



# LEGAL MUSINGS

THE FORNIGHTLY LEGAL UPDATES !!!

**2025**

**#MUSINGS 15**  
**1st July 2025**



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# Meet our Minds

## The Resource Team



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**Many Minds, One Mission !!!**

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# MCA- ROC ADJUDICATION ORDERS

## **1. In the matter of M/s. Baby Memorial Hospital Limited:**

- The core issue is the Company's failure to ensure complete dematerialization of its securities.
- Rule 9A(2) Companies (Prospectus and Allotment of Securities) Rules, 2014, requires every unlisted public company to make any offer of securities (shares, buyback, bonus, or rights offer) only in dematerialized form. It also requires that the entire holding of securities by its promoters, directors, and key managerial personnel (KMP) be dematerialized before such offer.
- Rule 9A(3)(b) mandates that every holder of securities subscribing to any securities must ensure all existing securities are held in dematerialized form before such subscription.
- The Company made offers of shares on three occasions but failed to ensure dematerialization of existing shares before the new allotment. These shares were subsequently dematerialized, i.e. after the allotment was made.
- The adjudication found Baby Memorial Hospital Limited and of its officers in default and imposed penalty for each occasion of allotment on the company and its officers.
- The Company and its officers have the right to appeal the order to the Regional Director (SR), Ministry of Corporate Affairs, Chennai within 60 days.



# MCA- ROC ADJUDICATION ORDERS

## 2. In the matter of M/s. Tilak Proficient Nidhi Limited:

- **Core Violation:** During an inspection, it was observed that the company and its directors/officers failed to maintain proper Minutes Books for proceedings of General Meetings of Members and other minutes books from its incorporation until the current financial year.
- This failure constitutes a violation of Section 118 of the Companies Act, 2013, read with Rule 25 of the Companies (Management & Administration) Rules, 2014.
- After hearing, it was concluded that the company and its directors had indeed contravened Section 118 of the Companies Act, 2013, making them liable for penalties under Section 118(11) of the Act.
- Nidhi Company Status: The company is a Nidhi Company, and it does not fall under the definition of a "small company" as per Section 2(85) of the Companies Act, 2013. Therefore, the provision for a lesser penalty under Section 446B is not applicable.





A blurred background image showing a business meeting. A woman in a white blazer is writing on a document with a pen. A man in a dark suit is holding a smartphone. They are sitting at a table with papers and a pen.

# MCA- ROC ADJUDICATION ORDERS

## **3. In the matter of M/s. Eaglesight Media Private Limited:**

- This case brings out the importance of filing DIR-12 for a resigned director (in this case, MD). The company has failed to file DIR-12 even after repeated intimation by the director, and so the director has filed DIR-11 to inform MCA of his resignation.
- This triggered RoC to send notice to the company for explanation which was returned undelivered and consequently RoC has initiated the adjudication process.
- MCA imposed penalty on the director (MD) and the company for non-maintenance of registered office.
- Since the online filing system does not allow an individual (former MD) to file the ADJ form, a practicing company secretary filed a Serious Complaint Form on behalf of the Managing Director.
- Penalty on the former MD was set aside and the penalty on the company was upheld with further inspection into the affairs of the company.





# MCA- ROC ADJUDICATION ORDERS

## 4. In the matter of CA Vinay Bora (Practicing CA):

- This case points out the necessity of an auditor to use all the powers provided under section 143 of the Companies Act, 2013, to get into the full of the affairs of the company.
- Violation: Originally a penalty of Rs. 1,50,000/- was imposed on the Auditor for violation of Section 143 of The Companies Act, 2013.
- An adjudication notice for the said violation was issued by ROC, West Bengal, on 30/01/2023, but no reply was received from the auditor.
- Hence, the penalty as above was imposed vide Order dated 31/07/2023.
- On this RoC Adjudication Order, an appeal was filed by the Auditor.
- Outcome of the Appeal: The Regional Director, Eastern Region, concluded that no ground was made out to interfere with the original penalty order dated 31/07/2023, and accordingly the original penalty was confirmed and appeal was disposed by the RD.





# SEBI: CIRCULAR

## **Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions**

SEBI has issued a Circular dated June 26, 2025, mandating all listed entities to adhere to revised Industry Standards on the minimum information required for Audit Committee and shareholder approval of Related Party Transactions (RPTs).

Developed by the Industry Standards Forum (ISF) in consultation with SEBI and leading industry bodies (ASSOCHAM, CII, FICCI), these standards aim to standardize the format and content of disclosures for RPT approvals.

The revised standards will be effective from September 1, 2025. Listed entities must ensure compliance with these standards as per the updated SEBI Master Circular and LODR Regulations, with industry associations and stock exchanges responsible for publishing the standards and related FAQs on their websites.

### **The minimum information to be provided is divided into 3 parts:**

- **Part A: Minimum information of the proposed RPT, applicable to all RPTs.**
  - a) Basic details of the related party
  - b) Relationship and ownership of the related party
  - c) Details of previous transactions with the related party
  - d) Amount of the proposed transaction(s)
  - e) Basic details of the proposed transaction





# SEBI: CIRCULAR

- **Part B. Information to be provided only if a specific type of RPT is proposed to be undertaken and is in addition to Part A.**

a) Sale, purchase or supply of goods or services or any other similar business transaction and trade advances

b) Loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary

c) Investment made by the listed entity or its subsidiary

d) Guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.

e) Borrowings by the listed entity or its subsidiary

f) Sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate.

g) Transactions relating to payment of royalty.

- **Part C. Information to be provided only if a specific type of RPT proposed to be undertaken is a material RPT and is in addition to Part A and Part B (with respect to such RPT).**

a) Transactions relating to any loans and advances (other than trade advance) or inter-corporate deposits given by the listed entity or its subsidiary.



# SEBI: CIRCULAR

- b) Investment made by the listed entity or its subsidiary.
- c) Guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.
- d) Borrowings by the listed entity or its subsidiary.
- e) Sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate.
- f) Transactions relating to payment of royalty.







# SEBI: INFORMAL GUIDANCE

## **Clarification from SEBI on the date of Acquisition of Shares**

### **Who:**

Ideas.Com India Pvt. Ltd. (promoter of Prithvi Nandy Communications Ltd.)

### **What:**

Sought SEBI's clarification under Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, regarding the timing of share acquisition.

### **Issue:**

- Acquired 6.23 lakh shares on March 28, 2025 (trade date).
- Shares were credited to the demat account on April 2, 2025 (due to market holidays).

### **Key Question:**

Should the acquisition be considered in FY 2024–25 (based on trade execution date) or in FY 2025–26 (based on demat credit date)?

### **Why It Matters:**

Determines if the promoter group is eligible to acquire up to an additional 5% of shares in FY 2025–26 without triggering a mandatory open offer.





# SEBI: INFORMAL GUIDANCE

## Relief Sought:

Confirmation that the acquisition is considered on the trade execution date (March 28, 2025), and not on the credit date (April 2, 2025).

## **SEBI's Ruling on the Financial Year for Acquisition Threshold:**

For Regulation 3(2), which restricts acquisition of more than 5% shares in any financial year by persons holding 25% or more without a public announcement, **the acquisition is considered to occur in the financial year when the purchase order was placed for the execution of trades.** This date is when the acquirer becomes entitled to voting rights beyond the stipulated thresholds.

This means the date of the purchase order, not the demat credit date, determines the relevant financial year for the 5% limit.





## **Corporate Insolvency and Business Revival in India – IBC law in layman's perspective**

When companies face severe financial distress—characterized by inability to service debt obligations, supplier payment delays, and uncertainty regarding employee compensation—stakeholders often perceive this as an irreversible business failure.

However, India's insolvency framework (Insolvency and Bankruptcy Code, 2016) provides structured mechanisms for corporate rehabilitation.

This framework represents a systematic approach to addressing corporate financial distress while balancing the interests of multiple stakeholders in the business ecosystem.

### **An Example of Success:**

**Bhushan Steel** had huge unpaid loans and was about to shut down. Through the insolvency process, Tata Steel took over the company. Jobs were saved, debts were partly recovered, and the business restarted. Instead of dying, the company got a second life under better management.

### **What Happens Under This New System?**

#### **1.The Company Admits It's in Trouble (or Creditors Do It)**

A company (or its lenders/suppliers) can go to NCLT and say, “We’re not able to pay. Help us fix this.”



## TEAM'S CORNER

### **2. Court Freezes Everything for a Few Months**

No one can take the company to court, grab its assets, or force it into liquidation during this time. Everything is on pause. This is called Moratorium.

### **3. A New Manager Takes Charge**

The owners step aside temporarily. An independent expert comes in to clean things up and looks for a solution. He takes care of the company in the meantime.

### **4. Creditors Decide the Future**

Banks and other people the company owes money to come together to decide: should we fix this company or shut it down?

### **5. A New Buyer Can Step In**

Someone else—maybe a big company or investor—can offer to take over, clean up the mess, pay off some debts, and restart the business.

### **Why This Matters to You and Me?**

#### **When a company fails:**

- Significant employment displacement occurs
- Supplier payment obligations remain unmet
- Financial institutions face potential losses on public deposits
- Local economies experience adverse impacts





# TEAM'S CORNER

## **When businesses are successfully rehabilitated:**

- Employment is preserved
- Creditor recovery is optimized
- Regional economic stability is maintained

## **Before IBC – Kingfisher airlines example:**

Kingfisher collapsed in 2012 due to unpaid loans, grounded planes, and unpaid salaries.

At that time, India didn't have the IBC. So, there was no fast, structured process to resolve its debts or invite new investors.

Had IBC existed then, lenders could've taken control, brought in a new buyer, and possibly saved the airline—just like Jet Airways is being revived now. Instead, Kingfisher went down completely, leaving ₹9,000+ crore in unpaid loans and thousands jobless.

The IBC gives failing businesses a second chance instead of shutting them down. It protects jobs, recovers value for lenders, and keeps the economy moving. Without it, good businesses would die just because they hit a rough patch.

This does not mean IBC is a cure-all medicine for all sick companies. It has its own pitfalls, but the benefits weigh over its shortcomings. We are focussing on its merits.



## "Res Ipsa Loquitur"

The Latin maxim "Res Ipsa Loquitur", translated as "The thing speaks for itself," represents a foundational doctrine in the law of torts, particularly in cases of negligence. This principle encapsulates the idea that in certain situations, the very nature of an accident or injury implies negligence, even in the absence of direct evidence. It allows a presumption of liability to arise where the facts are so telling that they effectively speak to the defendant's breach of duty without the need for further proof.

Within the Indian legal framework, Res Ipsa Loquitur has been consistently applied by the judiciary to balance the scales in cases where a plaintiff may face significant difficulty in obtaining direct evidence of negligence. Indian courts, including the Supreme Court, have invoked this doctrine in various contexts medical negligence, industrial accidents, and transportation mishaps where the circumstances themselves suggest that the harm could not have occurred without someone's fault.

The doctrine remains instrumental in promoting fairness and access to justice, particularly in complex or asymmetric legal scenarios. By shifting the burden of proof to the defendant in appropriate cases, Res Ipsa Loquitur safeguards the interests of those who suffer harm due to apparent lapses in standard care. It serves as a reminder to legal practitioners that the law, while grounded in procedure and evidence, must also heed the logic of common experience and the imperatives of substantive justice.







# WISDOM CORNER

## The Balloon

The Balloon Seller, a man of humble means, made his living selling balloons of various colours at the fair. He had a special way of attracting customers when business was slow.

Whenever the crowd seemed to thin out, he would release a helium-filled balloon into the sky. The sight of the floating balloon would instantly gather a crowd of children around his stall.

One day, amidst the laughter and cheer, he felt a tug on his jacket. He turned around to find a little boy, eyes full of curiosity, looking up at him.

The Little Boy asked the Balloon Seller, 'If you release a black balloon, would that also fly?' The question took the Balloon Seller by surprise, but he saw the boy's genuine concern.

With a smile, the Balloon Seller replied, 'Son, it is not the colour of the balloon, it is what is inside that makes it go up.' The boy's eyes widened in understanding.

From that day onward, the Little Boy never judged things by their appearance. He understood that it was what's inside that truly matters.

The Balloon Seller continued to sell his balloons, his business flourishing. He was content, knowing he was not just selling balloons, but also spreading joy.







# WISDOM CORNER

Occasionally, he would see the Little Boy in the crowd, always with a smile and a wave. The Balloon Seller's heart warmed each time, knowing he had touched a young mind.

Every time he released a balloon into the sky, he was reminded of the boy's question. It was a simple query, but it had a deep impact, not just on the boy, but on him as well.

He realized that his balloons were more than just toys, they were symbols of hope, joy, and positivity. They taught him that it's not the exterior, but what's inside that truly matters.

Years passed, the Balloon Seller grew older, but his spirit remained youthful. His balloons continued to fill the skies, each one carrying a message of positivity and hope.

One day, a young man approached him. It was the Little Boy, all grown up. He thanked the Balloon Seller for the lesson he had taught him all those years ago.





# COMPLIANCE CALENDER

Date	Event/ Compliance
09 July, 2025 to 13 <sup>th</sup> July, 2025	MCA21 V3 Portal Downtime – <b>Unavailable from 09 July 12:00 AM to 13 July 11:59 PM</b> due to system upgrades. No filings/resubmissions possible. No fee waivers or deadline extensions. So, if any previous filings are pending, kindly complete within the first week of July.
7 <sup>th</sup> July, 2025	TDS/TCS Deposit Due Dates - Due date for deposit of Tax deducted/collected for the month of June, 2025.
11 <sup>th</sup> July, 2025	GSTR-1 (Monthly)
14 <sup>th</sup> July, 2025	Enhanced Board's Report – (Accounts Rules Amendment) under the Companies Act, 2013, with effect from 14th July, 2025
15 <sup>th</sup> July, 2025	FLA Return (Foreign Liabilities and Assets) Filing – Mandatory filing with RBI.



# MUSINGS IN THE MAZE

**1. Your company passed a resolution for rights issue of shares to existing shareholders. It's a private company and has not altered its Articles. Which form(s) must be filed with ROC?**

- A. MGT-14, PAS-3
- B. Only PAS-3
- C. MGT-14, SH-7, PAS-3
- D. MGT-7A

**2. The company took an inter-corporate loan in April, repaid it in August, and had no such balance as on 31st March. Should DPT-3 be filed?**

- A. Yes, it must be filed for all loans during the year
- B. No, as there's no loan as on 31st March
- C. Only if loan was outstanding > 90 days
- D. File STK-2 instead

**3. A public company converted to a private company. Which forms are applicable and in what sequence?**

- A. MGT-14 → INC-27 → INC-22
- B. MGT-14 → RD-1 → INC-28
- C. INC-27 → MGT-14 → SH-7
- D. RD-1 → INC-27 → INC-28





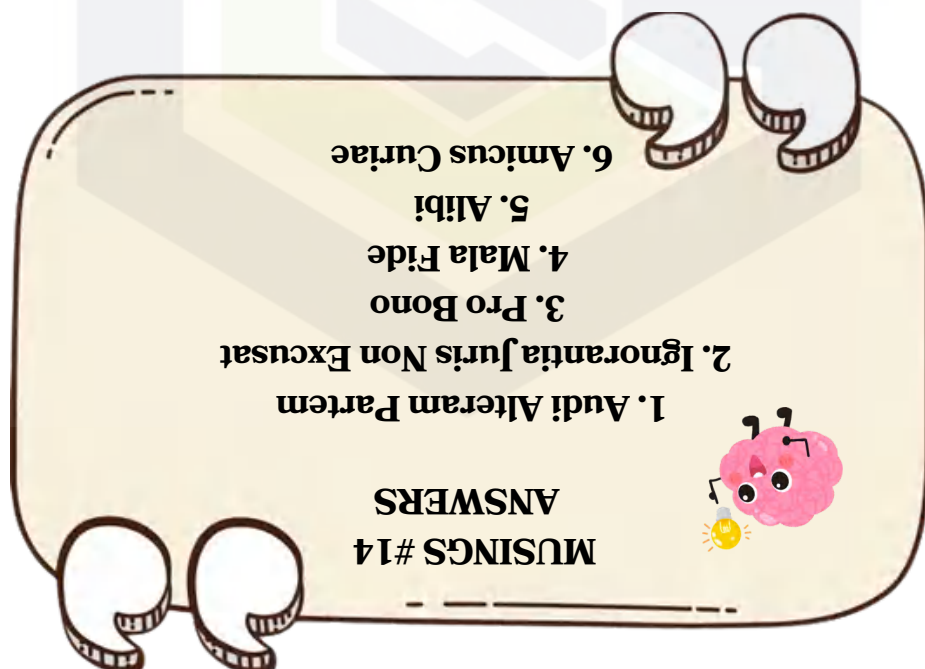
# MUSINGS IN THE MAZE

**4. The Board passed a resolution on 1st May to borrow ₹50 Cr exceeding paid-up + free reserves. It was ratified in GM on 30 May. What is the last date to file MGT-14?**

- A. 16 May
- B. 29 May
- C. 27 June
- D. None of the Above

**5. A director resigned and the company failed to file DIR-12. Can the director himself file intimation to ROC?**

- A. No, only company can file
- B. Yes, through DIR-11
- C. Yes, through DIR-3
- D. Yes, but only after 30 days





# GENICON GENESIS



**Ms. D. Sangamithra B.A.B.L (Hons), ACS,**

On 16<sup>th</sup> June, 2025, Ms. D. Sangamithra, Designated Partner at Genicon Legal LLP, conducted a session on **“How to Draft Agreements / Contracts”**, where she explained the fundamental elements that should be included in agreements and contracts. She also shared valuable insights from her practical experience in the field.

**#KnowledgeGlimpse**



HAPPY

BIRTHDAY

# *Team Birthdays June 2025*

*Team Genicon CS  
celebrated the Birthdays of  
Ms. Jamuna. S and  
Mr. Saarang Gopal !*







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## GENICON CORPORATE SOLUTIONS PVT LTD

### Vision:

To be recognized as an excellent service provider in the field of Corporate Laws.

### Mission:

To provide pragmatic and proactive solutions to our clients and to enhance the value of every stakeholder at Genicon.



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