

Info Capsule

Thursday
January 28, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Latest @ ICSI

Corporate Secretary's Tool Kit Training Programme (January 27, 2021)

The ICSI has invited applications for Corporate Secretary's Tool Kit Training Programme on Governance, Risk & Compliances (GRC) - International Practices and Role of CS (Section-1).

For details:

https://www.icsi.edu/media/webmodules/CORPORATE_SECRETARY%E2%80%99S_TOOL_KIT_FLYER.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)

❖ Ministry of Corporate Affairs

The Companies (Incorporation) Amendment Rules, 2021 (January 25, 2021)

The MCA vide Notification dated January 25, 2021 has issued the Companies (Incorporation) Amendment Rules, 2021 which amended Rule 41 of Companies (Incorporation) Rules, 2014 relating to Application under section 14 of the Companies Act, 2013 for conversion of public company into private company.

The notification specified that where an objection has been received or Regional Director on examining the application has specific objection under the provisions of the Act, the same shall be recorded in writing and the Regional Director shall hold a hearing or hearings within a period of 30 days as required and direct the company to file an affidavit to record the consensus reached at the hearing, upon executing which, the Regional Director shall pass an order either approving or rejecting the application along with the reasons within 30 days from the date of hearing.

In case where no consensus is received, the Regional Director may approve the conversion, if he is satisfied having regard to all the circumstances of the case, that the conversion would not be against the interests of the company or is not being made with a view to contravene or to avoid complying with the provisions of the Act, with reasons to be recorded in writing. However, the conversion shall not be allowed if any inquiry, inspection or investigation has been initiated against the company or any prosecution is pending against the company under the Companies Act, 2013.

For details:

http://www.mca.gov.in/Ministry/pdf/CompaniesAmendmentRules_25012021.pdf

❖ **Securities Laws and Capital Markets**

Consultation Paper

- **Consultation Paper on introduction of provisions relating to appointment / reappointment of persons who fail to get elected as Whole-time directors / Managing Directors at the general meeting of a listed entity (January 27, 2021)**

The SEBI has placed a consultation paper on the proposal to introduce provisions in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to appointment / reappointment of persons who fail to get elected as Whole-time Directors/Managing Directors at the general meeting of a listed entity. The views of various stakeholders, public comments are invited by SEBI on the proposal in the prescribed format no later than February 12, 2021.

For details:

<https://www.sebi.gov.in/reports-and-statistics/reports/jan-2021/consultation-paper-on-introduction-of-provisions-relating-to-appointment-or-re-appointment-of-persons-who-fail-to-get-elected-as-whole-time-directors-or-managing-directors-at-the-general-meeting-of-a-48885.html>

SEBI Orders

- **In the matter of M/s Tradebizz Research (Proprietor, Mr. Santosh Singh Parihar) (January 27, 2021)**

SEBI restrained the proprietor of investment advisory firm Tradebizz Research from accessing the securities market for a period of three years for fraudulent trading activities while providing investment advisory services to its clients and therefore violated the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and SEBI (Investment Advisers) Regulations, 2013. Further, he is directed to resolve the complaints pending against him in the SCORES within the period of 30 days from the date of this order.

For details:

<https://www.sebi.gov.in/enforcement/orders/jan-2021/order-in-the-matter-of-m-s-tradebizz-research-proprietor-mr-santosh-singh-parihar-48895.html>

- **In the matter of M/s. MPS Infotecnics Ltd. (January 27, 2021)**

SEBI imposed a penalty of Rs. 50 lakh on its 4 then directors for indulging in fraudulent trading activities with respect to GDR issuance by MPS Infotecnics Ltd. and therefore violated the provisions of Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c) & (d), 4(1) of SEBI PFUTP Regulations, 2003.

For details:

<https://www.sebi.gov.in/enforcement/orders/jan-2021/adjudication-order-in-the-matter-of-m-s-mps-infotecnics-ltd-48887.html>

❖ Indirect Tax

Customs

Central Board of Indirect Taxes and Customs celebrates International Customs Day, 2021 (January 27, 2021)

The Central Board of Indirect Taxes and Customs (CBIC) observed the International Customs Day, 2021 on January 27, 2021. The theme for this year as given by World Customs Organisation (WCO) is “Customs bolstering Recovery, Renewal and Resilience for a sustainable supply chain”. The main programme was held at the Ministry of Finance, North Block and organised through virtual mode which was attended by Chairman CBIC, Sh. M Ajit Kumar, Members of the Board, senior officers and all field formations and Directorates under CBIC.

For details: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1692770>

❖ Business and Economics News

• Privatisation policy cleared by the cabinet, details to be announced in Budget (January 27, 2021)

The Union Cabinet cleared the Privatisation policy. Soures told ET Now that while the policy has been cleared by the Cabinet, the details will be announced in Budget 2021 which is all set to be presented in Parliament on February 1, 2021.

For details:

<https://www.timesnownews.com/business-economy/economy/article/privatisation-policy-cleared-by-the-cabinet-details-to-be-announced-in-budget/712603>

• Amazon under Enforcement Directorate lens over FDI rule breach (January 28, 2021)

The Enforcement Directorate (ED) has registered a case against e-commerce major Amazon for allegedly violating some provisions of the foreign exchange law linked to multi-brand retail. The action follows certain observations made by a Delhi High Court bench last month about Amazon in the Reliance-Future Retail acquisition case.

For details:

https://www.business-standard.com/article/companies/amazon-under-enforcement-directorate-lens-over-fdi-rule-breach-121012800075_1.html

❖ Market Watch

Stock Market Indices as on 28.01.2021	
S & P BSE Sensex	46874.36 (-535.57)
Nifty 50	13817.55 (-149.95)

Foreign Exchange Rates as on 27.01.2021 (https://www.fbil.org.in/#/home)			
INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR / 1 JPY
72.8176	100.0548	88.5632	.7023

❖ **Banking & Insurance**

• **Strengthening of Grievance Redress Mechanism in Banks (January 27, 2021)**

Reserve Bank of India has taken various initiatives over the years for improving customer service and grievance redress mechanism in banks. Detailed guidelines on customer service were issued to banks encompassing various aspects of operations that impact customers. To strengthen the customer grievance redress mechanism in banks, it has been decided to put in place a comprehensive framework comprising of, inter-alia, enhanced disclosures by banks on customer complaints, recovery of cost of redress from banks for the maintainable complaints received against them in Offices of Banking Ombudsman in excess of the peer group average, and undertaking intensive review of the grievance redress mechanism and supervisory action against banks that fail to improve their redress mechanism in a time bound manner.

For details : <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12017&Mode=0>

• **Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF) - Eligible Credit Rating Agencies - CRISIL Ratings Limited (January 27, 2021)**

CRISIL Limited has been accredited for the purpose of risk weighting the banks' claims for capital adequacy purposes along with other credit rating agencies (CRAs) registered with Securities and Exchange Board of India (SEBI). The rating business of CRISIL Limited has since been transferred to CRISIL Ratings Limited, a wholly owned subsidiary of CRISIL Limited in compliance with SEBI's notification dated September 11, 2018 read with SEBI's circular dated September 19, 2018. Banks may therefore, use the ratings of the CRISIL Ratings Limited for the purpose of risk weighting their claims for capital adequacy purposes. The rating-risk weight mapping for the long term and short-term ratings assigned by CRISIL Ratings Limited will be the same as was in the case of CRISIL Limited and there is no change in the rating symbols earlier assigned by CRISIL Limited.

For details : <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12016&Mode=0>

• **Swaminathan Janakiraman & Aswini Kumar Tewari appointed SBI MDs (January 27, 2021)**

The appointments committee (ACC) of the Cabinet on January 27, 2021 cleared the names of two officials—Swaminathan Janakiraman and Ashwini Kumar Tewari as new Managing Directors of State Bank of India (SBI). The appointments are for a period of three years. Swaminthan Janakiraman is currently deputy Managing Director (Finance) at country's largest lender. Ashwini Kumar Tewari is presently serving as Managing Director and Chief Executive of SBI Card, a subsidiary of SBI.

For details: <https://www.livemint.com/industry/banking/swaminathan-janakiraman-aswini-kumar-tewari-appointed-sbi-mds-11611742820559.html>

❖ **Pronouncement**

January 19, 2021	RHI India Private Limited & Ors. (Appellants) vs. Union of India (Respondent)	NCLAT
------------------	---	-------

Section 232(6) of the Companies Act, 2013 enables the companies to choose and state in the scheme of amalgamation an 'appointed date'

Appellants presented a scheme of amalgamation for approval of the Tribunal for merging 1st and 2nd appellant in 3rd appellant. The rationale for the scheme is simplification of the corporate structure. The NCLT Mumbai bench, has rejected the scheme filed by the Appellants stating that the appointed date of the Scheme is January 01, 2019 whereas the Valuation Date is July 31, 2018, putting its reliance on the case of *East West Pipelines (demerged Company) and Pipeline Infrastructure Pvt. Ltd. (the resultant Company)*, and ordered that the appointed date can be the date on which the Valuation Report was prepared and the Fairness Opinion was given by the Merchant Banker. Since the Transferee Company will be allotting the shares which are listed and being regularly traded on the Stock Exchanges, on consideration, the share exchange ratio would undergo change significantly in view of the market price on which the cut-off date i.e. appointed date is considered.

The NCLAT observed that the Ministry of Corporate affairs, General Circular dated August 21, 2019 has clarified that section 232(6) of Companies Act, 2013 enables the companies in question to choose and state in the scheme an 'appointed date'. This date may be a specific calendar date or may be tied to the occurrence of an event such as grant of license by a competent authority or fulfilment of any preconditions agreed upon by the parties, or meeting any other requirement as agreed upon between the parties, etc., which are relevant to the scheme. Therefore, NCLT have wrongly relied on the abovementioned judgement. The NCLT while passing the impugned order have overreached its scope of Judicial Intervention in determination of the Scheme of Amalgamation u/s 230-232 of the Companies Act, 2013. Therefore, the present appeal was allowed.

For details:

<https://nclat.nic.in/Useradmin/upload/2436495356006a6fc78878.pdf>

❖ **Terminology for Today**

Pro Forma Shares Outstanding

The number of shares outstanding after the transaction has closed and additional equity has been issued.

Prepared by Directorate of Academics

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

Disclaimer : Although due care and diligence have been taken in preparation and uploading this info capsule, the Institute shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents of this info capsule. Anyone wishing to act on the basis of the material contained herein should do so after cross checking with the original source.

VISION
"To be a global leader in promoting
good corporate governance"

ICSI Motto
सत्यं वद। धर्मं चर।
इष्टार्थं कुरु। अर्थः कुरुते।

MISSION
"To develop high calibre professionals
facilitating good corporate governance"

Connect with ICSI

www.icsi.edu | [f](#) [t](#) [in](#) [v](#) [@](#) | Online Helpdesk : <http://support.icsi.edu>