

Info Capsule

Wednesday
May 12, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Banking and Insurance**

Exercise of Employee Stock Options (ESOPs) – Applicability of provision of Section 6A (4) (b) of the Insurance Act, 1938 (May 11, 2021)

The Authority, while approving the remuneration of Whole-time Director, Chief Executive Director and Managing Director, is also considering the granting and / or vesting of ESOPs. However, in a few cases, it has been observed that the exercise of ESOP by one or more KMPs whether singly or jointly is beyond the threshold limits specified in Section 6A (4)(b) of Insurance Act, 1938. Accordingly, the exercise of such ESOPs results in invocation of the provisions of the said section.

For details:

https://www.irdai.gov.in/ADMIN/CMS/cms/whatsNew_Layout.aspx?page=PageNo4482&flag=1



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

❖ **Latest @ ICSI**

First Virtual International Conference on Sustainable Finance, Economics & Accounting in the Pre- and Post - Pandemic Era [July 30-31, 2021] (May 11, 2021)

The Academic Partner of ICSI, IIM-Jammu and University of BRADFORD, UK is organizing an **International Conference on Sustainable Finance, Economics & Accounting in the Pre- and Post- Pandemic Era** to be held on July 30-31, 2021 in virtual mode. Members of ICSI have an opportunity to present their Academic, Professional and Research paper, without payment of any registration fees. Members who do not want to present their paper but to participate in the Conference in virtual mode may also join without any registration fees.

The conference aims to bring together leading academic experts, Professionals, researchers and research scholars to exchange and share their ideas, experiences and research in the field of 'Sustainable Finance, Economics and Accounting'. Further details about the conference themes are available at: http://www.iimj.ac.in/icfea_conference. Members can submit their paper through the Google link on or before May 30, 2021.

For details:

https://www.icsi.edu/media/webmodules/Flyer_Program_Invitation_GLW_ON_IP_FOR_HUMANITY.pdf

https://www.icsi.edu/media/webmodules/icfea_brochure_28April2021_V2.pdf

❖ **Securities Laws and Capital Market**

SEBI Consultation Paper

- **Consultation Paper on “Review of the regulatory framework of promoter, promoter group and group companies as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018” (May 11, 2021)**

The SEBI has issued a consultation paper on Review of the regulatory framework of promoter, promoter group and group companies as per SEBI (ICDR) Regulations, 2018 with an objective of seeking the public comments on the following latest by June 10, 2021:

- a) Reduction in lock-in period for minimum promoter’s contribution and other shareholders for public issuance on the Main Board.
- b) Rationalization of the definition of ‘Promoter Group’
- c) Streamlining the disclosures of group companies
- d) Shifting from concept of ‘promoter’ to concept of ‘person in control’

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/may-2021/consultation-paper-on-review-of-the-regulatory-framework-of-promoter-promoter-group-and-group-companies-as-per-securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-re-_50099.html

SEBI News

- **PC Jeweller case: SEBI fines, bars 4 individuals, 1 entity from securities market (May 11, 2021)**

SEBI imposed a total fine of Rs 1 crore on four individuals and an entity as well as barred them from the securities market for one year in a case of alleged insider trading activities in the shares of PC Jeweller Ltd.

Besides, they have been restrained from dealing with the securities of PC Jeweller, directly or indirectly, for two years.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/pc-jeweller-case-sebi-fines-bars-4-individuals-1-entity-from-securities-mkt/articleshow/82555632.cms>

❖ *Direct Tax*

• **Notification No. 60 (May 11, 2021)**

The Central Government, in consultation with the Chief Justice of the Gauhati High Court, hereby designates the Court of Munsiff No. 3-cum-Judicial Magistrate, First Class, Kamrup (M), Guwahati as the Special Court for the States of Assam, Nagaland, Mizoram and Arunachal Pradesh for the purposes of section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

For details:

<https://www.egazette.nic.in/WriteReadData/2021/226971.pdf>

• **Notification No. 61 (May 11, 2021)**

The Central Government, in consultation with the Chief Justice of the High Court of Tripura, hereby designates the Court of the Additional Chief Judicial Magistrate, West Tripura as the Special Court for the State of Tripura for the purposes of section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

For details:

<https://www.egazette.nic.in/WriteReadData/2021/226972.pdf>

❖ *Terminology for Today*

Double loop learning

In double-loop learning, feedback from management consequences is fed back to the action strategy development process and back into the governing variables that were used to develop the strategies in the first place.

❖ *Market Watch*

Stock Market Indices as on 12.05.2021	
S & P BSE Sensex	48690.80 (-471.01)
Nifty 50	14696.50 (-154.25)

Foreign Exchange Rates as on 11.05.2021 <i>(https://www.geojit.com/currency-futures/rbi-reference-rate)</i>			
INR / 1 USD	INR / 1GBP	INR / 1 EUR	INR/ 1 JPY
73.38	103.42	89.19	0.67

❖ **Pronouncement**

April 20, 2021	<i>K. Satheesh Babu Rajesh (Applicant) vs. Mr. George Varkey, Resolution Professional of Propyl Packaging Limited (Respondent)</i>	<i>NCLT, Kochi</i>
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The Tribunal allowed the Promoter of Corporate Debtor qualifying as MSME under the revised norms to file Resolution Plan in his Individual Capacity.

Fact of the Case

M/s Prayag Polytech Private Limited (Operational Creditor) sought the initiation of Corporate Insolvency Resolution Process against M/s Propyl Packaging Limited (Corporate Debtor). The applicant being the Promoter Director of the Corporate Debtor company was keen in restarting the business operations of the unit and intend to submit a Resolution Plan. However, the eligibility criterion specified in the invitation to submit Expression of Interest prescribed Minimum “Tangible Net Worth of Rs.10 Crores” for an individual who submits the Expression of Interest. Hence the expression of interest submitted by the applicant to the respondent Resolution Professional on January 17, 2021 has not been accepted.

The applicant states that as per the Government of India Gazette Notification No. SO. 2119-E dated June 26, 2020 for implementation of the upward revision in the definition and criteria of MSME(s) and that the applicant will come within the purview of micro small or medium enterprises if the investment is upto Rs. 50 crores and turnover is upto Rs.250 crores. It is further stated that the applicant is not a wilful defaulter and is not ineligible under Section 29A of IBC to apply as a Prospective Resolution Applicant of the Corporate Debtor under Section 240A of IBC.

In this connection, the applicant has referred to a decision of the Hon’ble NCLAT in *Saravana Global Holdings Ltd. vs. Bafna Pharmaceuticals Limited and others* wherein it was stated that the intention of the legislature shows that the Promoters of ‘MSME’ should be encouraged to pay back the amount with the satisfaction of the ‘Committee of Creditors’ to regain the control of the ‘Corporate Debtor’ and entrepreneurship by filing ‘Resolution Plan’ which is viable, feasible and fulfils other criteria as laid down by the ‘Insolvency and Bankruptcy Board of India’. Therefore, in exceptional circumstances, if the ‘Corporate Debtor’ is MSME, it is not necessary for the Promoters to compete with other ‘Resolution Applicants’ to regain the control of the ‘Corporate Debtor’.

Order

The NCLT, Kochi ruled that the Corporate Debtor qualifies as a MSME under the revised norms, and allowed the applicant to submit the Expression of Interest/Resolution Plan in his individual capacity and directed the Resolution Professional to register the Corporate Debtor as an MSME, provided the applicant produces the certificate of Registration as an MSME under the “Udhayam Registration” of the Ministry of Micro Small and Medium Enterprises.

For details:

<https://nclt.gov.in/sites/default/files/January2021/final-orders-pdf/IA%28IBC%29-64-KOB-2021%20in%20IBA-52-KOB-2019.pdf>

❖ *International Business and Economic News*

France's AFD, World Bank lending 234 mln euro to back Serbia's green agenda (May 11, 2021)

France's development agency AFD (The French Development Agency) has signed agreements to extend two public policy loans with a total value of 234 million euro (\$284 million) in support of Serbia's green recovery in cooperation with the World Bank. AFD will contribute 50 million euro to a loan destined to support the improvement of efficiency and transparency of public sector and initiative of green growth, co-financed by the International Bank of Reconstruction and Development (IBRD), a unit of the World Bank, with 82.6 million euro, the development agency said in a statement on Monday, May 10, 2021.

For details:

<https://seenews.com/news/frances-afd-world-bank-lending-234-mln-euro-to-back-serbias-green-agenda-740702>

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082116

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