

Info Capsule

Thursday
February 18, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Latest @ ICSI

Webinar on "Constitutional Validity of Search, Seizure and Arrest in GST - Cautions and Precautions" (February 18, 2021)

With the objective to discuss at length the constitutional validity of Search, Seizure and Arrest under GST law for an efficient tax administration and the implications of these provisions on the taxpayers, the Indirect Taxes Committee of PHD Chamber is organizing a Webinar on "Constitutional Validity of Search, Seizure and Arrest in GST - Cautions and Precautions" on Friday, February 19, 2021 from 02.00 pm to 05.00 pm. Members of the ICSI will be awarded "2 CPE (Unstructured)".

For details:

https://www.icsi.edu/media/web_modules/Webinar_on_Constitutional_VValidity_of_Search_Seizure_and_Arrest_in_GST_Cautions.pdf



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)

❖ Securities Laws and Capital Markets

SEBI Board Meeting (February 17, 2021)

The SEBI Board met on February 17, 2021 where it, inter-alia, took the following decisions:

- **Minimum Public Offer (MPO) requirements for large issuers relaxed**

Presently, in terms of Securities Contracts (Regulation) Rules, 1957 (SCRR), issuers with post issue market capital of at least Rs. 4,000 crores or more, are required to offer to public at least 10% of its post issue market capital ('Minimum Public Offer' - MPO). Further, such issuers are also required to achieve a minimum public shareholding (MPS) of at least 25% within three years from the date of listing.

The Board has decided to recommend changes in the SCRR, for issuers with post issue market capital exceeding Rs.1,00,000 crores, the requirement of MPO be reduced from 10% of post issue market capital (existing provision) to Rs.10,000 crores + 5% of the incremental amount beyond Rs.1,00,000 crores. These issuers shall be required to achieve at least 10% public shareholding in two years and at least 25% Public Shareholding within five years from the date of listing.

- **Amendment to SEBI (Portfolio Managers) Regulations, 2020, SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014**

The Board approved amendment to SEBI (Portfolio Managers) Regulations, 2020 (PMS Regulations), SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014 to recognise the Post Graduate Program in Securities Market of not less than one year offered by NISM as eligible qualification for Portfolio Managers, Investment Advisers and Research Analysts. The Board also approved amendment to PMS Regulations with respect to NISM certification requirements.

- **Repeal of the SEBI (Underwriters) Regulations, 1993 and amendments to the SEBI (Merchant Bankers) Regulations, 1992 and the SEBI (Stock Brokers) Regulations, 1992**

The Board approved repealing of SEBI (Underwriters) Regulations, 1993 and amendment to SEBI (Merchant Bankers) Regulations, 1993 and SEBI (Stock Brokers) Regulations, 1992 to incorporate provisions related to net-worth, maintenance of records and other regulatory compliances for the underwriting activities. The respective regulations shall permit Merchant Bankers and Stock Brokers to carry out Underwriting activities. Therefore, there is no need of having separate regulation for underwriting activities

- **Merger of SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006 with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018**

The Board noted the proposal contained in the memorandum towards the objective of improving ease of doing business and providing a consolidated view to users of Regulations. Accordingly, the Board approved merger of SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006 with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

For details:

https://www.sebi.gov.in/media/press-releases/feb-2021/sebi-board-meeting_49194.html

SEBI News

- **SEBI eases listing rules for large IPOs, paving way for LIC's mega float (February 18, 2021)**

SEBI eased the listing norms for large companies, apparently paving the way for the much-awaited mega float of Life Insurance Corporation (LIC). The regulator said large companies can now divest a minimum 5 per cent in the IPO, instead of 10 per cent. Further, they will get five years, instead of three, to raise the public float to 25 per cent.

For details: https://www.business-standard.com/article/markets/sebi-eases-listing-rules-for-large-ipos-paving-way-for-lic-s-mega-float-121021701260_1.html

- **FM addresses SEBI; calls for timely implementation of Budget announcements (February 17, 2021)**

Finance Minister Nirmala Sitharaman appreciated the measures taken by SEBI, especially to deal with the COVID situation, and emphasised the need for timely implementation of announcements related to the capital market made in the Union Budget 2021-22. The minister addressed the board of SEBI in the national capital on Wednesday for the first time after the presentation of the Budget on February 1.

For details: https://www.business-standard.com/article/economy-policy/fm-addresses-sebi-calls-for-timely-implementation-of-budget-announcements-121021701253_1.html

❖ **Business and Economic News**

• **15 States complete ease of doing business reforms (PIB Dated February 17, 2021)**

The number of States successfully completing the “Ease of Doing Business” (EoDB) reforms has increased to 15. Three more States namely, Gujarat, Uttar Pradesh and Uttarakhand have reported completion of “Ease of Doing Business” reforms stipulated by the Department of Expenditure.

The ease of doing business is an important indicator of the investment friendly business climate in the country. Improvements in the EoDB will enable faster future growth of the state economy. Therefore, the government of India had in May 2020, decided to link grant of additional borrowing permissions to States who undertake the reforms to facilitate ease of doing business.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1698600>

• **Board of Bharti Airtel constitutes Committee to evaluate biz reorganisation (February 18, 2021)**

The Board of Bharti Airtel at its meeting held on February 17, 2021 has constituted a 'Special Committee of Directors' to consider and evaluate in detail, various options (or combination thereof) for reorganisation of businesses and shareholding structure of the Company and its various subsidiaries to achieve required flexibility and sharper focus on digital and non-telecom businesses of the Company to enable any unlocking of enhanced value for its stakeholders.

For details: https://www.business-standard.com/article/news-cm/board-of-bharti-airtel-constitutes-committee-to-evaluate-biz-reorganisation-121021800228_1.html

• **Cabinet approves over Rs 12,000-crore PLI scheme for telecom sector (February 18, 2021)**

Following the launch of a production-linked incentive (PLI) scheme for manufacturing, India launched the scheme for telecommunications (telecom) and networking products, with an outlay of Rs. 12,195 crore over five years.

The Cabinet approved PLI for manufacturing telecom equipment, including core transmission equipment, 4G/5G next-generation radio access network and wireless equipment, access and customer premises equipment, Internet of Things-access devices, other wireless equipment, and enterprise equipment like switches, routers, etc. The scheme will be operational from April 1 this year.

For details: https://www.business-standard.com/article/economy-policy/cabinet-approves-over-rs-12-000-crore-pli-scheme-for-telecom-sector-121021800053_1.html

❖ **Banking & Insurance**

Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (February 17, 2021)

The Reserve Bank of India has issued the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 on February 17, 2021. The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Bank to regulate the financial system to the advantage of the country and to prevent the affairs of any Housing Finance Company (HFCs) from being conducted in a manner detrimental to the interest of investors and depositors or in any manner prejudicial to the interest of such HFCs.

For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12030&Mode=0>

❖ **Terminology for today**

Residual probability

The probability of the risk crystallising, taking into account the controls, monitoring and assurance processes in place. Also referred to as the mitigated probability.

❖ **Market Watch**

Stock Market Indices as on 18.02.2021

S & P BSE Sensex	51324.69 (-379.14)
Nifty 50	15118.95 (-89.95)

Foreign Exchange Rates as on 17.02.2021

(<https://www.fbil.org.in/#/home>)

INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR/ 1 JPY
72.8359	101.1482	88.0557	.6877

❖ Pronouncement

February 15, 2021	Union of India, Ministry of Corporate Affairs (Appellant) vs. Delhi Gymkhana Club Ltd. & Ors. (Respondents)	NCLAT
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NCLAT has suspended the general committee of the Delhi Gymkhana Club and directed the Central Government to appoint an administrator to manage the affairs of the club in the interim.

Fact of the Case

This petition was moved by the Central Government challenging an order by the principal Bench of the NCLT. In its order dated June 26, 2020, the NCLT had, while refusing to suspend the entire general committee of the Delhi Gymkhana Club, asked the Centre to appoint two members to the managing committee instead.

Aggrieved by the order, the Union Government had, in its plea before the NCLAT, said that appointing two members to the general committee did not give it “effective and efficacious remedy to stem the rot” present in the Gymkhana Club.

Judgment

The NCLAT observed that by restricting membership to select few and conferring benefits on chosen members is perpetuating apartheid in violation of Constitutional goals of social justice and equality.

In this regard, it upheld the NCLT’s prima facie finding that the affairs of the Delhi Gymkhana Club were being conducted in a manner prejudicial to public interest, and, therefore, stayed the acceptance of new membership or fees and disposal of waitlist applications at the Club. Further, the NCLAT has suspended General committee and appointed Administrator to be nominated by the Union of India to manage the affairs of the Club and also direct that acceptance of new membership or fee or any enhancement thereof till disposal of wait list applications be kept on hold till disposal of the Company Petition.

For details: <https://nclat.nic.in/Useradmin/upload/435878437602a1a9a5667f.pdf>

Prepared by Directorate of Academics

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

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