



GENICON CS LEGAL MUSINGS

The Fortnightly Legal Updates !!!

#MUSINGS 7

1st March 2025

CONTACT

+91 900 315 3388

www.geniconcs.com

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MCA – ROC ADJUDICATIONS

In the matter M/s Musiri Kamadhenu Nidhi Limited for failing to file MGT-14

The Company failed to file e-form MGT-14 regarding the Board Resolution for approval of Financial Statements for the years FY 2016-17 to 2020-21, thus violating the provisions of section 117(3) (g) and Section 179(3)(g) of the Companies Act, 2013. In this regard, the ROC Chennai had imposed a penalty of ₹ 10,00,000 upon the Company and ₹ 4,50,000 upon the officers in default.

In the matter of M/s Nagappattinam Nidhi Limited for Non Disclosure in NDH-4.

MCA has rejected form NDH-4 filed by the company for not disclosing the PAN and other details in the attachments to the form. Thus, the Company has violated the provisions of Rule 14(6) of the Companies (Prospectus and Allotment of Securities), Rules, 2014 and was imposed a penalty of ₹ 20,000.



LABOUR LAW

PROFESSIONAL TAX SLAB

Greater Chennai Corporation Profession Tax - Deduction of Profession Tax amount from the employee — Profession Tax amount to be remitted into Greater Chennai Corporation with arrear if any without any delay

The due dates for remittance of Profession Tax for 11/2024-25 shall be before 31st March 2025. In case of employment, the Profession Tax amount for the period till II/2024-25 has to be deducted by the employer from the salary of the employee by January 2025 and has to be remitted to Greater Chennai Corporation before 31.03.2025.





LABOR LAW

LABOUR LAW

The Professional Tax slab rates shall be as follows:

S.No.	Half Yearly Income (Rs.)	Half yearly Profession Tax Rates(Rs)
1	0 to Rs. 21 000/-	NIL
2.	Rs. 21,001 /- to 30,000/-	180/-
3.	Rs. 30.001 / to 45,000/-	425
4.	Rs. 45.001 to 60,000/-	930/-
5.	Rs. 60,001 /- to 75000/-	1 ,025/-
6.	Rs. 75,001 and above	1,250 -



INCOME TAX BILL, 2025

Executive Summary on the Comprehensive Simplification of the Income-tax Act, 1961

The Income-tax Bill, 2025 has been tabled in Parliament on 13th February 2025, marking a significant step toward simplifying the language and structure of the Incometax Act, 1961.

The simplification exercise was guided by three core principles:

1. Textual and structural simplification for improved clarity and coherence.
2. No major tax policy changes to ensure continuity and certainty.
3. No modifications of tax rates, preserving predictability for taxpayers.

A three-pronged approach was adopted:

- Eliminating intricate language to enhance readability.
- Removing redundant and repetitive provisions for better navigation.
- Reorganizing sections logically to facilitate ease of reference.



Consultative and Research-Based Approach The Government ensured widespread stakeholder engagement, consulting taxpayers, businesses, industry associations, and professional bodies. Out of 20,976 online suggestions received, relevant suggestions were examined and incorporated, where feasible. Consultations were held with industry experts and tax professionals and simplification models from Australia and the UK were studied for best practices.

Outcomes of the Simplification Exercise Quantitative Impact The review has led to a substantial reduction in the Act's volume, making it more streamlined and navigable. Key reductions are summarized below :

Item	Existing Income-tax Act, 1961	Proposed in the Income- tax Bill, 2025	Change (Reduction/Addition)
Words	512,535	259,676	Reduction: 252,859 words
Chapters	47	23	Reduction: 24 chapters
Sections	819	536	Reduction: 283 sections
Tables	18	57	Addition: 39 tables
Formulae	6	46	Addition: 40 formulae





SEBI – INFORMAL GUIDANCE

Bajaj Finserv’s letter to SEBI seeking informal guidance with respect to Regulation 23 of the LODR Regulations on 27th July 2024.

Bajaj Finserv Limited (BFS) is listed on NSE and BSE, while Bajaj Allianz General Insurance Company Limited (BAGIC) is an unlisted subsidiary in which BFS holds 74% and Allianz SE holds 26%. BAGIC is a material unlisted subsidiary of BFS, and although Allianz SE is a related party of BAGIC, it is not a related party of BFS. BAGIC has entered into a reinsurance treaty with Allianz SE in compliance with the IRDAI regulations.

They followings are the queries raised by Bajaj Finserv, and answered by SEBI:



1) Whether the numerical threshold in the proviso to Regulation 23(1) of the Listing Regulations (Rs. 1,000 crore or 10% of consolidated turnover, whichever is lower) applies to a transaction/contract between a subsidiary and an entity that is not a related party of the listed entity, but is a related party of the subsidiary?

Yes, the numerical threshold in Regulation 23(1) (Rs. 1,000 crore or 10% of consolidated turnover, whichever is lower) applies to a transaction between a subsidiary of the listed entity and an entity that is a related party of the subsidiary but not the listed entity. As per Regulation 2(1)(zc) of the LODR Regulations, the definition of "related party transaction" includes a transaction involving a transfer of resources, services, or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand.

2) Whether the transaction between a subsidiary and its related party, which is not a related party of the listed holding company, requires shareholder approval of the holding company?

Yes, if the transaction is material as per Regulation 23(1) of LODR, it requires the prior approval of the shareholders of the listed holding company. This applies even if the related party is not a related party of the listed holding company.

If the value of the transaction does not exceed 10% of the standalone turnover of the subsidiary but exceeds Rs. 1,000 crore under Regulation 23(1), does it require shareholder approval of the listed holding company, and is the audit committee's approval required?

No response is provided due to policy concerns under paragraph 8(viii) of the Informal Guidance Scheme.

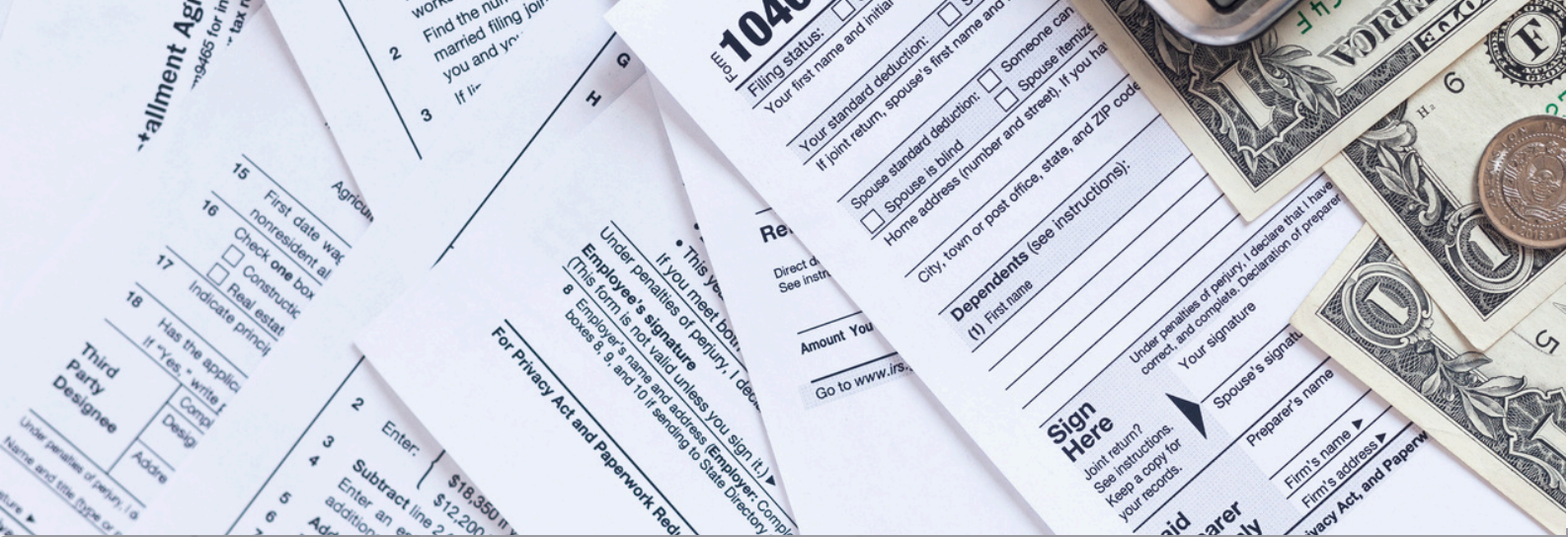
3) What would be the value of the reinsurance treaty for the purpose of determining a related party transaction? Would it be the expected premium income, the claim amount that may be payable, or the net settlement amount (premium less commission less claim)?

As per Regulation 2(1)(zc) of LODR, a related party transaction involves the transfer of resources, services, or obligations. The reinsurance treaty between BAGIC and Allianz SE involves a transfer of resources in the form of the net settlement amount. Therefore, the value of the transaction for the purpose of Regulation 23(2) of LODR should be based on the net settlement amount under the treaty for the financial year, which includes the premium, commission, and any claim amounts, if applicable.

4) Does the unlisted subsidiary have to identify related parties as per the definition in Regulation 2(zb) of LODR or according to their applicable laws, considering that the Listing Regulations do not apply to them as per Regulation 3?

Response: Unlisted subsidiaries of listed entities are required to identify related parties and related party transactions as per the provisions of the LODR Regulations. As per Regulation 2(1)(zc) of LODR, transactions between a subsidiary of a listed entity and the related party of the subsidiary, or the holding listed entity, fall within the scope of "related party transactions."





SEBI – SETTLEMENT ORDER

One97 Communications Limited (Paytm)

Paytm's Parent Company Settles Market Violation Case with SEBI"

For violations in Section 15-1 of the SEBI Act, 1992, Regulation 6 (2) & 4(2) of LODR, Regulation 245(1) and (2) of ICDR and Rule 3 of SEBI(Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 read with Section 19 of the SEBI Act, 1992.

Improper Disclosure: During the company's IPO process, there were allegations of improper disclosure, including incorrect and incomplete statements in the offer documents.

Listing Obligations and Disclosure Requirements (LODR)

Regulations: The company and its executives failed to comply with SEBI's LODR regulations.

Issue of Capital and Disclosure Requirements (ICDR) Regulations:

There were violations of SEBI's ICDR regulations, which include requirements for accurate and complete disclosures in offer documents.



SEBI - SETTLEMENT ORDER

Corporate Governance: Independent directors were accused of not maintaining an unbiased and independent approach in decision-making, particularly in matters involving benefits to the company's MD & CEO and his relatives

They filed Settlement applications with SEBI and the said applications were placed before the Internal committee of SEBI.

SEBI's Internal Committee recommended the following payments:

- Each Independent Director in NRC should pay : ₹53,62,500
- Each Non-Executive Director and Independent Director should pay : ₹42,90,000
- Company Secretary should pay: ₹11,05,000

The High Powered Advisory Committee (HPAC) accepted the settlement terms. A notice of demand was issued on December 13, 2024. After receiving the settlement amount of ₹3.32 crore, the adjudication proceedings were disposed of.



RESERVE BANK OF INDIA

Legal Entity Identifier (LEI): Mandatory Requirement for specified companies.

An LEI code is a 20-character identifier used to recognise legal entities engaged in financial transactions worldwide. It serves as a global reference number that uniquely distinguishes each legal entity or structure involved in a financial transaction across all jurisdictions.

In India, corporate borrowers are required to obtain an LEI number if their exposure is ₹ 5 crores or more, by April 30, 2025.

Failure to comply with these requirements can lead to the denial of credit, renewal, or enhancement of existing exposures.

ur paragraph text

For more Information :

<https://www.rbi.org.in/commonman/english/scripts/FAQs.aspx?Id=3285>





TEAM'S CORNER

Beyond the Due Date: The Price of Late AOC-4 & MGT-7 Compliance

As you are aware, AOC-4 includes the company's financial statements, such as the Balance Sheet, Profit & Loss Account, and Auditor's Report, while MGT-7 provides details regarding shareholders, directors, corporate structure, and compliance status and the Companies Act, 2013 provides clear timeline for filing these forms. It is important to note that failure to file these forms on time will not only incur an additional fee of ₹100 per day but may also lead to significant consequences that many small business owners may not fully comprehend.

To facilitate a smoother business environment, the Companies Act offers various exemptions for small companies. Notably, one significant exemption allows small companies to hold only two board meetings annually, whereas larger companies are required to conduct at least four meetings each year. However, if there is a delay in filing these forms, the company will forfeit this benefit and will be required to hold four meetings in the subsequent year.

TEAM'S CORNER

Many companies may be unaware of this requirement and may continue to operate under the assumption that they can hold only two meetings, which would result in a violation of the Companies Act provisions. If this situation persists over several years and is subsequently uncovered, such a lapse will result in heavy penalties, the financial burden might cause significant stress to the company's bottom line.

Furthermore, the directors will bear personal liability for this oversight and will be subject to penalties alongside the company. While a company may mitigate delays for other forms, it is crucial to file the AOC-4 and MGT-7 within the stipulated timeframe to maintain the associated benefits and safeguard directors from personal liability.





COMPLIANCE

COMPLIANCE CALENDER

<u>EVENT DATE</u>	<u>ACT</u>	<u>APPLICABLE FORMS</u>
2nd March 2025	Income Tax Act, 1961.	Due date for furnishing of challan-cum-statement in respect of deducted under section 194-IA, 194-IB, 194S, 194M in the month of January', 2025
7th March 2025	Income Tax Act, 1961.	Deposit of TDS/TCS for February 2025
10 th March 2025	Goods and Services Tax, 1961.	Filing GSTR-7



<u>EVENT DATE</u>	<u>ACT</u>	<u>APPLICABLE FORMS</u>
11th March 2025	Goods and Services Tax, 1961.	Filing GSTR-1 for February 2025 (monthly filers)
13th March 2025	Goods and Services Tax, 1961.	Filing GSTR-1 (IFF) for February 2025 (QRMP scheme)
15th March 2025	Labour Laws	Payment of PF and ESI contributions for February 2025
15th March 2025	Income Tax Act, 1961.	Advance Tax Payment for AY 2025-26, FORM 24 G

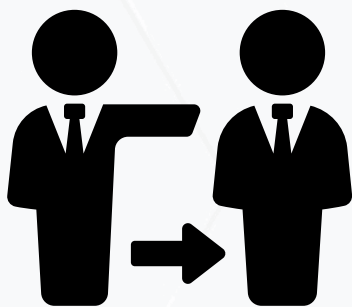


LEGAL MAXIM

DELEGATUS NON POTES DELEGARE

This maxim means that a person to whom an authority or decision-making power has been delegated to from a higher source, cannot, in turn, delegate again to another, unless the original delegation explicitly authorized it. In other words a person to whom some power is delegated cannot sub-delegate that power to someone else.

The reason why this principle is followed is very simple. One who has the power or authority from another person to do an act must do it himself or herself as this is a trust or confidence reposed in that person personally. It cannot be assigned to a stranger whose ability and integrity might not be known to the principal.





WISDOM CORNER

A Man With A Question !!!

A man was advised by his psychoanalyst to go to the hills. He was always complaining and complaining about this and that, and always asking questions.

He was never at ease with anything, never at home. He was advised to go for a rest.

The next day a telegram arrived for the psychoanalyst.

In it the man said,
“I am feeling very happy here. Why?”

-Osho, The Empty Boat.





MUSINGS IN THE MAZE

TAGLINE MANIA- GUESS THE BRAND

- 1. I'm Lovin' It**
- 2. Let's Go Places**
- 3. Imagine the Possibilities**
- 4. The Happiest Place on Earth**
- 5. The Power of Dreams**

Answers to Who Am I? #Musings6

- 1.Red Herring Prospectus**
- 2.Deferred Tax**
- 3.Waterfall Arrangement**
- 4.Henry Fowler**
- 5.Deemed Dividend**





LITERARY WEEK

Ms. Sandhya Madhavan has made the presentation on the review of the book. **“HOW TO IKIGAI”** at Genicon Corporate Solutions on 22-02-2025.

How to Ikigai -The Ancient Japanese Secret.
Lessons for Happiness and living your life's purpose.



Habit of Ikigai

30 DAYS OF HALF IKIGAI
JOB CRAFTING, DO WHAT YOU LOVE
MINDFUL MEDITATION
JOURNAL ABOUT YOURSELF
SEE HOW YOUR IKIGAI FEELS



KNOWLEDGE SHARING

Inbound Investments & FEMA: Clearing the Confusion



Informative session on **FEMA** compliances and practical applications led by the expert team from Standard Chartered Bank, comprising Mr. Mohammed Kader, Mr. Tarun Kumar and Mr. Deepak Srinivasan at Genicon Corporate Solutions on 26-02-2025

Team Genicon CS Congratulates



**Clearing On
FIRST ATTEMPT**



**Sakthishree K
CS Professional
Module 1**



**Sandhya M
CS Professional
Module 2**



GENICON CS PROFILE



GENICON CORPORATE SOLUTIONS
Corporate Consulting and Secretarial Services

GENICON LEGAL LLP
Advocates & Advisors

SJN & ASSOCIATES
Practising Company Secretaries



6th & 7th Floor, No.672,
Temple Tower, Anna Salai,
Nandanam, Chennai 600035



9003199945



connect@geniconcs.com



www.geniconcs.com