

# Info Capsule

Thursday  
February 04, 2021

**President :** CS Nagendra D. Rao

**Vice President :** CS Devendra V. Deshpande

## ❖ Business News

### **RIL's unit to sell Marcellus shale assets for \$250 million (Feb 4, 2021)**

Reliance Industries Ltd (RIL) units will sell its interest in certain upstream assets in the Marcellus shale in the United States for \$250 million in cash to Northern Oil and Gas Inc. The assets, currently operated by various affiliates of EQT Corp, will be sold for the cash consideration and warrants, that will allow for the purchase of 3.25 million common shares of NOG at an exercise price of \$14 per common share over the next seven years.

<https://timesofindia.indiatimes.com/business/india-business/rils-unit-to-sell-marcellus-shale-assets-for-250-million/articleshow/80681466.cms>



**THE INSTITUTE OF  
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**भारतीय कम्पनी सचिव संस्थान**

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## ❖ Securities Laws and Capital Markets

### SEBI Orders

- **Final Order in the matter of Future Retail Limited (February 3, 2021)**

SEBI has barred Kishore Biyani, CEO of Future Group, his brother Anil Biyani and a few entities from accessing the securities market for a year for alleged insider trading between March and April 2017. SEBI case against the Biyanis, Future Corporate Resources Pvt Ltd, a Future group company and other related entities, pertains to insider trading in the shares of Future Retail based on unpublished price sensitive information in 2017 when a few companies of the Future group were being restructured.

*For details:*

[https://www.sebi.gov.in/enforcement/orders/feb-2021/final-order-in-the-matter-of-future-retail-limited\\_49001.html](https://www.sebi.gov.in/enforcement/orders/feb-2021/final-order-in-the-matter-of-future-retail-limited_49001.html)

<https://indianexpress.com/article/business/kishore-biyani-future-group-sebi-7173652/>

- **Adjudication Order in the matter of GDR issue (2008) of Beckons Industries Limited (February 3, 2021)**

SEBI imposed a penalty of Rs. 11.8 crore on Beckons Industries Ltd and its ex-directors in a matter pertaining to manipulation in the issuance of global depository receipts (GDRs). Beckons issued GDRs worth USD 5 million in July 2008, with the objective of establishing a subsidiary in the UAE.

*For details:*

[https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-beckons-industries-ltd-in-the-matter-of-gdr-issue-2008-of-beckons-industries-limited\\_48994.html](https://www.sebi.gov.in/enforcement/orders/feb-2021/adjudication-order-in-respect-of-beckons-industries-ltd-in-the-matter-of-gdr-issue-2008-of-beckons-industries-limited_48994.html)

## News

- **Future Group challenges court order blocking its Reliance deal in dispute with Amazon (February 4, 2021)**

Future Retail Ltd (FRL) challenged a Delhi High Court ruling that had ordered the company to halt the sale of its retail assets to Reliance Retail Ventures Ltd (RRVL), a unit of Reliance Industries. The ruling issued by a single judge was challenged in the same court before a two-judge bench. FRL, which runs Big Bazaar, EasyDay and Central, said if the deal to sell its retail and logistics assets to Reliance doesn't take place, the company will be forced to go into liquidation.

*For details:*

<https://economictimes.indiatimes.com/industry/services/retail/future-group-to-challenge-court-order-blocking-its-reliance-deal-in-dispute-with-amazon-says-source/articleshow/80662716.cms>

## ❖ Indirect Taxes

### Goods and Services Tax

- **Payment of Tax by Fixed Sum Method under QRMP scheme (February 03, 2021)**

With effect from January 01, 2021, following two options are available to the Taxpayers who are under Quarterly Returns and Monthly Payment of Tax (QRMP) Scheme for tax payment for first 02 months of a quarter:

- Fixed Sum Method: Portal can generate a pre-filled challan in Form GST PMT-06 based on his past record.
- Self-Assessment Method: The Tax due is to be paid on actual supplies after deducting the Input Tax Credit available.

*For details:* <https://www.gst.gov.in/newsandupdates/read/447>

### Customs

- **Systemic improvements regarding modification in the Bond (B-17) Execution process - Circular No. 03/2021 - Customs (February 03, 2021)**

In case of EOU/EHTP/STP, a single all-purpose bond was notified vide notification no. 06/98-C.E.(N.T.), dated March 02, 1998. This bond is called B-17(General Surety/Security).

CBIC has clarified that in case of B-17 bond executed by EOU/STP/EHTPs in capacity of Proprietorship or partnership firm, surety cannot be given by Proprietor/ partner himself. Such sureties must be given by an independent legal entity other than the Proprietor/ Partner of the concerned Proprietorship/ Partnership EOU firm.

*For details:* <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-03-2021.pdf>

## ❖ **Banking and Insurance**

### • **Risk-Based Internal Audit (RBIA) (February 03, 2021)**

Earlier Risk-Based Internal Audit (RBIA) system was mandated for all Scheduled Commercial Banks (except Regional Rural Banks) now it has been decided to mandate RBIA framework for:

- All deposit taking Non-Banking Financial Companies (NBFCs), irrespective of their size and all Non-deposit taking NBFCs (including Core Investment Companies) with asset size of ₹5,000 crore and above; and
- Primary (Urban) Co-operative Banks (All UCBs having asset size of ₹500 crore and above).

*For details:*

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12018&Mode=0>

### • **UPI records 2.3 billion transactions worth Rs. 4.2 trillion in January 2021: NITI Aayog CEO (February 04, 2021)**

UPI recorded 2.3 billion transactions worth Rs. 4.3 trillion in January, 2021. On a year on year basis, UPIs transaction value jumped 76.5 % while transaction value jumped nearly 100%. Took UPI 3 years to cross 1 billion transactions a month.

*For details:*

<https://economictimes.indiatimes.com/industry/banking/finance/banking/upi-records-2-3-billion-transactions-worth-rs-4-2-trillion-in-january-2021-niti-aayog-ceo/articleshow/80679876.cms>

## ❖ **Terminology for today**

### **Pure Expectations Theory**

The idea that long-term interest rates predict what short-term rates will do in the future. So when the market expects short-term rates to fall, we expect to see lower long-term rates.

## ❖ **Market Watch**

<b>Stock Market Indices as on 04.02.2021</b>	
S & P BSE Sensex	50614.29 (+358.54)
Nifty 50	14895.65 (+105.70)

<b>Foreign Exchange Rates as on 03.02.2021</b> <i>(https://www.fbil.org.in/#/home)</i>			
<b>INR / 1 USD</b>	<b>INR / 1 GBP</b>	<b>INR / 1 EUR</b>	<b>INR/ 1 JPY</b>
72.9396	99.5742	87.8168	.6944

❖ **Pronouncement**

February 03, 2021	Phoenix Arc Pvt. Ltd.(Appellant) vs. Ketulbhai Ramubhai Patel (Respondent)	The Supreme Court
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**Creditor will not become 'financial creditor' under IBC, in case a corporate debtor has only offered security by pledging shares, without any undertaking to discharge the borrower's liability.**

**Fact of the case**

Appellant company was the assignee of a loan of Rs 40 crores advanced by a creditor to the parent company of the corporate debtor. As a security to that loan, the corporate debtor had executed a pledge agreement with the creditor, pledging certain shareholdings in another company.

**The question to be considered is whether the appellant can be a "financial creditor" solely on the basis of this pledge agreement ?**

The Appellant, argued that the Appellant is a "financial creditor" by virtue of Section 5(8)(i) of the IBC, Code 2016 which mentions liability arising out of 'guarantee or indemnity. The Respondent, submitted that the appellant is not a creditor as it has no right of recovery of any debt from the corporate debtor and has a limited right of enforcing and realising the value of its security in the shape of the shares held by the corporate debtor in its subsidiary. The pledge is not, in any manner, a guarantee under the Contract Act, 1872.

**Judgment**

The Supreme Court noted that the pledge agreement in the instant case did not amount to a 'guarantee' as defined under Section 126 of the Contract Act, 1872, since it did not contain an undertaking by the corporate debtor to discharge the liability of the borrower. Thus, it is held that a corporate debtor has only offered security by pledging shares, without undertaking to discharge the borrower's liability, then the creditor in such a case will not become 'financial creditor' as defined under the Insolvency and Bankruptcy Code(IBC). The appellant at best will be secured creditor but shall not be a financial creditor.

*For details:*

[https://main.sci.gov.in/supremecourt/2019/20381/20381\\_2019\\_37\\_1501\\_25825\\_Judgement\\_03-Feb-2021.pdf](https://main.sci.gov.in/supremecourt/2019/20381/20381_2019_37_1501_25825_Judgement_03-Feb-2021.pdf)

**Prepared by Directorate of Academics**

*For any suggestions, please write to academics@icsi.edu, or call at 01204082269*

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