

Info Capsule

Friday
March 12, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Securities Laws and Capital Markets**

SEBI News

SEBI forms expert group to examine feasibility of SPACs (March 11, 2021)

SEBI has formed a group of experts to examine the feasibility of introducing Special Purpose Acquisition Companies (SPACs) like structures in India. The group, formed under SEBI's Primary Market Advisory Committee (PMAC), has been asked to submit its report at the earliest. SEBI wants to explore the potential of SPACs while at the same time building adequate checks and balances in regulatory framework to take care of the associated risks. SPACs are formed to raise capital in an Initial Public Offering (IPO) with the purpose of using the proceeds to identify and merge with a target company.

For details :

https://www.business-standard.com/article/markets/sebi-forms-expert-group-to-examine-feasibility-of-spacs-121031100726_1.html



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❖ **Arbitration Law**

The Arbitration and Conciliation (Amendment) Act, 2021 (Dated March 11, 2021)

'The Arbitration and Conciliation (Amendment) Act, 2021' received the assent of President on March 11, 2021 with an objective to ensure that all the stakeholder parties get an opportunity to seek unconditional stay of enforcement of arbitral awards, where the underlying arbitration agreement or contract or making of the arbitral award are induced by fraud or corruption. Amendments in the act inter-alia include amendments to Section 43J of principal Act, which prescribes qualification, experience and norms for accreditation of arbitrators, is substituted with the following section.

43J The qualifications, experience and norms for accreditation of arbitrators shall be such as may be specified by the Regulations.

Accordingly, the qualifications for appointment as arbitrators will now be through Regulations.

Hon'ble President of India promulgated the ordinance earlier on this matter on November 4, 2020.

For details:

<http://egazette.nic.in/WriteReadData/2021/225832.pdf>

❖ **Business and Economics News**

- **Digital currencies & tokenisation a reality but unlikely to replace money (March 12, 2021)**

Digital currencies and tokenisation of assets are a reality and may be a dominant factor in the future, but that doesn't necessarily mean that Bitcoin could replace fiat currency as a medium of exchange. "DBS launched the first bank-sponsored digital exchange in December, which lets you tokenise assets and securities."

For details:

https://economictimes.indiatimes.com/news/economy/finance/digital-currencies-tokenisation-a-reality-but-unlikely-to-replace-money-piyush-gupta-ceo-of-dbs/articleshow/81459120.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **NITI Aayog submits first list of about 12 PSUs for privatisation (March 12, 2021)**

The government has kicked off its privatisation drive, with the NITI Aayog, a body headed by the prime minister, submitting its first list of about 12 public sector undertakings (PSUs) to be privatised. The organisation has submitted the list comprising PSUs in strategic sectors, which will be considered by the Department of Investment and Public Asset Management (DIPAM), and the Core Group of Secretaries on Divestment (CGD), headed by the cabinet secretary.

For details:

https://www.business-standard.com/article/economy-policy/niti-aayog-submits-first-list-of-about-12-psus-for-privatisation-121031200061_1.html

- **PwC Global CEO Survey: Record level of optimism, 76% of CEOs predict global economy recovery in 2021 (March 11, 2021)**

One year after COVID-19 was declared a pandemic, CEOs are voicing record levels of optimism in global economic recovery, with 76% of global business leaders predicting an improvement in global GDP in 2021, according to PwC's 24th Annual Global CEO Survey. After a year of uncertainties and economic difficulties during which they had to rethink their activity, the CEOs are very confident in economic growth. Although the health crisis remains the top threat, the percentage of optimistic respondents in this edition of the CEO Survey is the highest it has been in recent years.

For details:

<http://business-review.eu/business/pwc-global-ceo-survey-record-level-of-optimism-76-of-ceos-predict-global-economy-recovery-in-2021-217939>

❖ *Pronouncement*

<i>March 05, 2021</i>	<i>Piyush Dilipbhai Shah & Ors. (Appellants) vs. Syngenta India Limited (Respondent)</i>	<i>NCLAT</i>
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Section 66(1) of the Companies Act, 2013 permit the Company to reduce its share capital in any manner subject to compliance of prescribed procedural requirements

Fact of the case

In this case the Respondent Company was converted into a Public Company and its shares were listed on Bombay Stock Exchange (BSE). However, subsequently its shares were delisted and after delisting, its shares have public shareholders comprising of 11,81,036 shares, which comes to 3.59% of total paid up share capital of the company. Appellants herein are the minority/non-promotor shareholders of the Respondent Company. Further, the Respondent Company intend to reduce its equity-share capital under Section 66 of the Companies Act, 2013 thereby extinguishing all the non-promotor shareholding. The Appellants submitted that the Respondent Company is making good profits and therefore the reduction of share capital especially extinguishing the public shares of the Company is unjustified.

The Respondent submitted that Section 66(1) of the Companies Act, 2013 expressly permit the Company to reduce its share capital in any manner including by way of selective reduction subject to compliance of prescribed procedural requirements. Further, it is submitted that it is a settled principle of law that reduction of share capital of a Company is a matter of domestic concern and commercial wisdom of the Company and while reducing the share capital, the Company can decide to extinguish the some of its shares without dealing with the same manner as with all other shares of the same class.

Judgment

The NCLAT has observed that w.r.t. the contention of the Appellants, that the Company adopted a selective method for the reduction of the share capital is concerned, Section 66(1) of the Companies Act, 2013 permits the Company to reduce the share capital in any manner and held that the reduction of the share capital is in accordance with law but it is unfair and unjust depriving the fruits of the company to its shareholders. So to protect the economic interest of public shareholders/non-Promotor shareholders, the company is directed to revalue the shares by a registered/independent valuers and pay the fair price arrived at by the valuer based on the latest audited accounts of the Company.

For details:

<https://nclat.nic.in/Useradmin/upload/1975208842604210cdf2f59.pdf>

❖ **Banking & Insurance**

Bank branches closed for next 4 days; SBI, other PSU banks may get hit as unions strike on March 15-16 (March 12, 2021)

Bank branches may remain closed for the next four days, including a two-day weekend holiday, and a two-day planned strike beginning from March 15, 2021. The United Forum of Bank Unions (UFBU), an umbrella body of nine unions, will go on a two-day strike on March 15 and 16, 2021, to protest against the proposed privatisation of two state-owned banks. Starting tomorrow, banks are scheduled to be closed on March 13, 2021 (second Saturday) and March 14, 2021 (Sunday). Due to this, bank services are likely to be impacted for the next four days. However, ATM, mobile and internet banking will remain functional.

For details:

<https://www.financialexpress.com/industry/banking-finance/psu-bank-branches-closed-for-next-4-days-sbi-others-may-get-hit-as-unions-strike-on-march-15-16/2211115/>

❖ **Terminology for today**

Special Purpose Acquisition Company (SPAC)

A special purpose acquisition company (SPAC) is a company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company. Also known as “blank cheque companies”

❖ **Market Watch**

Stock Market Indices as on 12.03.2021

S & P BSE Sensex	50792.08 (-487.43)
Nifty 50	15030.95 (-143.85)

Prepared by Directorate of Academics

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