

Info Capsule

Monday
June 28, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **NCLT News**

Regular hearing via Video Conference at NCLT benches w.e.f. July 01, 2021

The regular hearing in the National Company Law Tribunal (NCLT) Benches will resume via video conference w.e.f. July 1, 2021.

For details:

<https://nclt.gov.in/sites/default/files/January2021/circulars/NCLT-%20Regular%20%20hearing%20through%20VC%20%20order%20dated%2025.6.2021.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)

❖ **Latest @ICSI**

• **Request for extension of timelines due to COVID-19-reg. (June 25, 2021)**

Considering that the Country is still under recovery phase and Corporates are finding it difficult to work with full capacity, the ICSI has requested the MCA to consider relaxations in due dates of the following, in line with various other relaxations extended by the MCA, namely:

- Companies Fresh Start Scheme, 2020 (CFSS 2020) - The due date for filing of Form CFSS-2020 may be extended by 1 (one) month i.e. upto July 31, 2021.
- E form-DPT-3- The due date for filing of Form DPT 3, for the year ended March 31, 2021 may be extended upto July 31, 2021.

For details:

https://www.icsi.edu/media/webmodules/Representation_to_MCA_on_extension_of_timelines_due_to_Covid_19.pdf

• **Guidance Note on Corporate Social Responsibility (June 25, 2021)**

The ICSI has released Guidance Note on Corporate Social Responsibility and the same is available on the website for reference of all stakeholders.

For details:

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

❖ **Securities Laws and Capital Markets**

SEBI Circulars

- **Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes (June 25, 2021)**

SEBI vide its Circular dated April 28, 2021, specified provisions with regard to 'Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes'. The aforesaid circular was to be applicable with effect from July 01, 2021. However, based on the feedback received from stakeholders, it has been decided to extend the date of implementation of the circular to October 01, 2021.

For details:

https://www.sebi.gov.in/legal/circulars/jun-2021/alignment-of-interest-of-key-employees-of-asset-management-companies-amcs-with-the-unitholders-of-the-mutual-fund-schemes_50693.html

- **Amendment to SEBI (Alternative Investment Funds) Regulations, 2012 (June 25, 2021)**

SEBI came out with a framework for alternative investment funds (AIFs) to invest simultaneously in units of other AIFs and directly in securities of investee companies. Under the framework, existing AIFs may also invest simultaneously in securities of investee companies and in units of other AIFs. This is subject to appropriate disclosures in the private placement memorandum (PPM) and with the consent of at least two-thirds of unit holders by value of their investment. AIFs that propose to invest in units of other AIFs shall provide information in their PPMs about the proposed allocation of investment in units of other AIFs and process to be followed by the manager to ensure compliance with investment conditions.

For details:

https://www.sebi.gov.in/legal/circulars/jun-2021/circular-on-amendment-to-sebi-alternative-investment-funds-regulations-2012_50694.html

SEBI News

SEBI clears liquidity holding norms for debt MFs (June 25, 2021)

The SEBI issued the guidelines for calculating mandatory liquid holdings in debt mutual funds. In November 2020, the regulator had said that debt mutual funds have to invest at least 10% of assets in liquid papers, such as cash, treasury bills, government securities (G-Sec) and repurchase agreements, or repo. According to SEBI, while the liquidity portion will not be excluded while calculating the limits on Macaulay duration, riskometer and issuer, besides group and sector exposure, the mandatory liquid portion will be excluded for rules on asset allocation. For instance, corporate bond funds must invest at least 80% of assets in debt rated AA+ and above. According to SEBI, this will be counted as 80% of the 90% non-liquid section of the portfolio, which translates to 72% of the overall portfolio. Liquid funds, which are subject to a higher 20% liquid threshold, overnight funds and G-Sec funds, were exempt from this rule.

For details:

<https://www.livemint.com/mutual-fund/mf-news/sebi-clarifies-liquidity-holding-norms-for-debt-mutual-funds-11624632960507.html>

SEBI Reports

Discussion Paper Review of delisting framework pursuant to open offer (June 25, 2021)

The SEBI has placed a Discussion Paper on the proposed new framework of delisting pursuant to open offer, for public comments latest by July 16, 2021 in the prescribed format. If an open offer is triggered by an incoming acquirer acquiring more than 49% from a large exiting shareholder and/or through a fresh issue of shares (preferential allotment) by the listed company, then the acquirer's total shareholding might go up to 75% and perhaps even 90% (between 49% and 64% under the agreement(s) and 26% from the public shareholders), under the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The provisions of the Securities Contract (Regulation) Rules, 1957 mandate the acquirer to reduce its holding below 75% within 12 months. However, the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2009 do not permit the acquirer to attempt delisting requiring to reach 90% unless the acquirer holding is brought down to 75%.

It has been represented that such directionally contradictory transactions in a sequence pose complexity in the takeover of listed companies and dissuade an incoming acquirer from seeking to acquire control over listed companies.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/jun-2021/discussion-paper-on-review-of-delisting-framework-pursuant-to-open-offer_50688.html

❖ Business and Economic News

Start-ups raise \$8 billion in 5 months (June 28, 2021)

Indian start-ups mobilised as much as \$8.1 billion venture capital (VC) funding between January and May, 93 per cent of what start-ups raised in the whole of calendar year 2020.

For details:

<https://www.thehindubusinessline.com/companies/start-ups-raise-8-b-in-5-months/article35006521.ece>

❖ Market Watch

Stock Market Indices as on 28.06.2021

S & P BSE Sensex	52735.59 (-189.45)
Nifty 50	15814.70 (-45.65)

Foreign Exchange Rates as on 25.06.2021

(<https://www.geojit.com/currency-futures/rbi-reference-rate>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
74.06	88.37	103.23	0.67

❖ **Direct Tax**

Government grants further extension in timelines of compliances & also announces tax exemption for expenditure on COVID-19 treatment and ex-gratia received on death due to COVID-19 [PIB Dated June 25, 2021]

The Government has granted further extension of timelines of compliances under Income Tax Act. It has also announced tax exemption for expenditure on COVID-19 treatment and ex-gratia received on death due to COVID-19. The details are as follows:

A. Tax exemption

- I. Many taxpayers have received financial help from their employers and well-wishers for meeting their expenses incurred for treatment of Covid-19. In order to ensure that no income tax liability arises on this account, it has been decided to provide income-tax exemption to the amount received by a taxpayer for medical treatment from employer or from any person for treatment of Covid-19 during FY 2019-20 and subsequent years.
- II. Unfortunately, certain taxpayers have lost their life due to Covid-19. In order to provide relief to the family members of such taxpayer, it has been decided to provide income-tax exemption to ex-gratia payment received by family members of a person from the employer of such person or from other person on the death of the person on account of Covid-19 during FY 2019-20 and subsequent years. The exemption shall be allowed without any limit for the amount received from the employer and the exemption shall be limited to Rs. 10 lakh in aggregate for the amount received from any other persons.

B. Extension of Timelines

Sr. No.	Particulars	Extended Due Date
1.	Objections to Dispute Resolution Panel (DRP) and Assessing Officer under section 144C of the Act	31 st August, 2021
2.	The Statement of Deduction of Tax for the last quarter of the Financial Year 2020-21	15th July, 2021
3.	The Certificate of Tax Deducted at Source in Form No.16	31st July, 2021
4.	The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64D for the Previous Year 2020-21	15th July, 2021
5.	The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64C for the Previous Year 2020-21	31st July, 2021

6.	The application under Section 10(23C), 12AB, 35(1) (ii)/(ia)/(iii) and 80G of the Act in Form No. 10A / Form No. 10AB for registration / provisional registration/ intimation / approval / provisional approval of Trusts / Institutions / Research Associations etc.	31st August, 2021
7.	The compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB of the Act	30th September, 2021
8.	The Quarterly Statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on 30th June, 2021	31st July, 2021
9.	The Equalization Levy Statement in Form No.1 for the Financial Year 2020-21	31st July, 2021
10.	The Annual Statement required to be furnished under sub-section (5) of section 9A of the Act by the eligible investment fund in Form No. 3CEK for the Financial Year 2020-21	31st July, 2021
11.	Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending on 30th June, 2021	31st August, 2021
12.	Exercising of option under sub-section (1) of Section 245M of the Act in Form No. 34BB	31st July, 2021
13.	Last date of linkage of Aadhaar with PAN under section 139AA of the Act	30th September, 2021
14.	Last date of payment of amount under Vivad se Vishwas (without additional amount)	31st August, 2021
15.	Last date of payment of amount under Vivad se Vishwas (with additional amount)	31st October, 2021
16.	Time Limit for passing assessment order	30th September, 2021
17.	Time Limit for passing penalty order	30th September
18.	Time Limit for processing Equalisation Levy returns	30th September

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1730355>

❖ **Banking and Insurance**

- **Appointment of Managing Director (MD) / Whole-Time Director (WTD) in Primary (Urban) Co-operative Banks (June 25, 2021)**

The Reserve Bank of India has issued guidelines relating to appointment, re-appointment, termination and removal of Managing Director (MD) and Whole-Time Director (WTD) in Primary (Urban) Co-operative Banks.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12119&Mode=0>

- **Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021 (June 25, 2021)**

On a review based on representations received by the Reserve Bank of India, the prudential borrowing limits for transactions in Call, Notice and Term Money Markets have been revised.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12120&Mode=0>

- **Appointment of Chief Risk Officer in Primary (Urban) Co-operative Banks (June 25, 2021)**

With increasing size and scope of business, Primary (Urban) Co-operative Banks (UCBs) are gradually getting exposed to greater degree of risks. It is, therefore, necessary that every UCB focuses its attention on putting in place appropriate risk management mechanism commensurate with its business profile and strategic objectives. In this connection, it has been decided that all UCBs having asset size of Rs. 5000 crore or above, shall appoint a Chief Risk Officer (CRO).

For details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12121&Mode=0>

- **Cabinet secretary-led panel holds crucial meeting on bank privatisation (June 27, 2021)**

Inching a step closer to privatisation of two public sector banks, a high-level panel headed by the cabinet secretary recently held a meeting to thrash out various regulatory and administrative issues so that the proposal could be placed with the group of ministers on disinvestment or Alternative Mechanism (AM) for approval.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/cabinet-secretary-led-panel-holds-crucial-meeting-on-bank-privatisation/articleshow/83889326.cms>

❖ *International Business News*

First 'green & safe highway' partly funded by World Bank to be built in Rajasthan by year end (June 27, 2021)

The first stretch of green highway being built under the Green National Highways Corridor Project (GNHCP) is expected to be completed by December 2021 in Rajasthan, an official in the Ministry of Road Transport and Highways told The Print. In December last year, the Government of India had signed an agreement for a \$500 million project with the World Bank, to develop the GNHCP across 781 km in four states – Rajasthan, Himachal Pradesh, Uttar Pradesh and Andhra Pradesh. The plan is to construct five-six 'green and safe national highways' – which have been divided into 23 stretches – as part of the corridor. The entire project is expected to be completed by the end of the 2023-2024 financial year.

For details:

<https://theprint.in/india/first-green-safe-highway-partly-funded-by-world-bank-to-be-built-in-rajasthan-by-year-end/684830/>

❖ *Terminology for today*

Implied Volatility

Option pricing models rely upon an assumption of future volatility as well as the spot price, interest rates, the expiry date, the delivery date, the strike, etc. If we are given simultaneously all of the parameters necessary for determining the option price except for volatility and the option price in the marketplace, we can back out mathematically the volatility corresponding to that price and those parameters. This is the implied volatility.

Prepared by Directorate of Academics

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

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