

Info Capsule

Friday
March 26, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Business and Economic News**

Government seeks disclosure of crypto transactions, holdings (March 26, 2021)

The MCA has asked all companies in the country to mandatorily disclose any dealings in cryptocurrency or virtual currency in their balance sheets. This is a major step towards regulating crypto assets in India and is expected to bring in a lot of transparency in reporting or filing of crypto investments. The companies have to disclose profit or loss on transactions involving cryptocurrency or virtual currency, the amount of holding, and details of deposits or advances from any person for the purpose of trading or investing in cryptocurrency or virtual currency, according to the latest amendments to the Schedule III of the Companies Act, 2013.

For details:

<https://www.livemint.com/news/india/govt-asks-companies-to-disclose-crypto-transactions-and-holdings-11616669640449.html>



**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)

❖ **Ministry of Corporate Affairs**

Finance Minister Smt. Nirmala Sitharaman launches Central Scrutiny Centre and IEPFA's Mobile App to leverage digital solutions to achieve Prime Minister's vision of 'Digitally empowered India' (March 25, 2021)

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman virtually launched **Central Scrutiny Centre (CSC)** and **Investor Education and Protection Fund Authority's (IEPFA)** Mobile App — two tech-enabled initiatives by Ministry of Corporate Affairs. These initiatives leverage to strengthen the Prime Minister's vision of 'Digitally Empowered India'.

Announcing the launch of new initiatives, Smt. Nirmala Sitharaman said, "Digital India is a campaign launched by the Government of India in order to ensure that the Government's services are made available to citizens electronically by making the country digitally empowered in the field of technology. These two initiatives would create a new corporate and investor friendly ecosystem. Going forward, MCA would bring in more tech-enabled services for ease of doing business and ease of living for the people."

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=17075>
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❖ **Terminology for today**

Dawn Raid

A dawn raid is a strategy used by corporates to gain a substantial share in a target company, usually as part of a hostile takeover bid. The corporate planning the dawn raid instructs brokers to buy shares in the target company at the start of trading for the day.

❖ **Securities Laws and Capital Markets**

SEBI Press Release

SEBI Board Meeting (March 25, 2021)

The SEBI Board met on March 25, 2021 where it, inter-alia, took the following decisions:

- **Review of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

SEBI Board approved several amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which inter-alia covers the requirement for formulation of dividend distribution policy to the top 1,000 listed companies on the basis of market capitalisation; in case of board meeting held for more than one day, financial results must be disclosed by the listed entities within 30 minutes of end of the board meeting for the day on which the financial results are considered; the timelines for submission of periodic reports viz. statement of investor complaints, corporate governance report and shareholding pattern will be harmonized to 21 days from the end of each quarter; the requirement to constitute the Risk Management Committee (RMC) has been extended to the top 1,000 listed entities by market capitalisation from the existing top 500 listed entities etc.

- **Review of SEBI (Delisting of Equity Shares) Regulations, 2009**

SEBI Board has approved several amendments to the SEBI (Delisting of Equity Shares) Regulations, 2009 to make the delisting process more transparent and efficient which inter-alia covers that promoter/acquirer will be required to disclose their intention to delist the company by making an initial public announcement; the committee of independent directors will be required to provide their reasoned recommendations on the proposal for delisting; timelines for completion of various activities forming part of delisting process have been introduced / revised to make the process more efficient etc.

- **Review of framework of Innovators Growth platform (IGP) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018**

The SEBI Board has approved the various changes to the framework for listing on the Innovators Growth Platform with an objective to make the platform more accessible to companies in view of the evolving start-up ecosystem. It inter-alia decided to reduce the period of holding of 25% of pre-issue capital of the issuer company by eligible investors to one year from the current requirement of two years.

- **Business Responsibility and Sustainability Reporting by listed entities**

New requirements for sustainability reporting by listed entities have been introduced by SEBI. The new reporting called the Business Responsibility and Sustainability Report (BRSR) will replace the existing Business Responsibility Report (BRR). The BRSR will be applicable to the top 1000 listed entities (by market capitalization), for reporting on a voluntary basis for FY 2021 – 22 and on a mandatory basis from FY 2022 – 23.

- **Amendment to SEBI (Alternative Investment Funds) Regulations, 2012**

The SEBI Board approved the amendments in SEBI (Alternative Investment Funds) Regulations, 2012 which inter-alia covers the removal of restricted activities or sectors from the definition of Venture Capital Undertaking to provide flexibility to Venture Capital Funds registered under Category I Alternative Investment Funds (AIFs) in making investments; providing the definition of 'startup'; allow AIFs, including Fund of AIFs, to simultaneously invest in units of other AIFs; prescribe a Code of Conduct for AIF etc.

- **Review of regulatory framework for reclassification of promoter/ promoter group entities**

SEBI Board approved the proposal to rationalise the existing framework pertaining to reclassification of promoter/ promoter group entities. It has also been decided to reduce the time gap between the date of board meeting and shareholders meeting for consideration of reclassification request, to a minimum of one month and a maximum of three months from the existing requirement of minimum period of three months and maximum six months.

The Board also approved the amendment to the SEBI (Portfolio Managers) Regulations, 2020, mandating Portfolio Managers to obtain prior approval of SEBI for change in control. Also, it has approved proposal for intermediaries to pay fees only through online payment gateway and doing away with physical mode of payment to encourage digital payment.

For details:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-board-meeting_49648.html

SEBI Circulars

- **Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 – Directions to Stock Exchanges, Depositories and all registered intermediaries (March 25, 2021)**

The SEBI has issued circular to all Intermediaries registered with SEBI under Section 12 of the SEBI Act, 1992 for strict compliance of procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) as issued by Government of India vide order dated February 02, 2021.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/combating-financing-of-terrorism-cft-under-unlawful-activities-prevention-act-1967-directions-to-stock-exchanges-depositories-and-all-registered-intermediaries_49645.html

- **Prior Approval for Change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control (March 25, 2021)**

SEBI vide its circular provided clarity on change in control criteria for market intermediaries and requirement for seeking its prior approval. With regard to unlisted body corporate intermediary, transfer of shareholding among immediate relatives would not be construed as change in control. In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and is hence a change in control. For transfer of ownership interest in case of partnership firm with more than two partners, inter-se transfer amongst the partners would not be construed to be change in control. However, if a new partner is inducted in the firm, it would be considered as a change in control, requiring fresh registration and prior approval of SEBI.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/prior-approval-for-change-in-control-transfer-of-shareholdings-among-immediate-relatives-and-transmission-of-shareholdings-and-their-effect-on-change-in-control_49663.html

❖ **Banking and Insurance**

PSB privatisation: RBI foresees four kinds of banks, in talks with govt (March 26, 2021)

Reserve Bank of India (RBI) governor Shaktikanta Das on March 25, 2021 said he foresees four categories of banks functioning in India in the current decade. Governor Das said that the central bank is in discussion with the government on the privatisation of two banks. He was speaking at the Times Network India Economic Conclave 2021. Among the four categories, the first set of banks will be dominated by a few large Indian banks with domestic and international presence. Next, there will be several mid-sized banks with an economy-wide presence. The third set would encompass smaller private sector banks, small finance banks (SFBs), regional rural banks and co-operative banks, which may specifically cater to the credit requirements of small borrowers. The fourth segment would consist of digital players who may act as service providers directly to customers or through banks as their agents or associates.

For details:

<https://www.financialexpress.com/industry/banking-finance/psb-privatisation-rbi-foresees-four-kinds-of-banks-in-talks-with-govt/2220448/>

Tata-Mistry Case : Supreme Court rules in favour of Tata Group, junks appeals by Mistry (March 26, 2021)

The Supreme Court on March 26, 2021 ruled in favour of the Tata Group in the Tata-Mistry case, setting aside the December 2019 order of National Company Law Appellate Tribunal (NCLAT) which had reinstated Cyrus Mistry as the Chairperson of Tata Sons Limited. The apex court said the decision to remove Cyrus Mistry as executive chairman of Tata Sons in 2016 was right.

For details:

<https://www.timesnownews.com/business-economy/companies/article/tata-mistry-case-supreme-court-rules-in-favour-of-tata-group-junks-appeals-by-mistry/737475>

❖ Market Watch

| Stock Market Indices as on 26.03.2021 | |
|--|--------------------|
| S & P BSE Sensex | 49008.50 (+568.38) |
| Nifty 50 | 14507.30 (+182.40) |

| Foreign Exchange Rates as on 25.03.2021 (https://www.fbil.org.in/#/home) | | | |
|--|-------------|-------------|-------------|
| INR / 1 USD | INR / 1 GBP | INR / 1 EUR | INR / 1 JPY |
| 72.6102 | 99.3675 | 85.819 | .6663 |

Prepared by Directorate of Academics

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