

Info Capsule

Tuesday
December 22, 2020

President : CS Ashish Garg

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❖ Latest @ ICSI

Guidance Notes on ICSI Auditing Standards (CSAS-1 to CSAS-4) (December 21, 2020)

The ICSI has issued Guidance Notes on its Auditing Standards which sets out the explanations, procedures and practical aspects in respect of the various provisions contained in ICSI Auditing Standards (CSAS-1 to CSAS-4) to facilitate compliance thereof by the stakeholders.

For details:

https://www.icsi.edu/media/web_modules/Exposure_Draft_of_Guidance_Note_on_Auditing_Standard_on_Secretarial_Audit_CSAS_4.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)

❖ NCLT/NCLAT News

- **Functioning of NCLAT solely in Delhi impedes access to justice: Plea in Supreme Court seeks to make Chennai Bench of NCLAT functional (December 22, 2020)**

A petition has been filed in the Supreme Court seeking a direction to make functional the Chennai Bench of the National Company Law Appellate Tribunal (NCLAT).

It is stated that the proposed Bench has not been functioning even though an order was passed to set up the same in March this year.

The petition has been filed by Corporate, Insolvency and Bankruptcy Laws Bar Association (CIBBA) through its Secretary, Senior Advocate R Murari.

The petitioner association states that since NCLAT functions only out of New Delhi, the "*vast distances greatly impede access to justice and also greatly increase the costs that litigants must incur for access to justice.*"

For details:

<https://www.barandbench.com/news/litigation/plea-supreme-court-seeks-nclat-chennai-bench-functional>

❖ Terminology for Today

CAC 40

The CAC 40 is a benchmark French stock market index. As name suggests the index comprises of the 40 most significant values among the 100 highest market caps on the Paris Bourse which has now been changed to Euronext Paris). The CAC 40 index was launched on 31 December 1987 with base value of 1000. The index's weighting system was changed from total market capitalisation to free float market cap only on 1st December 2003.

❖ **Securities Laws and Capital Markets**

SEBI Circulars

- **Review of inclusion of Historical Scenarios in Stress Testing in Commodity Derivatives Segment (December 21, 2020)**

SEBI issued new stress testing perimeters for commodity derivatives in order to tackle extreme volatile price events. The move comes after the SEBI received representation to review the requirement of including all the price movements during the last 15 years, in the historical scenarios prescribed for stress testing. In line with the recommendations of the Risk Management Review Committee (RMRC), the clause “Price movements corresponding to a Z-score of 10 will replace extreme price movements beyond that threshold in peak historical returns of all the commodities. Mean and sigma of returns over the applicable MPOR period across 15 years would be used for calculation of the Z-score.”, stands inserted after Para ‘1’ of Part ‘A’ of Annexure to the SEBI Circular SEBI/HO/CDMRD/DRMP/ CIR/P/2018/111 dated July 11, 2018 with a view to address the concerns emanating from exceptional and extreme volatile price events.

For details:

https://www.sebi.gov.in/legal/circulars/dec-2020/review-of-inclusion-of-historical-scenarios-in-standardized-stress-testing-in-commodity-derivatives-segment_48494.html

❖ **Insolvency and Restructuring**

- **IBC suspension extended till March 2021 (December 21, 2020)**

The government has decided to extend the suspension of the Insolvency and Bankruptcy Code (IBC) till March 31, 2021, to help businesses cope with the lingering difficulties posed by the COVID-19 pandemic.

For details:

<https://www.thehindu.com/news/national/ibc-suspension-extended-till-march-2021/article33387578.ece>

- **Mahindra & Mahindra arm SsangYong Motor files for bankruptcy (December 21, 2020)**

Mahindra & Mahindra (M&M) said its loss-making South Korean arm SsangYong Motor Company (SYMC) has filed for bankruptcy.

The SYMC has filed an application for commencement of rehabilitation procedure with the Seoul Bankruptcy Court under the Debtor Rehabilitation and Bankruptcy Act of South Korea M&M.

For details:

<https://indianexpress.com/article/business/companies/mahindra-mahindra-arm-ssangyong-motor-files-for-bankruptcy-7114142/>

❖ **Business and Economics News**

● **New coronavirus strain infects global markets; Sensex, Nifty fall over 3% (December 22, 2020)**

Global stocks tumbled amid panic selling as a new strain of coronavirus emerging from the UK led to fresh travel restrictions, casting a cloud over the prospects of economic recovery.

The Sensex plunged 1,407 points, or 3 per cent, to end at 45,554 in its biggest fall in percentage terms since April, while the Nifty dropped 432 points, or 3.14 per cent, to end the session at 13,328. Monday's fall saw investor wealth shrink by Rs. 6.6 trillion, based on the market capitalisation of all listed companies on the BSE.

For details: https://www.business-standard.com/article/markets/new-coronavirus-strain-infects-global-markets-sensex-nifty-fall-over-3-120122200030_1.html

● **Nayar elevated as KKR chairman, Trehan to head India PE business (December 21, 2020)**

Global buyout major KKR elevated Sanjay Nayar, the CEO of its Indian arm, as chairman, while appointing TPG Capital's Gaurav Trehan as head of its private equity (PE) business in the country.

For details : https://www.business-standard.com/article/companies/sanjay-nayar-elevated-as-krk-chairman-takes-charge-on-december-31-120122100690_1.html

● **New electricity rules give consumers across India the right to 24x7 supply (December 22, 2020)**

Consumers across the country will now have the right to a minimum standard of service for supply of electricity. This will also include the right to round-the-clock electricity supplies, unless stated otherwise for a specific category, such as an agricultural connection.

For details : https://www.business-standard.com/article/economy-policy/new-electricity-rules-give-consumers-across-india-the-right-to-24x7-supply-120122100530_1.html

● **Industry asks Government to pause proposed changes to the definition of 'wages' (December 22, 2020)**

India Inc has asked the Government to put on hold a key proposal in the new wages code that limits employee allowances to 50% of total salary, arguing that it will raise costs for employers while reducing take-home pay. The code goes into effect on April 1.

For details :

https://economictimes.indiatimes.com/news/company/corporate-trends/industry-asks-govt-to-pause-proposed-changes-to-definition-of-wages/articleshow/79849504.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

• Reliance-Future deal: Delhi HC rejects plea for injunction against Amazon

In August this year, Biyani's Future Group entered into an agreement with Reliance Retail to sell its retail, wholesale, logistics and warehousing to the latter. Last year, Biyani's Future Retail had signed another deal with global e-commerce giant Amazon. As part of this deal, Amazon had acquired 49 per cent stake in Future Coupons Pvt Ltd in a deal worth nearly Rs. 1430 crore. After Future's agreement with Reliance, Amazon said that the deal was a violation of a non-compete clause and a right-of-first-refusal pact it had signed with the Future Group. The deal with Amazon also required Future Group to inform former before entering into any sale agreement with third parties. On its part, the Future Group said that it had not sold any stake in the company, and was merely selling its assets and had therefore not violated any terms of the contract.

Along these lines, Amazon sent a letter to SEBI, NSE & BSE asking them not to approve the Future-Reliance deal as there was an interim stay order on the same. Future Group had moved a plea in the Delhi High Court seeking appropriate relief against Amazon to stop the latter from interfering in its deal with Reliance Industries Limited's (RIL) and Reliance Retail Ventures Limited (RRVL). The Delhi High Court refused to restrain Amazon from interfering in Future Retail's \$3.4 billion deal with Reliance Retail by writing to statutory authorities.

For details:

<https://indianexpress.com/article/explained/explained-why-future-group-has-taken-amazon-to-court-what-the-court-said-7113612/>

https://www.business-standard.com/article/companies/reliance-future-deal-delhi-hc-rejects-plea-for-injunction-against-amazon-120122100990_1.html

❖ Market Watch

Stock Market Indices as on 22.12.2020	
S & P BSE Sensex	46006.69 (+452.73)
Nifty 50	13466.30 (+137.90)

Foreign Exchange Rates as on 21.12.2020 (https://www.fbil.org.in/#/home)			
INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR / 1 JPY
73.6498	98.3451	89.7521	.7119

Prepared by Directorate of Academics

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

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