ₹50,000 crore	At least 10% public offer	Public shareholding to be increased to 25% within 3 years of listing
> ₹50,000 crore and ≤ ₹1,00,000 crore	Public offer equivalent to ₹1,000 crore value and minimum 8%	Public shareholding to be increased to 25% within 5 years of listing

[10] Ministry of Finance Notification dated March 13, 2026

> ₹1,00,000 crore and ≤ ₹5,00,000 crore	Public offer equivalent to ₹6,250 crore value and minimum 2.75%	If public shareholding <15% at listing; increase to 15% within 5 years and 25% within 10 years
> ₹5,00,000 crore	Public offer equivalent to ₹15,000 crore value and minimum 1%	If public shareholding <15% at listing; increase to 15% within 5 years and 25% within 10 years

Katalyst comment

The amendment appears to be a calibrated response to the increasing scale of Indian capital markets and the corresponding challenge of market absorption, particularly in the context of large upcoming IPOs such as those of Reliance Jio Platforms and National Stock Exchange, based on publicly available information.

By introducing a graded minimum public shareholding framework at the time of listing, coupled with a phased timeline to achieve the 25% threshold, the revised regime provides structural flexibility to issuers while retaining the end objective of adequate public float. It also reflects a recognition that a one-size-fits-all approach to minimum dilution may not be optimal for companies with very large post-issue capital, and that staggered compliance may better support orderly price discovery and market stability

2. FDI Policy: Amendment for Investments from Land Bordering Countries[11]

During the COVID-19 pandemic, the Government amended the FDI policy through Press Note 3 (2020) to prevent opportunistic acquisitions of Indian companies, wherein, investments from entities of countries sharing a land border with India, or where the beneficial owner was situated in such countries, required prior Government approval; however, the blanket application of these restrictions also affected investments by global funds holding minority, non-controlling interests.

Accordingly, the Union Cabinet has approved the following amendments to the FDI policy:

- **Definition of Beneficial Owner:** The policy now incorporates a definition and criteria for determining Beneficial Ownership (BO) aligned with the framework prescribed under the Prevention of Money Laundering Rules, 2005, with the BO test applied at the level of the investor entity.

- **Automatic Route for Minority Non-Controlling Investments:** Investments involving non-controlling beneficial ownership from land-bordering country investors up to 10% will be permitted under the automatic route, subject to sectoral caps, entry routes, and disclosure of such details by the investee entity to DPIIT.

[11] PIB Delhi March 10, 2026

- **Time-bound Approval for Investments in Select Manufacturing Sectors:** Proposals involving investments from land-bordering countries in specified manufacturing sectors such as capital goods, electronic capital goods, electronic components, and polysilicon and ingot-wafer production will be processed and decided within 60 days.

- **Indian Ownership and Control Requirement:** In such cases, majority shareholding and control of the investee entity must remain with resident Indian citizens or Indian-owned and controlled entities at all times.

Katalyst comment

The 10% cap is unlikely to trigger a flood of Chinese investments. The possible approach could be to distinguish between sensitive areas / sectors and others; the latter need not be subjected to the "high fence" approach. The fact is that India does badly need FDI and the economic growth/ employment it could generate.

3. SEBI: Consultation Paper on 'Ease of Investing vis-à-vis transmission of securities'[12]

SEBI has issued a consultation paper proposing amendments to the transmission framework under the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** to simplify documentation requirements, revise threshold limits for simplified transmission, and standardise procedures for settlement of claims by legal heirs.

Key amendment proposals are as follows:

Particulars	Existing Framework	Proposed Framework
Issue identified by SEBI	Challenges such as complex documentations, low thresholds, and insistence on probated wills even where not legally required, have been highlighted over time	SEBI proposes a standardised and risk-based transmission framework to simplify documentation, reduce legal hurdles, and ensure faster settlement of claims.
Impact of change in Succession Law	Earlier, under Section 213 of the Indian Succession Act, 1925, probate of wills was mandatory for certain communities in 'presidency towns'.	With the removal of Section 213 (effective 20 December 2025), probate is no longer mandatory, which enables SEBI to remove the requirement of probated wills in the transmission process.
Revision of monetary thresholds for documentation	Simplified documentation permitted up to ₹5 lakh (physical securities) and ₹15 lakh (demat holdings).	Thresholds proposed to be increased to ₹10 lakh for physical securities and ₹30 lakh for demat holdings.

[12] SEBI consultation paper dated March 12, 2026

Introduction of Straight Through Processing (STP)	No separate category existed for very small claims.	A new STP category is proposed for low-value claims to enable minimal documentation and faster processing
Standardised documentation requirements	Documentation requirements varied across listed companies, RTAs and depositories, leading to inconsistent practices.	SEBI proposes a uniform documentation grid based on three categories: 1. STP cases (low value) 2. Simplified cases (below threshold) 3. Cases above threshold
Transmission in case of death outside India	Certification of death certificates from foreign jurisdictions required court/notary certification, consularisation or apostille.	Additional certification modes proposed, including authorised officials of overseas branches of Indian scheduled commercial banks or foreign banks.
Time limit for processing transmission	No uniform timeline specified across entities.	Entities must process transmission claims within 21 calendar days from receipt of complete documentation.
Regulatory amendment	Procedural requirements presently contained in Para C of Schedule VII of LODR Regulations.	SEBI proposes prescribe them through circulars, allowing operational flexibility.

4. SEBI: debarment and imposition of penalty for manipulating shares via Telegram[13]

EBI conducted an investigation into trading in the scrip of Retro Green Revolution Limited (RGRL) for the period September 2020 to December 2021, following unusual price and volume movements in an otherwise illiquid stock. The investigation revealed involvement of a group of connected entities led by Sanjay Choksi, who were alleged to have engaged in coordinated trading activities and dissemination of stock tips through Telegram channels to attract retail investors and facilitate exit at inflated prices. Key findings are highlighted as below:

- SEBI identified a pre-meditated pump-and-dump scheme executed by connected entities acting in concert.
- The scrip experienced artificial price rise and volume creation, driven by concentrated LTP contributions, new high price creation, and structured trading patterns.
- Telegram-based stock recommendations were used to induce retail participation and create liquidity.
- The promoter group and related entities offloaded shares at inflated prices, transferring risk to public investors.

[13] SEBI Order QJA/SS/IVD/ID4/32226/2025-26 dated March 17, 2026

- Funding linkages and inter-connections among entities established collusion and coordinated action.

- Entities involved in funding or facilitating trades were held to have aided and abetted the scheme, attracting similar liability.

- Violations of Section 12A of the SEBI Act and PFUTP Regulations were established based on trading patterns and circumstantial evidence.

SEBI imposed a penalty of ₹2.8 crore, directed disgorgement of ₹2.94 crore, and debarred the noticees from the securities market for a period of 3 to 5 years. The order reinforces SEBI's strong stance against manipulation in illiquid scrips and highlights that coordinated conduct, including use of digital platforms like Telegram, will be scrutinised holistically to safeguard investor interests and market integrity.

5. Linde India Limited: rejection of Material Related Party Transaction by Shareholders[14]

At an Extra-ordinary General Meeting of Linde India held on March 05, 2026, it considered an ordinary resolution for approval of certain related party transactions proposed to be undertaken during FY 2025–26 with Praxair India Private Limited, WOS within the Linde Group, aggregating to ₹417 crore. Given the size of the proposed transactions, the same qualified as material related party transactions under Regulation 23 of the SEBI (LODR) Regulations, 2015, which mandates prior approval of shareholders through an ordinary resolution.

Further, as per Section 188 of the Companies Act, 2013, related parties are required to abstain from voting to approve on such resolutions, and the approval must be obtained from non-related shareholders only; accordingly, the BOC Group Limited, being the promoter as well as the related party, did not participate in the voting process.

Based on the results of remote e-voting and e-voting conducted during the EGM, the resolution received 10.76% votes in favour and 89.24% votes against; consequently, the resolution failed to obtain the requisite approval of the non-related shareholders, resulting in the proposed material related party transaction(s) not being approved.

Katalyst comment:

The outcome is a striking illustration of the growing assertiveness of minority and institutional shareholders in listed company governance. The decisive rejection — driven in no small measure by the voting recommendations of proxy advisory firms, whose influence over institutional investor behaviour has grown considerably in recent years, underscores that related party transactions, however routine in a group context, are increasingly subject to rigorous scrutiny and cannot be taken for granted especially where promoter support is withheld from the vote

---

[14] Stock Exchange Disclosure for Linde India Limited dated March 05, 2026

D. Goods and Service Tax Highlights

1. Bombay HC (Nagpur Bench): Issuance of consolidated SCN for multiple years is not permissible even in case of alleged fraudulent availment of ITC[15]

Bombay HC (Nagpur Bench) quashed the consolidated SCN issued for F.Y.2018-19 to F.Y.2023-24 and held that the GST Law doesn't lay down any distinction permitting GST authorities to issue consolidated notices in cases involving alleged fraudulent availment of ITC. The HC holds that the GST framework treats each tax period/financial year as a distinct unit for assessment and recovery and that limitation for issuance of demand orders for cases involving /not-involving fraud or suppression of facts etc., runs separately for each financial year.

2. Bombay HC: Demand quashed as the mechanical order was passed ignoring assessee's submissions[16]

The company/assessee was investigated simultaneously by both Audit and Investigation wings of the GST department for the same subject matter, leading to double demand confirmations. Later, the assessee challenged the order-in-original (OIO) as well as the rectification order passed by the Adjudicating authority. In this regard, the Bombay HC quashed the OIO and rectification order primarily on the ground that the said orders have been passed in a mechanical manner without adverting to the submissions by the assessee. Further, the HC held that the impugned orders have not given any finding on the issues raised and have only given a bald finding that the office has gone through the submissions and this is a complete violation of principles of natural justice and hence, both the orders should be quashed.

3. Andhra Pradesh HC: Omission of Rule 96(10) wipes out all proceedings initiated under it[17]

A request for refund of INR 43 crore (approx.) filed by the assessee under Rule 96(10) was granted for the period November, 2018 to September, 2022; later, the revenue held that the refund granted to the assessee was barred by Rule 96(10) of the CGST Rules (which restricts exporters from claiming refund of IGST paid at the time of export of goods if benefit of duty-exemption at the time of imports is availed through Advance authorisation or EPCG license etc.) and such wrongfully granted refunds should be recovered. The assessee, being aggrieved by the said orders, filed writ petitions contending that Rule 96(10) of the CGST Rules is unconstitutional and ultra vires the provision of Section 16 of the IGST Act apart from being violative of Article 14 and

[15] Bhawana Steel Traders Vs. Joint Director, DGGI, Nagpur and anr. [TS-168-HC(BOM)-2026-GST] dated March 18, 2026

[16] Mediaedge CIA India Private Limited Vs Union of India and Others [TS-138-HC(BOM)-2026-GST] dated March 6, 2026

[17] Krishna Sai Granites (india) Private Limited Vs the Joint Commissioner of Central Taxes and Others [TS-134-HC(AP)-2026-GST] March 5, 2026

19 of the Constitution of India. In this regard, the HC has held that Rule 96(10) has been omitted with effect from October 8, 2024, without a saving clause and in such circumstances all the proceedings initiated under such a rule should be set aside as they would not survive the omission of Rule 96(10).

Katalyst comment

Andhra Pradesh HC in case of B V L Granites[18], allowed the writ petitions and set aside orders demanding recovery of IGST refunds sanctioned on exports, and held that all pending proceedings initiated under Rule 96(10) of the CGST Rules lapse upon its omission without a saving clause

[18] B V L Granites Vs. Additional Commissioner of Central Taxes & Ors. [TS-63-HC(AP)-2026-GST] dated February 13, 2026