

Nangia Andersen LLP

Tax & Regulatory Newsletter

April 2022



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Direct Tax



Whether cost reimbursed to overseas distributors for warranty, provided under sale agreement to buyers is Fee for Technical Services (FTS)?

Issue - Fee for Technical Services

Outcome - In favour of the Assessee

Background

In an appeal pertaining to the Assessment Year (AY) 2010-11, the Chennai Tribunal has held that cost reimbursed to overseas distributors for warranty services carried out and utilized outside India under sale agreement to buyers is not FTS as such reimbursements are on actual basis.

Brief Facts and Contentions

- The Assessee (Tractors and Farm Equipment Ltd) is a resident manufacturing company.
- For AY 10-11, the assessee exported agricultural tractors through non-resident (NR) distributors. The distributor having no permanent establishment (PE) in India, carries out warranty expenses outside India, which are reimbursed by assessee on actual basis.
- The Assessing Officer (AO) found that amount for warranty was collected at the time of original sale itself whereas cost of services was reimbursed to NR distributors at the time of provision of actual services. Further, AO contended that such warranty services could only be offered by the manufacturer at own cost. Therefore, AO held that these services were technical in nature and assessee was obligated to deduct tax at source.
- In appeal, assessee reiterated that technical services were rendered outside India by the dealers to the end-users and not to the assessee. Further, assessee submitted that TDS would not be attracted since NR distributor did not have any PE in India.

- However, CIT(A) chose to confirm the stand of AO noticing that the contract of warranty was between the assessee and the customers and the contract for carrying out the warranty services was between the assessee and dealers.

ITAT's Judgement

- The Tribunal noted that warranty obligation are part and parcel of sales transactions and therefore, the same could not be held to be 'FTS'. Further, services have been carried as well as utilized outside India and s there was nothing on record to establish that any of the payees had a PE in India. Therefore, there is no TDS obligation on the part of the assessee as the payees do not have any PE in India.
- The Tribunal bench after considering the provisions of section 9(1)(vii)(b) of the Act held that payment made by the assessee to a person outside India for earning income from any source outside India would not require tax at source u/s 195 of the Act, since the income of recipient would be excluded from the deeming provisions of section 9(1) of the Act.

Nangia Andersen LLP's Take

The decision of Chennai Tribunal establishes that reimbursements paid to NR distributor without any margin are not income accruing in the hands of NR distributor since they are based on actual cost and no profit element is involved.

Further, mere repair work cannot be said to be in nature of technical services, and therefore, no liability to pay tax arises in India.

[Source- ITA No.1069/Chny/2019]



Income from providing access to online database, not taxable as royalty under India-USA Tax Treaty



Issue - Royalty

Outcome - In favour of the assessee

Background

In a recent deliverance, the Delhi Tribunal has reiterated that the revenue derived from granting limited access to a database is akin to sale of book. As the user of the database does not receive the right to exploit the copyright in the database, the receipts cannot be considered as royalty under Article 12 of the India USA Tax Treaty.

Brief Facts and Contentions

- The Assessee “OVID Technologies Inc.” is an entity incorporated in USA. It allowed access to data and information after making value additions like analysis, indexing, etc. and received consideration for providing access to the centralized database.
 - The Assessing Officer (AO) and CIT(A) sought to tax the revenue from giving access to online database as royalty income under the provisions of Article 12 of the India USA Tax Treaty. However, the Assessee contended that the revenue was not in the nature of royalty.
 - Consequently, the assessee preferred appeals against the orders of the CIT(A).
- The Article 12 brings within the ambit of the definition of ‘Royalty’ the payment made for use of, or the right to use any copyright of a literary, artistic, or scientific work. Hence, only those payments that allow a payer to use or acquire a right to use copyright in literary, artistic or scientific work are covered within the definition of ‘Royalty’ whereas the payments made for acquiring right to use product itself, without allowing any right to use the copyright in the product are not covered with the scope of ‘Royalty’ which may get covered under the term under Royalty as per the Act.”
 - From the entire factual matrix of the business of the Assessee, the Tribunal observed that there was no transfer of legal title in the copyrighted article as the same rests with the Assessee. The user had no authority to reproduce the data in any material form to make any translation in the data or to make adaptation in the data. Hence, the end user cannot be said to have acquired a copyright or right to use the copyright in the data.
 - The Tribunal explained that the revenue derived by the Assessee from granting limited access to its database is akin to sale of book, wherein purchaser does not acquire any right to exploit the underlying copyright. When the purchaser reads the book, he only enjoys the content. Similarly, user of the database does not receive the right to exploit the copyright in the database, he only enjoys the product in the normal course of his business. Hence, the same cannot be considered as royalty under Article 12 of the India USA Tax Treaty.

ITAT’s Judgement

- The Tribunal noted that basis the provisions of section 92 of the Act, the Assessee is entitled to invoke the provisions of India -USA Tax Treaty to the extent it is more beneficial to the Assessee. Accordingly, the beneficial provisions of the Tax Treaty were to be considered in the case at hand.

Nangia Andersen LLP's Take

Article 12 of the India US Tax Treaty brings within the ambit of the definition of 'Royalty' the payment made for use of, or the right to use any copyright of a literary, artistic, or scientific work.

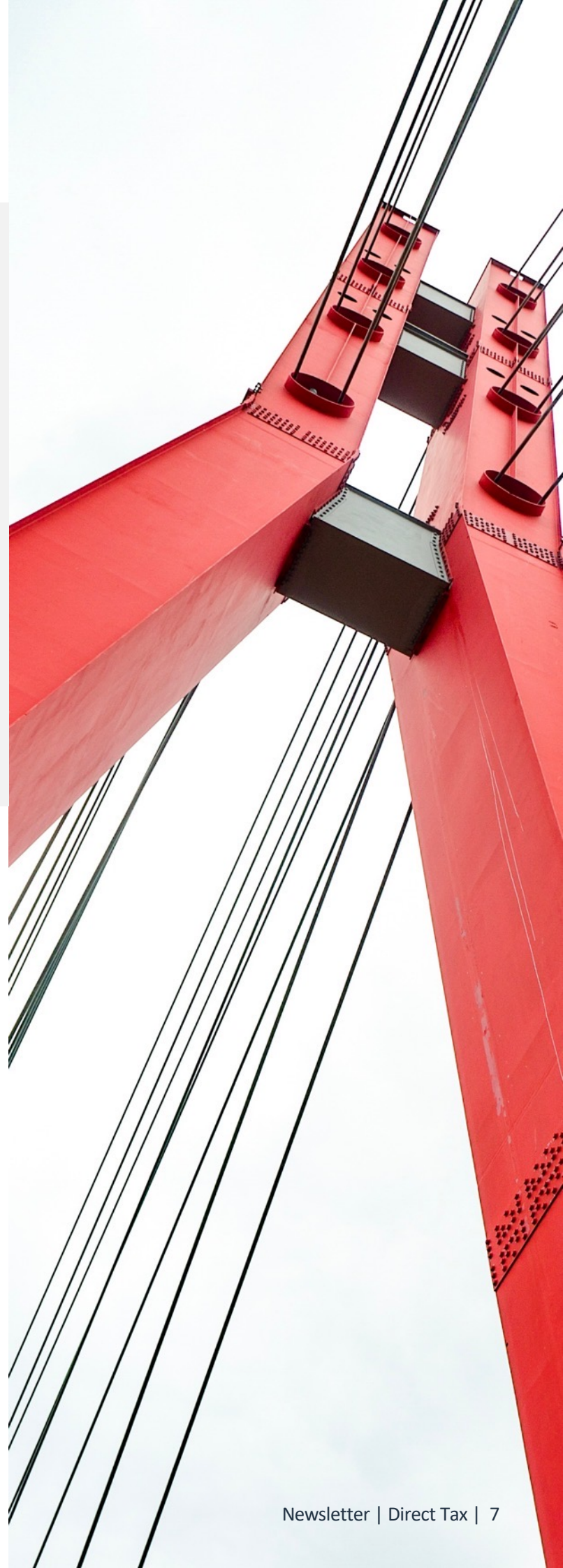
Accordingly for determining whether or not a payment is for use of copyright, it is important to distinguish between "a payment for right to use copyright in a program" and "right to use program itself."

In the instant case, as the assessee only granted access to its database without transfer of legal title in the copyrighted article, the consideration could not be considered as royalty under Article 12 of the India USA Tax Treaty.

Past Precedents

In case of a US based non-resident, the Mumbai Tribunal had issued an edict that subscription fees for access to online databases and online journals is not taxable as Royalty.

[Source- ITA No. 5171/DEL/2018 & ITA No. 4302/DEL/2019]



Joint Venture's premises in India not Fixed Place PE as the place not at the disposal of the Non-Resident Entity

Issue - Permanent Establishment (PE)

Outcome - In favour of the assessee

Background

In a recent directive, the Delhi Tribunal held that merely providing access to the premises by JV for the purpose of providing agreed services by the assessee would not amount to the place being at the disposal of the assessee. Further, the activities performed by the employees of the assessee in India were not in the nature of supervisory functions. Accordingly, no Fixed Place PE or Supervisory PE of the assessee was constituted in India.

Brief Facts and Contentions

- The assessee is a tax resident of Japan. It formed a JV company in India, namely FCC Rico Limited (FRL) in the year 1997.
- The assessing officer (AO) held that FRL's premises in addition to hosting the business activities of FRL, served as a "branch" as well as "office" of the assessee. Therefore, the same constituted a Fixed Place PE.
- Further, the AO in support of his contention that FRL constitutes Fixed Place PE of the assessee placed reliance on certain clauses of the Licence Agreement and deduced that title of goods supplied by the assessee to FRL passed in India and hence the assessee carried on business in India.
- Further, the employees of assessee visited India to help FRL in setting up a new product line and end-to-end supervision was rendered by the assessee. The period of stay of the employees in India exceeded 6 months and hence it constituted Supervisory PE of the assessee in India.

- Basis the foregoing observations, the AO held that the assessee had a business connection in India in terms of section 9(1)(i) of the Act and a Fixed Place PE as well as Supervisory PE in India under Article 5 of the India-Japan Tax Treaty. The AO proceeded to tax the receipts from sale of raw materials and capital goods by attributing 50% of the profits to the alleged PE.
- The AO's order was upheld by the DRP. Consequently, the matter was pleaded before the Tribunal.

ITAT's Judgement

- The Tribunal explained that merely providing access to the premises by FRL for the purpose of providing agreed services by the assessee would not amount to the place being at the disposal of the assessee.
- Further, the Tribunal placed reliance on the judgment of the Hon'ble Supreme Court in Mahabir Commercial Co. Ltd (supra) to explain that since goods were manufactured outside India, sale of goods took place outside India and consideration was also received by the assessee outside India, title passed outside India and hence the assessee did not carry out any operation in India in relation to supply of the raw material and capital goods. Accordingly, there was no Fixed Place PE of the assessee in India.
- The employees of the assessee visited India to assist FRL in relation to certain supplies. The activities performed by the employees were not in the nature of supervisory functions. Moreover, no installation or assembly project was ongoing at FRL's premises. The employees were not rendering any services in connection with building site or a construction project or an installation project or an assembly project.

- The employees visited India on year to year basis under the contract. In AY 2014-15 and AY 2015-16, the employees visited India to render certain technical services under the Licence Agreement read with Dispatch of Engineers Agreement, consideration in respect of which had been duly offered to tax as FTS. Hence, the Tribunal ruled that there was no Supervisory PE of the assessee for the AYs under consideration.

Nangia Andersen LLP's Take

The ruling reiterates a well settled position of law that in order to constitute a Fixed Place PE, the alleged premise must be at the disposal of the enterprise. In the instant case, the assessee had access to the premises for providing agreed services but the same was not at the disposal of the assessee.

Separately, Supervisory PE is created when an enterprise carries on supervisory activities for more than six months in connection with a building site or construction, installation or assembly project. As supervision was not reflected in the work done by the engineers in India for FRL, it was held that the assessee did not have a Supervisory PE.

Past Precedents

- The Supreme Court in the case of Formula One world Championship¹ held that a premises shall be treated as at the disposal of the enterprise only when the enterprise has right to use the said place and has control thereupon.

[Source-ITA No. 8960 & 54/Del/2019]

¹ Formula One world Championship Vs. CIT [Civil Appeal No. 3849 of 2017]





Transfer Pricing

ITAT upheld broad similarity approach while using TNMM as MAM; allowed working capital adjustment

Outcome - In favor of both i.e., taxpayer and revenue

Category - Working Capital adjustments; ALP Computation; TNMM

Facts of the Case

- Walvoil Fluid Power India Private Limited (“the taxpayer”), is a subsidiary of Walvoil S.p.A Italy, is engaged in the business of manufacture of Hydraulic valves for automobiles and for industrial machineries.
- During the year under consideration i.e. Assessment Year (“AY”) 2013-14, the taxpayer has entered into international transactions with its Associated Enterprises (“AE”) in relation to import of components and raw material, purchase of machineries, interest paid on ECB, repayment of loan and reimbursement of expenses.
- Further, for benchmarking the aforesaid transactions, the taxpayer used aggregation approach and adopted Transactional Net Margin Method (“TNMM”) as Most Appropriate Method (“MAM”).
- During the course of assessment proceedings, Assessing Officer (“AO”) referred the case to Transfer Pricing Officer (“TPO”) under section 92CA of the Income Tax Act, 1961 (“the Act”) for computation of Arms’ Length Price (“ALP”). The TPO included four more comparables and excluded one based on the Function, Asset and Risk (“FAR”) Analysis. The taxpayer accepted all inclusions except Triton Valves Ltd by stating that products and the industry serviced by Triton Valves is not comparable.
- Further, TPO did not allow working capital adjustment and interest paid as an element of operating cost. Aggrieved by the same, the taxpayer filed objections before Dispute Resolution Panel (“DRP”), where DRP stated that TNMM requires establishing comparability at a broad functional level and a strict product comparison is not a necessity.
- Further, in relation to working capital adjustment, DRP relied on the decision of *ITAT Chennai Bench in the case of M/s Mobis India Limited* and rejected the taxpayer plea for inclusion of the aforesaid adjustment on the ground that the taxpayer has not been able to demonstrate that the working capital differences had impact on its profit.
- Aggrieved by the directions of DRP, the taxpayer filed an appeal before Income Tax Appellate Tribunal (“ITAT”).





ITAT's Ruling

- The taxpayer filed an appeal before ITAT for the exclusion of a comparable company i.e. Triton Valves Limited and consideration of working capital adjustment and interest cost for arriving at operating profit of comparable entities.
- ITAT held that TNMM requires transaction to be broadly similar to qualify as comparable. Further, stated that while determining ALP using TNMM, it is not necessary for the comparable company and the taxpayer to cater the same industries in order to be functionally comparable.
- Further, ITAT upholds inclusion of Triton Valves Limited as a comparable.
- Further, ITAT in relation to working capital adjustment relied on **M/s. Huawei Technologies India**, where it was held that there would remain no comparable uncontrolled transaction for the purpose of comparison, if CIT (A) disallows working capital adjustment on profit margins. Hence, disallowed revenue's decision and allowed working capital adjustment to the taxpayer.

Nangia Andersen LLP's Take

The principles drawn in the current judgement are in line with the prior rulings on the same issue and the judgment is one more addition to the plethora of judgments in relation to the determination of ALP using TNMM as MAM and allowance of working capital adjustment. Also, the principle of working capital adjustments to factor in the differences which could materially affect the amount of net profit margin in the open market has been supported.

In the instant case, ITAT stated that using TNMM does not require any strict comparability to determine the ALP of an international transaction. Also, in relation to working capital adjustment, by following OECD TP Guidelines, states that working capital adjustments should be allowed to ensure broad comparison of the comparable companies.

[Source: Walvoil Fluid Power India Pvt Ltd [TS-147-ITAT-2022(Bang)-TP]



Regulatory



Updates under Companies Act, 2013

Extension of filing Form CSR-2

The Ministry of Corporate Affairs ('MCA'), vide its notification dated 31 March 2022, has issued the Companies (Accounts) Second Amendment Rules, 2022. As per the amendment, filing of Form CSR-2 has been extended from 31 March 2022 to 31 May, 2022.

Updates under Limited Liability Partnership Act, 2008

Amendment in LLP Rules

The Ministry of Corporate Affairs ('MCA') vide notification dated 4 March 2022 has amended the Limited Liability Partnership. Rules, 2009. These amendments inter-alia allow obtaining five Designated Partner Identification Number ('DPINs') at the time of incorporation, as compared to two DPINs earlier. Further, PAN and TAN would be allotted along with Certificate of incorporation of LLP. With this change, newly incorporated LLPs would not be required to apply for PAN and TAN separately.

Financial Sector Updates

Regulatory Framework for microfinance loans

Reserve Bank of India ('RBI') vide notification no. RBI/DOR/2021-22/89 dated 14 March 2022 has issued 'Master Directions – RBI (Regulatory Framework for Microfinance Loans) Directions, 2022'. The said directions shall be effective from 1 April 2022.

The aforesaid direction shall be applicable to all Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) *excluding* Payments Banks, all Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Co-operative Banks and all Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).

The Master directions deal with provisions relating to Microfinance Loan, Assessment of Household Income, Net Owned Fund ('NOF') requirements, Limits on loan repayment obligations for a household, Pricing of Loans, Guidelines on conduct towards Microfinance Borrowers, Guidelines related to Recovery of Loans, Engagement of Recovery Agents, Qualifying Assets Criteria etc.

Updates Under FEMA

Amendments in FDI Policy

The Department for Promotion of Industry and Internal Trade ('DPIIT'), Ministry of Commerce & Industry, on 14 March 2022 has issued Press Note No. 1 (2022 Series) ('PN 1') to facilitate foreign investment in Life Insurance corporation of India ('LIC'). As per the PN 1, 20% FDI is now allowed under the automatic route in LIC subject to conditions specifically applicable to LIC therein.

This amendment has been introduced ahead of the proposed Initial Public Offering ('IPO') of LIC which is expected to be the largest in the history of Indian stock markets. As per the existing FDI policy, FDI in insurance sector is capped upto 74% under the automatic route.

In addition to the above, PN 1 has also brought amendments to the FDI Policy relating to the following:

- Allowing startup companies to issue convertible notes wherein these instruments can now be converted into equity shares within ten years as compared to five years earlier.
- It has been clarified that "Company" shall include a body corporate established or constituted by or under any Central or State Act, however it shall not include a body corporate, society, trust or any entity, which is excluded as an eligible investee entity under the FDI Policy.



Securities and Exchange Board of India ('SEBI') Updates

SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2022

SEBI *vide* notification dated 16 March 2022 notified SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2022 to elaborate the investment conditions for Category III AIFs under clause (d) of sub-regulation (1) of regulation 15. As per the amendment, Category III AIFs have been restricted to invest not more than 10% of the investable funds in an Investee Company, directly or through investment in units of other AIFs. Further, large value funds for accredited investors of Category III AIFs have been restricted to invest up to 20% of the investable funds in an Investee Company, directly or through investment in units of other AIFs.

Increase in Limit from INR 2 Lakh to INR 5 Lakh to apply under public issue through UPI

SEBI *vide* Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021 provided an option to the investors to apply in a public issue of debt securities through UPI for application value up to Rs. 2 lakhs. However, National Payments Corporation of India (NPCI) *vide* its circular no. NPCI/UPI/OC No. 127/ 2021-22 dated 9 December 2021, enhanced the UPI limit per transaction from Rs. 2 lakh to Rs. 5 lakh to apply for UPI based Applications Supported by Blocked Amount (ASBA) IPO.

In order to bring harmony between the above-mentioned circulars, SEBI *vide* circular no. SEBI/HO/DDHS/P/CIR/2022/0028 dated 8 March 2022 has now made amendments under Chapter I and II of the said Operation circular to enhance the limit to apply public issue of debt securities through UPI for

application value from Rs. 2 lakhs to Rs. 5 lakhs which shall be applicable from 1 May 2022.

Automation of Disclosure Requirements under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - System Driven Disclosures - Ease of Doing Business

SEBI *vide* notification no. SEBI/LAD-NRO/GN/2021/46 dated 13 August 2021 had abolished the requirement of manual filings for transactions undertaken in the depository system including Regulation 29 and 31 of Takeover Regulations w.e.f. 1 April 2022. Thereafter, SEBI through its recent Circular no. SEBI/HO/CFD/DCR-3/P/CIR/2022/27 dated 7 March 2022 has specifically laid down list of certain transactions under Regulation 29 and Regulation 31 in respect of which disclosures are still required to be filed manually; these transactions include disclosure in respect of encumbered shares; acquisition or disposal of shares by acquirer/Persons Acting in Concert ('PACs') (in case shares are held in physical form by acquirer).

The above circular also states a mechanism for dissemination of information for Depositories and stock exchanges on their websites which shall be applicable from 1 July 2022.

Clarification in relation to related party transactions

SEBI *vide* its circular dated 30 March 2022 has provided the following clarifications and guidance for smooth implementation of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which was amended *vide* notification dated 9 November 2021. The circular shall come into force with effect from 1 April 2022.

- A Related Party Transaction ('RPT') that has been already approved by audit committee and shareholders prior to 1 April 2022 will not be required to seek fresh approval from the shareholders.

- An RPT approved by the Audit Committee prior to 1 April 2022 which continues beyond such date and becomes material as per revised materiality threshold, shall be placed before the shareholders in the first general meeting held after 1 April 2022.
- An RPT for which the audit committee has granted omnibus approval and which is material in terms of Regulation 23(1) of LODR, shall continue to be placed before the shareholders.
- The explanatory statement to the notice being sent to the shareholders for seeking approval for an RPT shall provide relevant information so as to enable the shareholders to take an informed decision whether the terms and conditions of the proposed RPT are favorable to the listed entity in comparison to the terms and conditions of transactions being entered into between two unrelated parties.



Updates Under MSME

Launch of MSME Innovative Scheme (Incubation, Design And IPR) and MSME Idea Hackathon 2022 under MSME Champions Scheme

The Union Minister for MSME, Shri Narayan Rane on 10 March 2022 launched the MSME Innovative Scheme (Incubation, Design and IPR) along with the MSME Idea Hackathon 2022 to help entrepreneurs in developing new ventures and promote untapped creativity of MSME sector.

MSME Innovative is a new concept for MSMEs with a combination of innovation in incubation, design intervention and by protecting IPR in a single mode approach to create awareness amongst MSMEs about India's innovation and motivate them to become MSME Champions. It will act as a hub for innovation activities facilitating and guiding development of ideas into viable business proposition that can benefit society directly and can be marketed successfully.

The details of the sub-schemes are as follows:

- Incubation: Financial assistance up to Rs. 15 lakh per idea and up to Rs. 1 crore for relevant plant and machinery will be provided.
- Design: Financial assistance up to Rs. 40 lakh for design project and up to Rs. 2.5 lakh for student project will be provided.
- IPR (Intellectual Property Rights): Financial assistance up to Rs. 5 lakh for Foreign Patent, Rs. 1 lakh Domestic Patent, Rs. 2 lakh for Geographical Indication Registration, Rs. 15 thousand for Design Registration, Rs. 10 thousand for Trademark in the form of reimbursement.

Orders/ Judgements

Violation of Provisions of Section 149(1) of The Companies Act, 2013

The Registrar of Companies ('ROC'), Chandigarh passed an order dated 3 March 2022 under Section 454 of the Companies Act 2013 read with the Companies (Adjudication of Penalties) Rules, 2014, in the matter of M/s Ceigall India Limited (the Company).

A penalty of INR 1.16 lakh each has been imposed on the Company and its officer in default on occasion of non-compliance with the second proviso of Section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 which requires specified class of companies to appoint at least one woman director. It further requires any intermittent vacancy of a woman director to be filled up by the Board of Directors of the Company at the earliest but not later than immediate next Board Meeting or three months from the date of such vacancy, whichever is later.

Penalty Imposed By RBI for non-compliance By NBFC

The RBI *vide* order dated 11 March 2022 has imposed a monetary penalty of Rs. 2.5 lakh on M.L. Securities and Finance Private Limited (Company) for non-compliance with certain provisions of 'Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued by RBI on classification of Non-performing assets. This penalty has been imposed in exercise of powers vested in RBI under the provisions of clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Reserve Bank of India Act, 1934, taking into account the failure of the company to adhere to the aforesaid directions issued by RBI.

The inspection report of the company based on its financial position as on 31 March 2019, revealed, inter alia, non-compliance with above mentioned directions issued by RBI. Based on the same, a Notice was issued to the company advising it to show cause as to why penalty should not be imposed for non-compliance with the directions. After considering the company's replies and oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.

Acquisition by Amazon Asia-Pacific Resources Private Limited

The Competition Commission of India ('CCI') has recently approved the acquisition of Prione Business Services Private Limited (Target) by Amazon Asia-Pacific Resources Private Limited (Acquirer). The proposed combination pertains to the proposed acquisition of 76% of the equity shares of Prione Business Services Private Limited (Target) by Amazon Asia-Pacific Resources Private Limited (Acquirer).

Acquirer is an indirect wholly owned subsidiary of Amazon.com, Inc. ('ACI'). ACI is the ultimate parent entity of the Amazon group. The Acquirer does not undertake any business activity in India. However, ACI has certain indirect subsidiaries either registered in India or having business operations in India.

Target is an Indian owned and controlled company, and is controlled by Hober Mallow Trust (Hober Mallow). Target has a wholly owned subsidiary Cloudtail India Private Limited ('CT'). CT is engaged in B2C retail business in India, and currently offers products for sale to customers on its online marketplace, www.amazon.in operated by Amazon Seller Services Private Limited (Amazon Marketplace). CT is also engaged in wholesale (B2B) trading of products through online and offline channels.

SEBI order in case of material related party transaction

Securities and Exchange Board of India ('SEBI') in the matter of Bhagyanagar Properties Limited, *vide* order dated 28 February 2022, has disposed-off the Adjudication Proceedings initiated against the Company *vide* Show Cause Notice dated 8 September 2021 without imposition of any monetary penalty.

The aforesaid order has been given on the basis that the Regulation 23(4) of SEBI (LODR) Regulations, 2015 has not expressly used the word "prior" to obtain shareholders' approval in respect of a material related party transaction. Accordingly, the Company had obtained prior approval of Audit Committee; however, approval of shareholders was obtained subsequent to the execution of transaction.

Under Section 23-I of the Securities Contracts (Regulation) Act, 1956 read with Rule 5 of SCR (R) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005, SEBI was of the view that the Company has violated the provisions of regulation 23(4) read with regulation 23(1) of SEBI (LODR) Regulations, 2015 and accordingly has not obtained prior shareholders' approval for sale of equity shares of its AP Golden Apparels Pvt. Ltd., its wholly owned subsidiary, being a material related party transaction.



Compliance Calendar

| Due dates | Particulars |
|-----------------------------|---|
| 7 th April 2022 | Due date for deposit of Tax deducted by an office of the government for the month of March, 2022. |
| | Due date for deposit of TCS collected for the fourth quarter of FY 2021-22 |
| | Due date for payment of Equalisation Levy on online advertisement and other specified services, referred to in Section 165 of Finance Act, 2016 for the month of March, 2022. |
| 14 th April 2022 | Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of February, 2022 |
| | Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of February, 2022 |
| | Due date for issue of TDS Certificate for tax deducted under section 194M in the month of February, 2022 |
| 15 th April 2022 | Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending March, 2022 |
| 30 th April 2022 | Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of March, 2022 |
| | Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of March, 2022 |
| | Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of March, 2022 |
| | Due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March, 2022 |
| | Due date for deposit of TDS deducted for the fourth quarter of FY 2021-22 |

| Segment | Particulars | Due Dates |
|--|---|---------------|
| Monthly ECB return under FEMA | ECB-2 (Monthly Return of ECBs for the month of March 2022) | 7 April 2022 |
| Half yearly return in respect of outstanding payments to Micro or Small Enterprise under the Companies Act, 2013 | Form MSME | 30 April 2022 |
| Reg 30(1) of SEBI (SAST) Reg. 2011 | Every person holding more than 25% shares or voting rights in that company, shall make yearly disclosure (financial year ending as on 31st March) to the Company & also to the stock exchanges where the shares of the company are listed | 21 April 2022 |
| Reg 30(2) of SEBI (SAST) Reg. 2011 | Every Promoter shall disclose their aggregate shareholding and Voting Rights as on 31st March to Company and STX | 7 April 2022 |
| Reg 31(1) of SEBI(LODR) Reg. 2015 | Submit a Statement showing Shareholding Pattern to STX | 21 April 2022 |
| Reg 55A of SEBI (Depositories and Participants) Reg. 1996 | Submit Audit Report to STX for Reconciliation of Share Capital Audit by PCA or PCS for shares held in Physical or D-mat mode | 21 April 2022 |
| Reg 13(3) of SEBI(LODR) Reg. 2015 | Submit Statements of Investors Complaints to STX | 21 April 2022 |
| Reg 40(9) of SEBI (LODR) Reg. 2015 | RTA shall produce a Certificate from PCS | 30 April 2022 |
| Reg 7(3) of SEBI (LODR) Reg. 2015 | Submit a Compliance Certificate to the Exchange signed by the Compliance officer of the listed entity and the Authorised Representative of RTA. | 30 April 2022 |
| Reg 33(3)(d) of SEBI (LODR) Reg. 2015 | Submission of half yearly financial results alongwith Auditor's Report | 30 May 2022 |

| Segment | Particulars | Due Dates |
|---|--|---|
| Reg 23(9) of SEBI(LODR) Reg. 2015 | Disclosures of Related Party Transaction | 30 days from the date of publication of its standalone and consolidated financial results |
| Reg 24(a) of SEBI(LODR) Reg. 2015 | Submission of Secretarial Audit Report and Secretarial Compliance Report | 30 May 2022 |
| Reg 27(2)(a) of SEBI(LODR) Reg. 2015 | Submit a Corporate Governance Report | 15 April 2022 |
| Reg 40(10) of SEBI(LODR) Reg. 2015 | Transfer or transmission or transposition of securities | 30 May 2022 |



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